

FOREWORD

Since 1975, **C H Williams Talhar & Wong** has rolled out WTW Property Market Report on an annual basis to provide up to date market information to our readers.

Given the dynamic nature of property market, property investors are continuously evaluating new information and fresh perspectives. In light of this, we have explored special market segments in our coverage from time to time for our faithful clients and readers. In previous years, we had roamed to the South (Iskandar Malaysia), then East (ECER), and even further East to Sabah, i.e. Sabah Development Corridor.

In this issue of Property Insight, we will be taking our readers on a journey to the North. We propose to commence our journey with a seaside food feast at the Pearl of the Orient (Penang), followed by a trip to the Rice Bowl of Malaysia (Kedah) and before last stop at the Land of Grace (Perak). This time, we are also featuring an exclusive interview with investPenang.

We hope future issues of WTW Property Insight will attract even greater interest from our readers with information and insights on the Malaysian Property Scene.

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PROPERTY INSIGHT THE NORTHERN REGION

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NORTHERN REGION

The Northern Region of Peninsula Malaysia encompasses the states of Perlis, Kedah, Pulau Pinang and Perak. The four states cover a total land area of 32,273 sq km or 24% of Peninsula Malaysia (10% of Malaysia). The Region accommodates a approximately total population of 6.4 million based on the projected 2014 Census or 26.7% of Peninsula Malaysia (21.2% of the entire country).

In terms of economic development, 2013 Gross Domestic Product (GDP) of the Northern Region was RM152 billion or 15.4% of the national GDP. 78.2% of the population lives in the urban areas. Within the Region, Perak is the largest state (21,022 sq km) while Perlis is the smallest (795 sq km).

The highest population density is in Penang (1,612 persons per sq km) while the lowest density is in Perak (117 persons per sq km). The state with the highest GDP is Penang, of RM63 billion in 2013 or RM38,356 per capita while the lowest is Kedah with a GDP of RM33 billion or RM16,316 per capita.

The Northern Region especially Kedah which is the rice bowl of the country, has the potential to be at the forefront of the transformation of Malaysia’s agricultural sector, embracing commercial-scale farming and the latest technologies to become a modernised food zone, increasing exports of premium fresh and processed agricultural products and helping Malaysia to meet its food self-sufficiency objectives in staple foods such as rice. Currently it also accomodates one of the most important sectors of the economy - namely the electrical & electronics (E&E) industrial sector.

In terms of manufacturing value added in 2012, the Region generated RM44 billion or 21% of the national total. Within the Region, Penang dominated with 58% followed by Kedah with 24%. The manufacturing sector in 2012 provided employment to 530,431 or 9% of the population of which 243,238 (45%) were in Penang. (Refer to TABLE 3)

TABLE 1 Demographic Profile of the Northern Region

	Land Area (sq km)	Population 2014*	Density / sq km
Malaysia	330,290	30,261,700	91.6
Peninsula Malaysia	131,846	23,955,800	182.0
Northern Region	32,273	6,424,400	199.1
Penang	1,031	1,662,800	1,612.8
Perak	21,022	2,459,900	117.0
Kedah	9,425	2,057,700	218.3
Perlis	795	244,000	306.9

Note: * Population for the year 2014 is projected population by Department of Statistics Malaysia (DOSM)
Source: Department of Statistics Malaysia (DOSM) / WTW Research

TABLE 2 Gross Domestic Product (GDP) of the Northern Region

	GDP 2013 (RM Mil)	% Distribution	Per Capita (RM)
Malaysia	986,733		
Peninsula Malaysia	753,602		
Northern Region	152,374	15.4%	
Penang	63,095	41.4%	38,356
Perak	51,670	33.9%	20,510
Kedah	33,125	21.7%	16,316
Perlis	4,484	2.9%	18,519

Source: Department of Statistics Malaysia (DOSM) / WTW Research

Total investments in the Region approved by MIDA in 2014 was RM15.4 billion from 247 projects (30.5% of the national total). The bulk of the investment was in Penang with a total of RM8 billion from 169 projects.

The Region is also endowed with the key tourism assets of Langkawi and Penang Island, with higher-yielding tourists and thereby increasing per capita tourist spending.

