



KL: Mega Metropolis of the New Century

DATUK ZAINAL AMANSHAH CEO OF INVESTKL IN CONVERSATION WITH EDITOR **NOMITA DHAR** ON THE GOVERNMENT'S MISSION TO ATTRACT TOP GLOBAL COMPANIES TO COME TO MALAYSIA - THE HUB OF THE WORLD'S FASTEST GROWING ECONOMIC REGION

EVERY country is eyeing the investment dollar, why should investors choose KL?

Location

KL's location at the heart of ASEAN is a key advantage. ASEAN is now the sixth largest economy in the world, with a population of 630 million and a combined GDP of US\$2.5 trillion. The strong growth in ASEAN region is something investors cannot afford to ignore, given its huge market size.

Kuala Lumpur is a gateway city to the rest of the ASEAN region with strong air connectivity. The main airport, Kuala Lumpur International Airport connects the city with direct flights to destinations in six continents around the world and the fact that it is the main hub for the national and low-cost carrier, it provides a plus point for our investors.

Strong fundamentals & ecosystem

Malaysia is also strong in its economic framework. Despite the challenging economic environment, the Malaysian economy is expected to remain on the current growth. Malaysia's economy grew in line with market expectations at 4% for the April-June quarter 2016 compared with 4.2% in the first quarter.

Kuala Lumpur's ecosystem is attractive for inward investment for a number of reasons — world-class infrastructure, multilingual workforce and well educated talent pool, competitive cost and friendly policies in place.

KL continues to transform

Greater KL is poised to transform into one of the world's top cities by 2020. In addition to creating a haven for bustling economic activity, Malaysia's transformation will cement the region's liveability, reinforced by efforts including the revitalisation of its rivers, environmental conservation and improving the pedestrian network.

Some examples of the game changing transformation projects are all public transportation systems, such as

Mass Rapid Transit (MRT), Light Rail Transit (LRT) and the upcoming KL-Singapore High-speed Rail (HSR).

Other iconic transformation project that is in place is the Bandar Malaysia project - a strategic gateway that will connect the Kuala Lumpur city centre to the southern corridor of Greater KL, by providing the connectivity that will allow for the seamless movement of people, goods and more from one commercial hub to another. The park behind the National Monument, better known as the Tugu Negara, will also undergo a radical transformation. The initiative is to develop, revive and preserve one of Kuala Lumpur's green lungs as a permanent rainforest park.

As it develops into a true cosmopolitan hub, Greater KL can only continue to offer exciting prospects for businesses seeking a foothold in the flourishing Asian region, in tandem with Malaysia's transformation.

Good rankings

Greater KL has been ranked by the Economist Intelligence Unit as the second-most competitive global city in Southeast Asia, offering MNCs an ideal base for Management, Finance and Trading activities.

Strong track record

To date, top MNCs such as Honeywell, Schlumberger, IBM, Philips, Cargill, Agusta Westland and many others have their regional or global operations in Kuala Lumpur. It is a testament of investors' confidence in our city.

Startups, innovations and knowledge economy are the buzz words, what are the growing trends in KL?

Attracting MNCs to set up their Regional Headquarters or Hubs in the services and hi-tech industries, oil and gas, engineering and construction, aerospace and technology sectors. The activities include Principal Hubs, Centres of Excellence, Regional Innovation

Centre, Regional Distribution and Procurement Centres. This gives local talent opportunities to local SMEs as well as talents as the MNCs business model is to localise as much as possible.

New trends and demand for higher-value financial services

Globalisation and volatile financial markets have made the control of currency and interest rate risks crucial to a company's bottom line. In response, many companies are considering setting up specialised treasury units to hedge and manage interest, liquidity and currency risks, manage surplus funds and reduce overall finance costs. Malaysia is also expecting growth through various other opportunities within the financial services sector, such as commercial banking, investment banking, insurance, asset management and other areas including DFIs.

Globally competitive workforce

Recently, MNCs have changed their talent strategy in relation to new markets like Malaysia. In the past, companies may have "parachuted" leaders from the headquarters to manage large-scale operations in Malaysia. Today, many companies recognise the potential of local talent and have started grooming them for leadership positions.

What kind of opportunities do you offer for startups and those in the knowledge economy?

Our mandate is to attract large global multinationals such as Fortune 500 and Forbes 2000 companies to set up their regional hub in Kuala Lumpur and strategically grow their business in Asia from Greater KL.

The Malaysian government has several agencies to assist and help startups in Malaysia. These agencies include National Innovation Agency Malaysia (AIM) and the Malaysian Global Innovation and Creativity Centre (MaGIC).

Could you share with us the current investment figures and targets?

InvestKL has attracted 55 multinational companies (MNCs) to set up regional hubs in Greater KL, with over RM6 billion committed investments and jobs creation of over 7,000 since its inception in 2011.

In 2016, InvestKL is targeting to bring in another 13 MNCs. InvestKL expected 2016 to be a tough year but confident that with KL's strong cost proposition, game changing infrastructure development projects such as the MRT which will be completed in 2017, the High Speed Rail and a robust maturing ecosystem, the target is achievable.

