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Sources of Information on Investment and Trade in Malaysia: *A Quick Reference Booklet for Maldivians*

Disclaimer : This information booklet is compiled by the High Commission of the Republic of Maldives to guide Maldivians intending to do business with Malaysian companies to sources of information in Malaysia. The information contained in this booklet is obtained from various organizations in Malaysia. The High Commission of Maldives, Malaysia, therefore, does not assume any responsibility for possible errors, omissions or inaccuracies in any such information.

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Introduction

This booklet is compiled by the High Commission of Maldives, Malaysia, to guide Maldivian businesses to sources of information on investment and trade related activities in Malaysia. While this booklet is not meant to be a comprehensive source of detailed information on investment and trading with Malaysia, it is structured in a simple manner with “pointers” towards main sources of information that might be helpful to prospective investors and merchandise traders.

Malaysia at a Glance

Capital:	Kuala Lumpur (largest City)
Official language:	Malay
Government:	Federal constitutional monarchy
Paramount Ruler	Sultan Mizan Zainal Abidin
Prime Minister	Abdullah Ahmad Badawi
Area	329,847 km ² (world ranking - 67th)
Population	26,920,000 (44th)
GDP (2005)	Approximately 291 billion (world ranking -33rd)
Per capita	USD12,100 (world ranking - 54th)
HDI (2006)	0.805 (high) (world ranking - 61st)
Demographic composition	
	Malays - 52% of the population. By constitutional definition, all Malays are Muslims.
	Malaysians of Chinese descent - about 30% of the population
	Malaysians of Indian descent - about 8% of the population.

Economy

During 1980s and the 1990s Malaysia consistently achieved more than 7% GDP growth along with low inflation. This growth was largely fuelled by rapid Malaysian exports originating from huge surges in foreign direct investments and heavy industrial activities.

The rapid economic growth ended when the Asian Financial Crisis hit in the fall of 1997. This delivered a massive shock to Malaysia's economy. However, rejuvenation of the economy began with massive government spending and budget deficits in the years that followed the crisis.

During these years, Malaysia enjoyed faster economic recovery compared to its neighbours. Today, the country's economic growth, albeit moderate, is considered to be more sustainable.

Natural Resources

Malaysia is well-endowed with natural resources in a number of areas including forestry, agriculture as well as minerals. Malaysia is the world's primary exporter of natural rubber and palm oil. The other major agricultural products include saw logs and sawn timber, Palm oil, cocoa, pepper, pineapple and tobacco. Tin and petroleum are the two main mineral resources in Malaysia.

In the recent years, petroleum and natural gas, discovered in offshore oilfields, have contributed much to the economic growth. In 2004, Malaysia was ranked 24th in terms of world oil reserves and 13th for gas. Other minerals of economic importance include gold, copper, bauxite, iron-ore and coal. Malaysia also produces industrial minerals such as clay, silica, kaolin, barite, limestone, phosphates and dimension stones such as granite as well as marble blocks and slabs.

Openness to Foreign Investment

The Malaysian government encourages foreign direct investment. FDI is particularly encouraged in export-oriented manufacturing and high-tech industries, and in "back office" service operations. The government, however, retains considerable discretionary authority in approving investment projects in the country.

In the services sector, the government promotes foreign investment in information technology, hotels and tourism, research and development (R&D), and training.

The Malaysian Industrial Development Authority (MIDA) screens all proposals for manufacturing projects in Malaysia, both foreign and domestic. MIDA's screening determines whether a project is in line with the national strategic and social policies. Applications for investment in other sectors are handled by the relevant regulatory agency.

Registration of Foreign Companies

A foreign company desirous of conducting business is required to register with the Companies Commission of Malaysia (CCM) which is under the purview of the Ministry of Domestic Trade and Consumer Affairs.

The CCM regulates corporations, businesses and companies, including public-listed companies listed on Bursa Malaysia while the Securities Commission (SC) and Bank Negara Malaysia regulate the capital market and financial industry respectively.

The applications for registration of companies is required to be submitted on the prescribed forms to the CCM in Kuala Lumpur or any of its branch offices in Malaysia, with a payment of the required fees. If the intended name of the foreign company is available, the application is approved and the name reserved for three months.

Upon this initial approval, applicants are required to submit another set of detailed documents such as Certificate of Incorporation, Company Charter, List of Directors, a memorandum of appointment authorising a Malaysian resident to accept any notices served on the company and Statutory Declaration, plus relevant fees etc with the CCM. Information on these can be obtained from the CCM.