Together with the strengthening of existing sectors namely agriculture, and manufacturing, the Northern Region is

FIGURE 1 Map of The Northern Region



TABLE 3 Manufacturing Value Added

	Gross Output (RM Mil)	Value Added (RM Mil)	Employment (No.)	Invested (RM Mil)
<i>Kedah</i>	37,445	10,381	120,493	12,654
<i>Perak</i>	33,975	7,605	160,105	11,000
<i>Perlis</i>	1,291	332	6,595	612
<i>Penang</i>	100,468	25,465	243,238	17,532
Malaysia	908,058	204,225	2,001,074	204,915
Northern Region	173,179	43,783	530,431	41,798
Percent Share of each state in the Northern Region				
<i>Penang</i>	58%	58%	46%	42%
<i>Kedah</i>	22%	24%	23%	30%
<i>Perak</i>	20%	17%	30%	26%
<i>Perlis</i>	1%	1%	1%	1%

Source: Department of Statistics Malaysia (DOSM) / WTW Research

Total investments in the Region approved by MIDA in 2014 totaled RM15.4 billion from 247 projects (30.5% of the national total)

poised to develop new industries, the cultivation of new commercial crops and the promotion of downstream activities in the agricultural sector. Apart from that, the Northern region is looking at the promotion of new manufacturing activities such as biotechnology, and oil and gas, and to leverage on the well-established transport infrastructure and geographical proximity to Thailand and Sumatra to become a major processing, logistics and trade centre.

With regards to infrastructure developments, the Region is connected to the central and south of Peninsula Malaysia via the North-South Expressway by PLUS and rail network by Keretapi Tanah Melayu Berhad (KTMB). The existing KTMB-operated rail network stretches from the South (Woodlands in Singapore) to the North (Hatyai in Thailand), with key 23 stops between Perak and Perlis. The large number of stops however has a downside, which makes travelling time longer if compared to other land transportation modes. For instance, travelling from Kuala Lumpur to Nibong Tebal in Southern Seberang Perai via car may take around four hours but the travelling time is doubled if commuting via KTMB inter-city train (i.e. eight hours).

However, the number of travellers choosing rail land transport from the North to the South of Peninsula Malaysia is expected to increase when the Electrified Double Track Project between Ipoh and Padang Besar comes into operation this year. Initially planned to commence operation in May 2015, the operations of this Electric Train Services (ETS) was delayed to July 2015. The upgrading works were completed and handed over to KTMB at end of 2014. KTMB is currently testing the new line. This new train service is the extension of the existing ETS services currently from Kuala Lumpur to Ipoh. It will cut short the travelling time between the capital city, Kuala Lumpur and the Northern Region.

TABLE 4 Projects Approved by MIDA

	2014		2013	
	No.	RM Mil	No.	RM Mil
Perlis	2	213	3	44
Kedah	50	5,285	39	2,535
Penang	169	8,162	119	3,912
Perak	26	1,708	54	2,361
Pahang	18	5,200	17	2,819
Kelantan	7	1,243	5	995
Terengganu	13	1,568	8	184
Selangor	229	7,042	228	9,833
F.T Kuala Lumpur	6	49	9	81
Malacca	28	4,520	27	1,494
Negeri Sembilan	41	3,095	35	1,688
Johor	179	21,176	197	14,445
FT Labuan	2	33	-	-
Sabah	23	2,918	25	3,434
Sarawak	18	9,640	21	8,276
Malaysia*	811	71,853	787	52,101
Northern Region	247	15,368	212	8,852
<i>Perlis</i>	2	1.4%	3	0.5%
<i>Kedah</i>	50	34.4%	39	28.6%
<i>Penang</i>	169	53.1%	119	44.2%
<i>Perak</i>	26	11.1%	54	26.7%

Source: Malaysian Investment Development Authority (MIDA) / WTW Research

The Northern Region is presently served by four airports, with the fifth in the planning stage. **Penang International Airport (PEN)** and **Langkawi International Airport (LGK)** are the international airports for the Northern Region where the former is the main transportation hub in the north while the latter caters for mostly travelers to Langkawi Island.