Which industries would you say is best suited for investment in KL?

InvestKL aims to target MNCs in the following business sectors/industries to establish their Regional footprint from Greater KL:

Business Services

Business Services serve as a catalyst in transforming Malaysia into a knowledge economy. With human capital development as an integral component, the business services sector is a highly differentiated industry, comprising a range of high-value skills and services. This makes it a high-value added sector that is poised to nurture innovation and broaden the knowledge and skill base within the country.

Oil and Gas

The oil and gas sector is the mainstay of Malaysia's growth, contributing nearly 20 percent to the national GDP. Being the second largest oil and natural gas producer in Southeast Asia, it is strategically located amid important routes for seaborne energy trade. The country aims to become an oil storage and trading hub in the region.

Engineering Services

Malaysia's engineering services sector covers a wide range of industries, from aerospace to energy, construction, automotive, electronics, and software. As the country heading towards the value chain, Malaysia is aggressively upgrading into a more sophisticated type of manufacturing. Foreign site selectors see Malaysia as a destination for high-tech investment. Malaysia is fit for enhanced coordination of investment promotion activities and a deeper focus on cultivating high-tech investment as well as projects in knowledge-intensive industry sectors.

Consumer Goods and Supply Chain

As one of the Asia countries that has the fastest growing economy, Malaysia provides 44 percent of worlds' total exports, inclusive of consumer packaged goods. Malaysia is a strategic place for consumer packaged goods business seeing that it has the largest centre for international trade and manufacturing in the Southeast Asia region which provides great potential for further growth in this sector. The country also has a talent pool of supply chain management graduates that are innovative and are educated in a world-class supply chain education.

Could you share with us some of your latest success stories?

Greater KL already boasts a reputable list of international companies that have grown their Asia operations on the back of the country's investor-friendly policies, including attractive incentives, a highly skilled and multilingual workforce and excellent infrastructure.

The recent drop in oil price has made a few MNCs to relocate to Kuala Lumpur, including oil & gas giants like McDermott International, Technip and Subsea 7.

Leading MNCs presently in KL include French firm Colas Rail; top French e-payment services company Worldline; Germany industrial gas and engineering giant Linde and Honeywell, an American multinational conglomerate company that produces a variety of commercial and consumer products, engineering services and aerospace systems.

Information technology giant IBM has established its Global Delivery Centre (GDC) in Greater KL, joining the US tech giant's network of service delivery hubs in 21 countries that provide business processing and IT services capabilities to clients worldwide.

Schlumberger has several regional hub activities in Greater KL; the Asia Pacific Procurement hub, Regional Financial Hub and the Asia Centre for Reliability and Efficiency (ACRE).

SC Johnson, a Fortune 300 company has also established its Regional Supply Chain Centre in Greater KL.

What would you say about the availability of English speaking, trained manpower for multinationals?

Malaysia is a melting pot of cultures, languages and backgrounds. This diversity has provided Greater Kuala Lumpur with a competitive advantage to nurture, attract and retain world-class talent. As a result, investors have access to a highly educated and multi-lingual talent pool.

Due to Malaysia's multiracial demography, most of its citizens are multilingual — fluent in English and other languages, such as Malay and Chinese or Indian dialects. This is an added advantage in global business since Asian markets present MNCs with large-scale business opportunities and market share. Malaysian can work in international regions such as Indonesia, China and India due to language diversity.

The Malaysian talent pool comprises professionals from a wide range of sectors including financial services, oil and gas, education, property and construction, architecture and engineering, law, marketing, fashion, design and the arts.

Can cost of living be a positive factor for multinationals to consider KL?

Yes. MNCs that are traditionally located in cities with rapidly rising costs, should now consider Greater Kuala Lumpur (Greater KL) as the optimal location for their principal hub.

Despite its rapid growth, Kuala Lumpur has a competitive cost of living than that of many cities in Asia. Kuala Lumpur was ranked by Mercer in the 2012 Cost of Living report as one of the world's least expensive cities to live in.

According to the survey, Kuala Lumpur is cheaper than Hong Kong and Singapore in terms of housing, education, food, transportation and health care.

Kuala Lumpur offers not only a lower cost of living but also an advantage in cost of doing business with competitive office rental, competitive salaries and comparative tax rate.

Which countries figure prominently in the current pool of multinationals in KL?

Europe and the United States remained the biggest investors. We are also seeing more companies from China and Japan.

How can Singapore and Malaysia work together in complementing each other's human resource needs, especially in the manpower intense sectors?

KL and Singapore can work as twin-cities, where MNCs can set up their regional hubs with different complementary functions both in KL and Singapore.

By having dual regionals operations in KL and Singapore, MNCs can take advantage of the pool of talent both in KL and Singapore, and the best of what both locations can offer.

KL A Journey of Rapid

“Honeywell chose Kuala Lumpur as our ASEAN regional hub because of its location in the centre of Southeast Asia, having English-speaking population and a multi-cultural environment.”