Foreign companies are also required to submit to CCM, within a month of establishing a place of business a notice on the situation of its registered office in Malaysia in the prescribed forms. A foreign incorporated company is also required to file annually a copy of its annual returns, balance sheet, audited statement of assets and liabilities and audited profit and loss account. For more information, please visit <http://www.mida.gov.my>, <http://www.ssm.com.my>

Protection of Foreign Investment

Malaysia has over 4,000 international companies from over 50 countries operating in the country. Malaysia also has Investment Guarantee Agreements (IGAs) with over 70 countries and double tax treaties with over 55 countries.

The Malaysian government ratified the provisions of the Convention on the Settlement of Investment Disputes in 1966. The Convention provides international conciliation or arbitration through the International Centre for Settlement of Investment Disputes.

The Kuala Lumpur Regional Centre for Arbitration, an inter-governmental organization established in 1978, serves to provide a system to settle disputes for the benefit of parties engaged in trade, commerce and investments with and within the Asian and African region.

Incentives for Investment

In Malaysia, tax incentives, both direct and indirect, are provided for in the Promotion of Investments Act 1986, Income Tax Act 1967, Customs Act 1967, Sales Tax Act 1972, Excise Act 1976 and Free Zones Act 1990. These Acts cover investments in the manufacturing, agriculture, tourism (including hotel) and approved services sectors as well as research and development and training.

The government provides direct and indirect tax incentives. The direct tax incentives grant partial or total relief from income tax payment for a specified period, while indirect tax incentives come in the form of exemptions from import duty, sales tax and excise duty.

Taxation

Malaysia has an open system of government, economic, and business regulation. For tax purposes, local and foreign enterprises are treated essentially the same. At present company tax is at 28%. The other taxes levied are broadly in the range outlined below.

Petroleum income tax: 38%.
Personal Income tax: 1% -28%.
Withholding Tax
 Special classes of income: 10% Interest: 15% Royalty: 10%
 Contract payment on account of contractor: 10%
 Contract payment on account of employee: 3%
Sales tax: 0-25 %
Service tax: 5 %

Immigration Procedures

Please refer to the pamphlet titled "Living in Malaysia" compiled by High the Commission of Maldives, Malaysia.

Employment of Expatriates

Although the government encourages the employment of Malaysians, where there is a shortage of trained Malaysians, foreign companies are allowed to bring in expatriate personnel. Foreign companies are also allowed "key posts", that that are permanently filled by foreigners. The guidelines for employment of expatriate personnel are available from the concerned government agencies such as MIDA.

Foreign workers can be employed in the manufacturing, construction, services (domestic servants, restaurant workers, cleaners, workers in cargo handling, workers in welfare homes, laundrettes, island resorts and caddies in golf clubs) and agricultural sectors. All applications from companies located in Peninsular Malaysia regarding employment of foreign workers, requires to be submitted to the Ministry of Home Affairs.

The government's annual levies on foreign workers range from RM 1,200 to RM 360 depending on the sector of employment.

The Banking System

The banking system, comprising the commercial banks, merchant banks and finance companies, is the major institutional source of credit to the economic sectors in Malaysia. In addition, there are also development finance institutions which provide financing, especially to specified sectors of the economy.

Financial Institutions

As at the end of December 2005, there were ten domestic and 13 locally incorporated foreign commercial banks operating through a network of around 2,000 branches across the country. Since 2004, the country has been following a policy measure to rationalize retail banking business through the consolidation of the commercial bank and finance companies within the same banking group.

Around, ten merchant banks, provide services in short-term money market and capital raising activities including underwriting, loans syndication, corporate finance and management advisory services, arranging for the issue and listing of shares, as well as investment portfolio management.

In the area of Shariah-compliant Islamic banking, there are around six banks which provide the full range of financial services based on Islamic principles. Several conventional banks also provide Islamic banking services through a specialized Islamic window.

Malaysia also has over 650 scheduled institutions comprising building credit companies, credit token companies, factoring companies and leasing companies that provide credit and financing facilities.

The country also has several development finance institutions (DFIs) that were specifically set up to promote certain strategic sectors of the economy. These DFIs specialise in providing medium to long-term loans, equity capital and guarantees for loans.

The Exim Bank, established in Dec 2005, finances and facilitates the export and import of goods, services and overseas projects. The bank also provides insurance for export credit, export finance and overseas investment insurance and guarantees facilities. In addition, the institution also provides short-term financing to direct or indirect exporters through the commercial banks under its Export Credit Refinancing (ECR). More details on Exim Bank's services can be obtained from the address below.