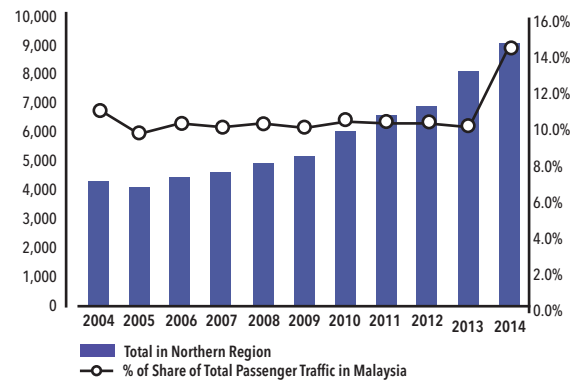
There are also two domestic airports in the Region, **Sultan Abdul Halim Airport** in Alor Setar and **Sultan Azlan Shah Airport** in Ipoh, Perak. On Pangkor Island (PKG) at Perak, there was an airport for Short Take Off and Landing (STOL) purposes but the service has been discontinued.

The Kedah State Government has been actively pursuing a proposal to develop an international airport in Kulim. The proposed development, dubbed as **Kulim International Airport (KIA)**, is expected to give a boost to the industrial activities in the Kulim High Technology Park.

Based on the past ten years statistics by the Ministry of Transport Malaysia, airports in the Northern Region handled around 10% of the total passengers in the country, with PEN as the busiest airport. For the year of 2014, PEN had the highest passengers' traffic, representing 66.9% of the total in Northern Region.

FIGURE 2 Passenger Traffic: % of Share of Northern Region

Source: Ministry of Transport Malaysia / WTW Research



To cater for the increasing traffic, Penang International Airport had undergone expansion in 2010. Phase 1 included the expansion of the existing passenger terminal, security fencing and aircraft parking apron.

In this special report we highlight major developments in three major states, Perak, Penang and Kedah. In addition, there is also an exclusive interview with investPenang.

TABLE 5 Northern Region: Total Passengers Handled by Airport (2010 - 2014)

	2010	2011	2012	2013	2014
PEN	4,143,421	4,561,998	4,762,256	5,485,756	6,036,326
LGK	1,372,618	1,503,262	1,593,043	1,946,220	2,221,997
IPH	48,508	71,169	43,354	74,320	98,768
AOR	400,997	407,717	433,644	535,073	660,264
PKG	2,588	547	4,068	5,791	205
Total	5,968,132	6,544,693	6,866,365	8,047,160	9,017,560

Note: PEN: Penang International Airport;
 LGK: Langkawi International Airport;
 IPH: Sultan Azlan Shah Airport;
 AOR: Sultan Abdul Halim Airport;
 PKG: Pangkor Airport

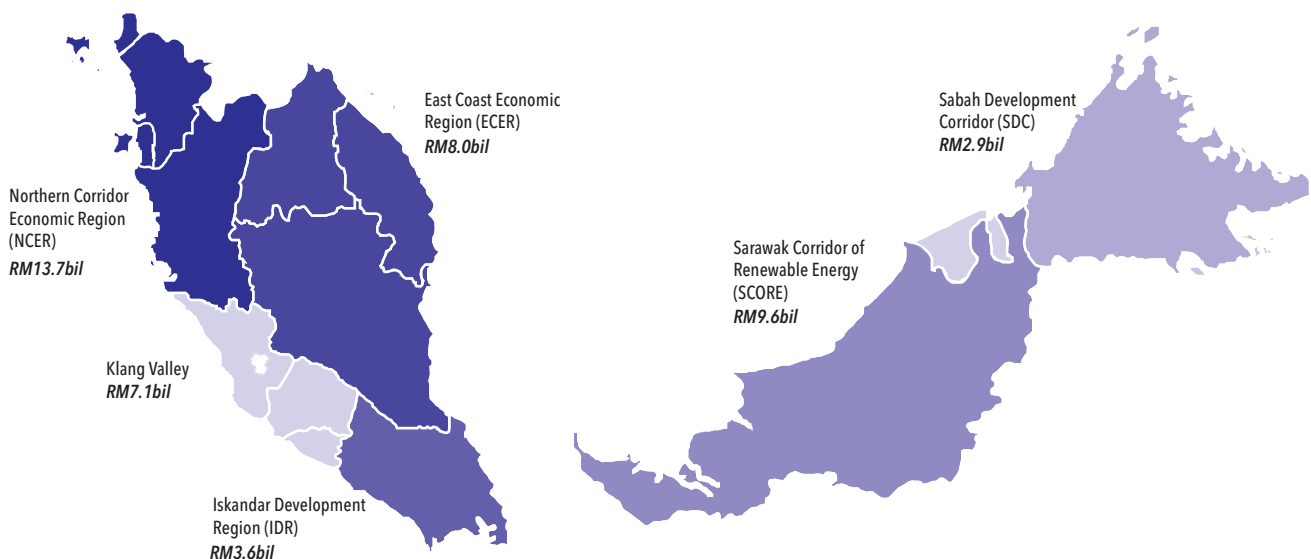
Source: Ministry of Transport Malaysia / MAHB / WTW Research