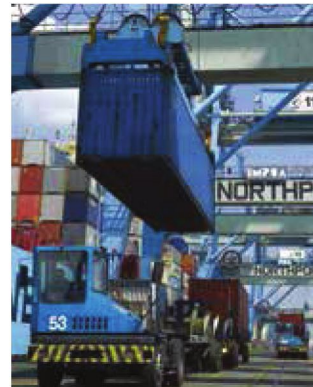
- Mr Briand Greer,
Honeywell President of
Southeast Asia

KUALA Lumpur today is a bustling metropolis, with several multinationals using it as a regional hub to grow and tap opportunities in Malaysia and the region. It has come a long way from its reputation as a tin-mining district. Kuala Lumpur's story is one of transformation to one of the most vibrant and dynamic cities in the world. Over years of consistent development, Kuala Lumpur has expanded to Greater Kuala Lumpur (GKL), and remains a key destination for foreign direct investment (FDI).

Kuala Lumpur's forward-looking policies have piqued the attention of multinational corporations (MNCs). These corporations, encouraged by Kuala Lumpur's status, attractive business environment, growing middle-class population, developed infrastructure and skilled workforce, are increasingly choosing to locate themselves in the city.

A variety of factors have accorded Kuala Lumpur the status it commands today. A 2014 World Bank study found it to be 6th in ease of doing business, out of 183 countries. A 2014 survey by Mercer also placed it ahead of Singapore and Hong Kong in terms of cost competitiveness for housing, education, food, transportation and healthcare.

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the region's liveability, reinforced by efforts including the revitalisation of its rivers, environmental conservation and improving the pedestrian network.

Exciting Prospects

As it develops into a true cosmopolitan hub, Greater KL can only continue to offer exciting prospects for businesses seeking a foothold in the flourishing Asian region, in tandem with Malaysia's transformation.

Leading firms with a presence in Malaysia include French firm Colas Rail; top French e-payment services company Worldline; Linde, a Forbes 2000 listed industrial gas and

engineering company from Germany, and Honeywell, an American multinational conglomerate company that produces a variety of commercial and consumer products, engineering services and aerospace systems.

“Honeywell chose Kuala Lumpur as our ASEAN regional hub because of its location in the centre of Southeast Asia, having English-speaking population and a multi-cultural environment.”

“The Malaysian government is also easy to work with and very focused on becoming a high-income nation by 2020. The Government, together with entities like InvestKL and MIDA (Malaysia

Transformation



Investment Development Authority) is very supportive of attracting large multinationals wanting to set up regional operations in Kuala Lumpur via the Principle Hub initiative. Our relationship with the Malaysian government is very positive and we are confident of our future here," Honeywell President of Southeast Asia, Briand Greer remarked.

Likewise when Worldline established its Asia Pacific Innovation and Management hub in Greater KL, it further strengthened the city's position and competitiveness in global market as its services are widely used by local and international banks in Malaysia and serve an important part of daily activities.

MALAYSIA 2016 ASEAN's Regional Hub

Global Rankings

- 18th global position on ease of doing business
- 10th global position on business efficiency
- 5th most attractive global destination
- 16th global rank on infrastructure
- 3rd most preferred offshore destination

KL as a Principal Hub

- Services 54% of GDP
- 5.5% of GDP Growth

Strategic Growth Directions for KL

- Business Services
- Oil and Gas
- Engineering Services
- Consumer Goods and Supply Chain

Worldline, with over 40 years of experience is a global player and a European leader in the payment and transactional services industry. It supports and contributes success to businesses across various industries such as banking, financial services and insurance, retail, telecommunications and media by offering innovative developments and flexible business models.

Worldline Asia Pacific Chief Executive Officer, Tee Kee Ming said Greater KL has the vital elements for Worldline to operate. "InvestKL promotes Greater KL as a cost effective, great infrastructure and in general, a great place to live, which fits in with our requirement

for a hub location. The infrastructure and the availability of talents fits in well with our needs as we believe in connectivity and creativity. As a hub, Greater KL offers a great package of innovative creativity while remaining strong in its tradition which reflects our culture of combining strength of our knowledge in the business and the creative innovation of the future. This is why Greater KL is our preferred hub as our Asia Pacific HQ," added Tee.

Driving Force

InvestKL being the driving force behind this concerted effort is mandated by the Malaysian government to attract and facilitate large global MNCs to set up their regional business, innovation and talent hubs in the Greater KL.

InvestKL is a government arm tasked to attract investors to develop their business in Greater KL. It has already gathered strong momentum in its objective to persuade 100 of the world's most dynamic firms within its priority sectors to establish themselves there by 2020.

So far, InvestKL has been doing a stellar job of enticing corporations to sink their roots in Greater KL, which is already Malaysia's best developed metropolitan area and home to eight million people. Its formula for success come from its many advantages, which include its business-friendly policies, well developed infrastructure, quality of life and robust talent pool.

With robust endorsement and many other big names such as IBM, Schlumberger, Philips and Huntsman partnering with InvestKL or investing in Greater KL, it certainly seems InvestKL is on track to facilitating the Malaysian government's aim of transforming the country into a high-income nation by 2020.

For more information:

www.investkl.com

Tel: +603 2260 2270

Fax: +603 2260 2292

E-mail: info@investkl.gov.my