Export-Import Bank of Malaysia Berhad

Aras 8, UBN Tower , No. 10, Jalan P. Ramlee
P.O. Box 13028, 50796 Kuala Lumpur
Tel: +603-2034 6666, Fax: +603-2034 6699
<http://www.exim.com.my/>

Lending to Foreign Investors

Foreign investors have access to credit on the local capital market. Foreign companies are also permitted an aggregate a maximum of RM 50 million credit facilities from Malaysian banking institutions.

The Securities Market

The Securities Commission (SC), regulates the capital markets in Malaysia. The SC is a statutory body with investigative and enforcement powers. The SC regulates the offerings and issues of securities by public companies, and debentures by private companies. It also regulates the listing of such securities on Bursa Malaysia (the stock exchange), as well as matters relating to mergers and takeovers and of companies and mutual funds. It is also the approving and registering authority for prospectuses of all securities. The SC supervises exchanges, clearing houses and central depositories, and is also responsible for licensing and supervising of persons licensed to provide financial services.

Bursa Malaysia - the stock exchange

Bursa Malaysia operates a fully integrated exchange, offering the complete range of exchange-related services, including trading, clearing, settlement and depository services. Bursa Malaysia also provides information services relating to the Malaysian securities and derivatives markets. For more details on Bursa and Kuala Lumpur stock exchange, please visit <http://www.klse.com.my>

Offshore Financial Services

The Labuan Offshore Financial Services Authority (LOFSA) spearheads and coordinates the development and promotion of the island of Labuan as an International Offshore Financial Centre (IOFC).

Offshore business activities undertaken by Labuan offshore companies include trading and non-trading activities. Offshore trading activities include banking, insurance, fund management, broking and other trade related activities while non-trading activities include holding of investments in securities, stocks, shares, loans, deposits and immovable properties by an offshore company on its own behalf.

LOFSA undertakes the incorporation and registration of offshore companies to conduct business in Labuan. Offshore companies are given several incentives in Labuan. For more details on offshore financial services, please visit <http://www.lofsa.gov.my>

Foreign Trade Zones and Free Ports

The country has Free Zones (FZ's) in which manufacturing and warehousing facilities may be established for export-oriented businesses. Materials, products and equipments may be imported duty-free into these zones. The zones are divided into Free Industrial Zones (FIZ), where manufacturing and assembly takes place, and Free Commercial Zones (FCZ), for warehousing commercial stock. Goods sold into the Malaysian economy by companies within the FZ's must pay import duties.

As around 90 percent of the country's international trade is sea borne, ports and maritime-related services play an important role in Malaysia. The government is promoting Port Tanjung Pelepas and Port Klang (Westport and Northport) as regional load and transshipment centers. It has also designated Port Klang, Port Tanjung Pelepas, Penang Port and Johor Port and ten other locations as Free Commercial Zones.

Business Information Centers

MIDA Business Information Centre

MIDA operates a Business Information Centre (BIC) at Kuala Lumpur's Plaza Sentral to provide investors information on investment, trade, financing, productivity and services. MIDA's BIC can be contacted at the address below.

Ground Floor, Block 4, Plaza Sentral
Jalan Stesen Sentral 5 , Kuala Lumpur Sentral
50470 Kuala Lumpur , Malaysia
Tel: (603) 2267-3716
E-mail: promotion@mida.gov.my

MIDA in collaboration with MATRADE operates another Business Information Centre at the Visitors Service Centre, Main Terminal Building, Kuala Lumpur International Airport (KLIA).

Enterprise Connect (E-Connect) - MIDA also operates an online business matching service - Enterprise Connect or E-Connect. This can be accessed through MIDA's website.

Business Service Centre, Maldives High Commission

The High Commission maintains a Business Service Centre (BSC) at the chancery. In addition to a number of reference materials including various trade directories, this facility provides telephone, facsimile, internet and office space for business meetings. The facility can be booked by contacting the High Commission at the following address.

High Commission of Maldives, Suite 07-01
Menara See Hoy Chan
374 Jalan Tun Razak
50400 Kuala Lumpur
Office Hours: Monday to Friday, 1000-1600 hrs

Tel: +603 2163 7244
Fax: +603 2164 7244
Email: mail@maldives.org.my
Website: www.maldives.org.my

Online Business Directories

The online directories below provide comprehensive information on Malaysian companies, products and brands.