Total investments in the Region approved by MIDA in 2014 totaled RM15.4 billion from 247 projects (30.5% of the national total)

FIGURE 3

Approved Investments by Economic Region in 2014

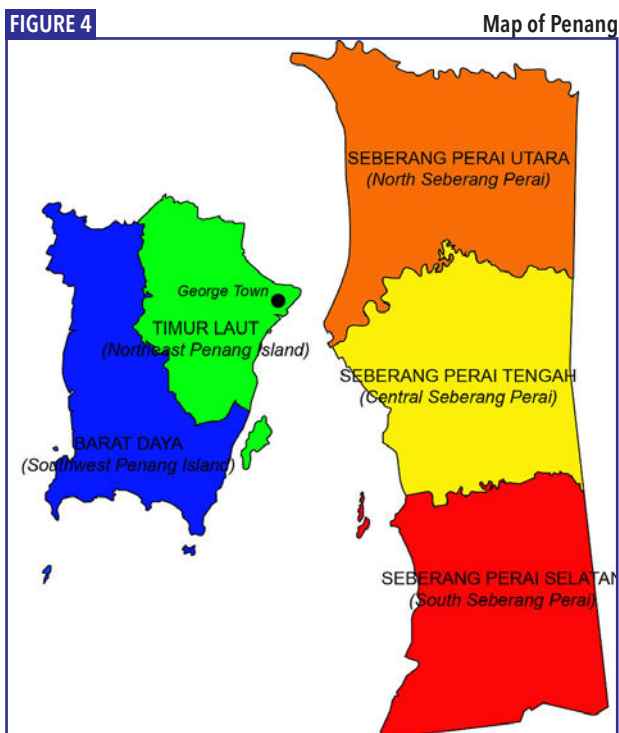
Source: Malaysian Investments Developments Authority / WTW Research



PENANG

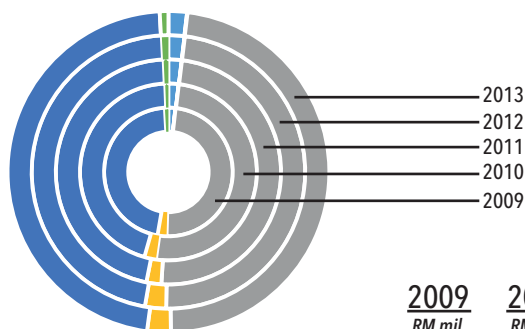
Penang is the second smallest state in Malaysia. With a total population of 1.66 million, it has the second highest population density in the country, at 1,612 person per sq. km. Penang is also the most urbanised state in the Northern Region, with 90.8% of the total population living in urban areas and has better accessibility to facilities and amenities.

The state comprises five districts served by the Penang Island City Council and Seberang Perai Municipal Council. The island is divided into two districts, Timur Laut and Barat Daya while the mainland (Seberang Perai) consists of three districts, Seberang Perai Utara, Tengah and Selatan. The north-east district of Penang Island, is the most populated.



