

# Malaysian Markets Boom as Foreign Investment Hits Record Highs



Malaysia offers unprecedented business opportunities with digital payments reaching 13 billion U.S. dollars in 2023. The global e-commerce market will hit US\$8.1 trillion by 2026. Malaysia's prime location at major global trade routes crossroads makes it a magnet for international businesses. The Southeast Asian region has managed to keep an impressive 5.3% annual GDP growth in the last two decades.

Malaysia's thriving market continues to evolve. Government initiatives like the National Digital Economy Blueprint reshape the scene daily. The country ranks first in education labor productivity and holds a third-tier workforce position. These factors make Malaysian incorporation and business ventures attractive to foreign investors. A resilient digital infrastructure and skilled workforce help Malaysia stand out. Companies seeking growth opportunities in Southeast Asia now see Malaysia as their top choice.

## Tech Giants Establish Regional Headquarters in Malaysian Digital Hubs

Malaysia stands out as a digital hub in Southeast Asia. The country draws major tech companies to set up their regional operations. Microsoft made its biggest investment in the country a few months



ago - MYR 9.83 billion spread over four years to boost Malaysia's digital growth. This money will help build cloud and AI infrastructure. The plan aims to teach AI skills to 200,000 Malaysians and build a national AI Center of Excellence.

Oracle stepped up with an even bigger commitment. The company plans to invest MYR 29.03 billion to build its first public cloud region in Malaysia. This might be the biggest single tech investment the country has seen. Oracle's cloud region is different from regular data centers. It connects multiple facilities that work together to provide reliable and expandable resources. This setup makes Malaysia a key gateway for cloud services in the region.

The tech migration to Malaysia keeps growing. Amazon Web Services, Microsoft, Google, and Oracle have promised a total of MYR 75.48 billion through 2038. Digital investments have taken off. The Ministry of Digital reports MYR 66.22 billion in investments just in the first half of 2024. This amount already beats last year's total of MYR 46.2 billion.

These tech headquarters spread across several key locations:

- **Cyberjaya:** BlackBerry revealed its Asia Pacific cybersecurity headquarters here. They also built a Cybersecurity Center of Excellence with Malaysia's Communications and Multimedia Commission
- **Johor:** The city's data center growth leads Southeast Asia. The 2024 Global Data Center Index ranks Johor Baru as the region's fastest-growing market
- **Selangor and Kuala Lumpur:** These cities host several digital hubs. You'll find the Malaysia Semiconductor Accelerator, IC Design Park, and YTL Data Center Park here

These investments boost job creation significantly. The first half of 2024 alone saw 25,498 new jobs. Malaysia's digital economy should make up 25.5% of its GDP by 2025. This growth could create up to 500,000 jobs.

## **Manufacturing Sector Captures \$3.2B in New Foreign Direct Investment**

Malaysia's manufacturing sector has attracted massive foreign direct investment, reaching MYR 88.8 billion (approximately \$3.2 billion) during 2024's first nine months. The sector ranks second after services, contributing 34.9% of total approved investments.

Japanese investors have shown strong interest by committing MYR 9.83 billion to help manufacturers change their production from China due to supply chain challenges. The Japanese government's investment panel has highlighted Malaysia as an attractive gateway for manufacturing in Southeast Asia, specifically discussing plans to relocate high-value production there.

The electrical and electronics (E&E) industry leads manufacturing investments with MYR 47.0 billion. Semiconductors dominate this sector, making up more than 90% of E&E investments. This success matches Malaysia's National Semiconductor Strategy's vision to become a global industry leader.

Battery manufacturing has become a powerful investment draw. Samsung SDI will complete its lithium-ion battery factory in Negeri Sembilan by 2025. Eve Energy plans a new manufacturing



facility in Kulim. These developments will make Malaysia one of Southeast Asia's largest producers of lithium-ion battery separators.

The automotive industry shows remarkable growth. U.S.-based Stellantis has bought Naza Automotive Manufacturing's plant in Gurun, Kedah. They plan to make Malaysia their ASEAN hub by assembling various vehicles - from internal combustion engines to hybrids and battery electric vehicles.

These investments have altered the map of Malaysia's business world, particularly benefiting less developed states. Six states - Kedah, Kelantan, Perlis, Terengganu, Sabah, and Sarawak - have secured 81 manufacturing projects worth MYR 41.9 billion, showing a 39.6% increase from last year.

The manufacturing sector continues to thrive. Most projects (84.3%) approved since 2021 are now either operational or under construction, creating numerous business opportunities across Malaysia.

### **Foreign Investors Transform Malaysia's Business Incorporation Landscape**

Malaysia's business landscape shows a remarkable trend - one in four international firms plan to expand into the country within the next two years. Foreign companies are changing how businesses set up their operations in this Southeast Asian hub.

Foreign investors can choose from several ways to set up their business in Malaysia. Most companies prefer the Private Limited Company (Sdn. Bhd.) structure that allows complete foreign ownership across most sectors. All the same, sectors like agriculture, banking, education, and oil and gas require at least 30% Malaysian ownership.

The Companies Commission of Malaysia (SSM) has made the registration process more efficient over the years. Companies pay registration fees between RM5,000 for capital under RM1 million and RM70,000 when exceeding RM100 million. The minimum paid-up capital stands at just RM1, though specific government agencies might ask for higher amounts based on their requirements.

The welcoming business climate comes with sector-specific rules. Private employment agencies must ensure Malaysian citizens hold at least 51% of shares. Security services need 70% of shares held by bumiputera entities. The petroleum sector's bumiputera equity requirements vary from 0% to 100% based on specific activities.

Malaysia attracts international businesses through its skilled workforce, growing consumer wealth, and extensive free trade agreements. Each of these factors influenced 28% of surveyed companies. Companies face their biggest challenges in finding quality staff, maintaining financial stability, and adapting to regulatory changes.

Companies must follow specific rules after incorporation. These include filing annual returns within 30 days of their anniversary date, submitting audited financial statements, and keeping proper accounting records. This efficient incorporation system makes Malaysia a prime target for international firms looking to grow in Southeast Asia.

Malaysia has transformed into a leading investment destination through clear vision and effective execution. Digital payments have reached \$13 billion, while tech giants Microsoft and Oracle have



made Malaysia their regional home. This shows strong market confidence. The manufacturing sector has attracted \$3.2 billion in foreign direct investment, which without doubt strengthens Malaysia's role in global supply chains.

The country's business-friendly approach has produced impressive results. One in four international companies now plan to expand their Malaysian operations in the next two years. Malaysia serves as a gateway to Southeast Asian markets with its reliable digital infrastructure and talented workforce.

Technology, manufacturing excellence, and efficient business processes have joined to create perfect conditions for business growth. Malaysia's digital economy should reach 25.5% of GDP by 2025 and create 500,000 new jobs. Government support and private investments have helped Malaysia emerge as Southeast Asia's rising economic powerhouse. This growing ecosystem continues to attract global attention.