1. <http://www.mycen.com.my/> - MALAYSIA CENTRAL: A Comprehensive Malaysian Information portal and Search Directory
2. <http://www.eguide.com.my/> eGuide Malaysia – an online business directory featuring Malaysian companies, products and brands
3. <http://www.yellowpages.com.my/> Malaysia yellow pages - A search directory developed by Malaysian telecoms company

Appendix I – Investment and Trade Related Key Government Offices

Malaysian Industrial Development Authority (MIDA)

Block 4, Plaza Sentral, Jalan Stesen Sentral 5
Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia
Tel : 603-2267 3633 , Fax : 603-2274 7970
Website: <http://www.mida.gov.my>

Ministry of International Trade and Industry (MITI)

Block 10, Government Offices Complex, Jalan Duta,
50622 Kuala Lumpur, Malaysia
Tel: 603-6203 3022, Fax: 603-6203 2337
Website: <http://www.mida.gov.my>

MINISTRY OF AGRICULTURE AND AGRO-BASED INDUSTRY

Wisma Tani, Lot 4G1, Precinct 4
Federal Government Administrative Centre
62624, Putrajaya, Malaysia
Tel: (603) 8870 1000, Fax: (603) 8870 1000
Website: <http://www.agrolink.moa.my/>

MINISTRY OF DOMESTIC TRADE AND CONSUMER AFFAIRS

Lot 2G3, Precinct 2, Federal Government Administrative Centre
62623 Putrajaya, Malaysia
Tel: (603) 8882 5500 / 1800-886-800, Fax: (603) 8882 5763
Website: <http://www.kpdnhep.gov.my>

MINISTRY OF EDUCATION

Level 5, Block E8 Parcel E
Federal Government Administrative Centre
62604 Putrajaya, Malaysia
Tel: (603) 8884 6000, Fax: (603) 8889 5235
Website: <http://www.moe.gov.my>

MINISTRY OF ENTREPRENEURIAL AND COOPERATIVE DEVELOPMENT

Lot 2G6, Precinct 2, Federal Government Administrative Centre
62100 Putrajaya, Malaysia
Tel: (603) 8880 5100, Fax: (603) 8880 5106
Website: <http://www.meccd.gov.my>

MINISTRY OF FINANCE

Finance Ministry Complex, Precinct 2
Federal Government Administrative Centre, 62592 Putrajaya,
Malaysia,
Tel: (603) 8882 3000, Fax: (603) 8882 3892/ 3894
Website: <http://www.treasury.gov.my>

MINISTRY OF FOREIGN AFFAIRS

Wisma Putra, No. 1, Jalan Wisma Putra
Precinct 2, 62602 Putrajaya, Malaysia
Tel: (603) 8887 4000/ 4570/ 8889 2476,
Fax: (603) 8889 1717/2816
Website: <http://www.kln.gov.my>

MINISTRY OF HEALTH

Block E1, E6, E7 & E10, Parcel E
Federal Government Administrative Centre
62590 Putrajaya, Malaysia
Tel: (603) 8883 3888, Fax: (603) 2698 5964
Website: <http://www.moh.gov.my>

MINISTRY OF HIGHER EDUCATION

Block E3, Parcel E, Federal Government Administrative Centre
62546 Putrajaya, Malaysia
Tel: (603) 8883 5000

Fax: (603) 8889 5854
Website: <http://www.mohe.gov.my>

MINISTRY OF HOME AFFAIRS

Block D2, Parcel D
Federal Government Administrative Centre
62546 Putrajaya, Malaysia
Tel: (603) 8886 3000
Fax: (603) 8889 1613
Website: <http://www.moha.gov.my>

MINISTRY OF HUMAN RESOURCE

Level 6-9, Block D3, Parcel D
Federal Government Administrative Centre
62502 Putrajaya, Malaysia
Tel: (603) 8886 5000
Fax: (603) 8889 2381
Website: <http://www.mohr.gov.my>

MINISTRY OF INFORMATION

Angkasapuri, Bukit Putra
50610 Kuala Lumpur, Malaysia
Tel: (603) 2282 5333
Fax: (603) 2282 1255
Website: <http://www.kempen.gov.my>

MINISTRY OF NATURAL RESOURCES & ENVIRONMENT

13th Floor, Wisma Tanah,
Jalan Semarak, 50574 Kuala Lumpur, Malaysia
Tel: (603) 2692 1566
Fax: (603) 2693 2166
Website: <http://www.nre.gov.my>

MINISTRY OF PLANTATION INDUSTRIES AND COMMODITIES

6th – 13th Floor, Lot 2G4, Precinct 2
Federal Government Administrative Centre

62654 Putrajaya, Malaysia
Tel: (603) 8880 3300
Fax: (603) 8880 3482
Website: <http://www.kppk.gov.my>

MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATIONS

Level 1-7, Block C5
Federal Government Administrative Centre
62662 Putrajaya, Malaysia
Tel: (603) 8885 8000
Fax: (603) 8888 9070
Website: <http://www.mosti.gov.my>