KEY FACTS

PENANG: GDP (2009 - 2013)



	2009	2013
	RM mil	RM mil
Services	20,242	25,831
Manufacturing	21,239	26,301
Construction	982	1,308
Agriculture	760	1,021
Mining & Quarrying	19	27
Import Duties	383	479
GDP @ Purchasers' Price	43,626	54,968

Penang: Population Distribution 2010

District	Area (sq km)	Population	Density
<i>Penang Island</i>			
Timur Laut	121	510,996	4,223.11
Barat Daya	176	197,131	1,120.06
<i>Seberang Perai</i>			
Seberang Perai Utara	269	288,692	1,073.20
Seberang Perai Tengah	239	362,820	1,518.08
Seberang Perai Selatan	243	166,685	685.95

Source: Penang Institute (PI) / Department of Statistics Malaysia (DOSM) / WTW Research

Manufacturing & Industrial

The manufacturing and services sectors have been the main drivers of the state's economy. Dubbed as the Silicon Valley of Malaysia, the bulk of manufacturing activities are related to electrical and electronics.

Industrialization started in the early 1970s, with the opening of the Bayan Lepas Industrial Park. Back in year 1980, industrial plot in the Free Trade Zone (FTZ) was sold at RM2.50 psf while those in non FTZ was sold at RM2.20 psf.

Today, the Bayan Lepas Industrial Park is an established industrial landmark, accommodating multi-national companies such as Intel, Motorola, Plexus, Altera, Philips and Agilent. Industrial areas in Seberang Perai, include Prai Industrial Estate, Mak Mandin Industrial Estate, Bukit Minyak Industrial Park, Bukit Tengah Industrial Park, Seberang Jaya Industrial Park, Penang Science Park as well as the latest addition, Batu Kawan Industrial Park (BKIP). As at 2014, land plots in BKIP were averagely sold at RM35 psf with 60-year leasehold tenures.

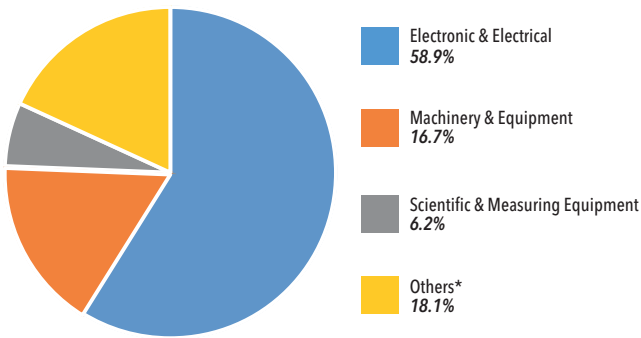
Of total foreign investments into Malaysia between 2010 and 2014, Penang secured a total of RM25.6 billion, placing it the third in the nation, after Johor (RM29.4billion) and Sarawak (RM26.7bil).

United States, Singapore and Japan were among the main investors in Penang over the past five years. Several announced projects included Ibiden (Japan), Singapore Aerospace Manufacturing Pte Ltd (SAM) and Motorola (US). Back in 2011, Ibiden invested in the Penang Science Park for their manufacturing facility while Singapore Aerospace Manufacturing Pte Ltd (SAM) invested a total of RM700 million for its three phases of aviation facilities.

Motorola Solutions, has set up a research & development (R&D) centre in Technoplex of Bayan Lepas Industrial Park, operating since June 2014.

Manufacturing & Industrial

Type of Major Industries invested in Penang in 2014



Source: Malaysian Investments Developments Authority / WTW Research

Approved Manufacturing Investments by Country

	Approved Investments (RM Million)					Total
	2014	2013	2012	2011	2010	
United States	288	507	50	1,623	7,970	10,438
Singapore	3,097	622	61	285	4	4,068
Japan	65	144	33	3,301	84	3,626
Germany	153	228	0	118	1,703	2,202
Netherlands	186	7	579	905	29	1,704
Others	1,325	294	404	914	662	3,599
Total	5,114	1,794	1,127	7,146	10,451	