MINISTRY OF TOURISM

6th, 21st, 34th-36th Floor
Menara Dato' Onn, Putra World Trade Centre
45 Jalan Tun Ismail, 50480 Kuala Lumpur, Malaysia
Tel: (603) 2693 7111
Fax: (603) 2691 2693
Website: <http://www.motour.gov.my>

MINISTRY OF TRANSPORT

Level 5-7, Block D5, Parcel D
Federal Government Administrative Centre
62502 Putrajaya, Malaysia
Tel: (603) 8886 6000/2597
Fax: (603) 8889 1569
Website: <http://www.mot.gov.my>

MINISTRY OF WORKS

4th Floor, Block B, Kompleks Kerja Raya
Jalan Sultan Salahuddin
50580 Kuala Lumpur, Malaysia
Tel: (603) 2711 1100/ 9309
Fax: (603) 2711 6612
Website: <http://www.krr.gov.my>

Appendix II – Other Sources of Information on Investment and Trade from the Government of Malaysia

1. Bank Negara Malaysia www.bnm.gov.my (Central Bank)
2. Malaysian External Trade Development Corporation (MATRADE) <http://www.matrade.gov.my>
3. Royal Malaysian Customs <http://www.customs.gov.my/>
4. **Port Klang Authority** <http://www.pka.gov.my>
5. Department of Statistics <http://www.statistics.gov.my>
6. Companies Commission of Malaysia <http://www.ssm.com.my>
7. Economic Planning Unit <http://www.epu.jpm.my>
8. Securities Commission <http://www.sc.com.my>
9. National Economic Action Council (NEAC) <http://www.neac.gov.my>
10. National Productivity Corporation (NPC) <http://www.npc.org.my>
11. SMEinfo <http://www.smeinfo.com.my/>
12. Small and Medium Industries Development Corporation (SMIDEC) <http://www.smidec.gov.my>

Appendix II – Investment and Trade Related Organizations

1. The National Chamber of Commerce and Industry of Malaysia (NCCIM) <http://www.nccim.org.my/>
2. Malaysian International Chamber of Commerce and Industry (MICCI). <http://www.micci.com/>
3. The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) <http://www.acccim.org.my/>
4. Federation of Malaysian Manufacturers <http://www.fmm.org.my/>
5. Malaysian Associated Indian Chamber of Commerce (MAICCI) <http://www.maicci.org.my/>
6. Malay Chamber of Commerce Malaysia (MCCM) <http://www.dpmm.org.my/>
7. The Malaysian Timber Council (MTC) <http://www.mtc.com.my>. The following organizations can be accessed through MTC.

Malaysian Wood Industries Association (MWIA)	Timber Exporters' Association of Malaysia (TEAM)
Malaysian Panel-Products Manufacturers' Association (MPMA)	Malaysian Wood Moulding and Joinery Council (MWMJC)
Malaysian Furniture Industry Council (MFIC)	
8. Malaysian Palm Oil Board <http://www.mpob.gov.my/>
9. Malaysian Tourism Promotion Board <http://www.tourism.gov.my/>
10. Malaysian Timber Certification Council (MTCC) <http://www.mtcc.com.my/>
11. Malaysian Cocoa Board <http://www.koko.gov.my/>
12. Malaysian Timber Industry Board (MTIB) <http://www.mtib.gov.my/>
13. The Malaysian Furniture Promotion Council (MFPC) <http://www.mfpc.com.my>
14. Malaysian International Furniture Fair (MIFF) <http://www.miff.com.my/>
15. Malaysia Furniture Entrepreneur Association (MFEA) <http://www.mfea.org.my/>
16. Malaysian Association of Hotels (MAH) <http://www.hotels.org.my/>
17. Association of Banks in Malaysia (ABM) <http://www.abm.org.my>
18. Malaysian Iron and Steel Industry Federation <http://www.misif.org.my/>
19. Malaysian Mould and Die Association <http://www.mmada.org.my/>
20. Malaysian Organization of Pharmaceutical Industries <http://www.mopi.org.my/>
21. Malaysian Rubber Products Manufacturers Association <http://www.mrpma.com/>
22. Malaysian Textile Manufacturers Association <http://www.fashion-asia.com/>
23. Master Builders Association Malaysia <http://www.mbam.org.my>