Source: Malaysian Investments Developments Authority / WTW Research

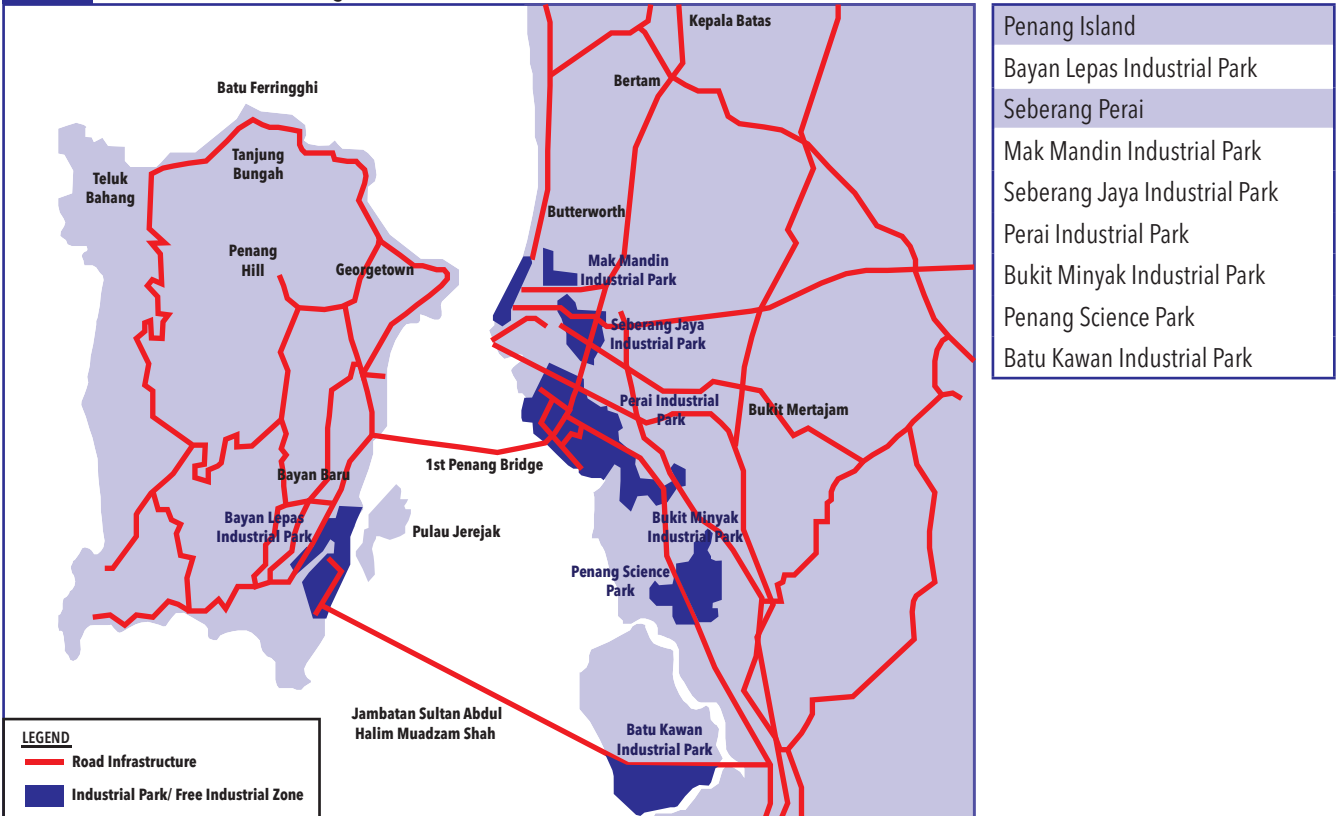
Penang Development Corporation (PDC), the construction and development arm of the state has undertaken the efforts to build and promote the industrial sector in Penang since the 1970s. The industrial developments in Penang are segregated into two type of zones, Free Industrial Zone (FIZ) and Non Free Industrial Zones (Non-FIZ).

To qualify for a location in FIZ, the core business nature of a company is to be export-oriented, where at least 80%

of its output is for export with most of the raw materials being imported. The larger industrial parks developed by PDC are located at Seberang Perai.

In general, the industrial land plots in the older and established industrial parks have been fully sold. In newer industrial parks of Penang Science Park and Batu Kawan Industrial Park, the average sale prices of vacant industrial lands are in the region of RM35 to RM 45 psf.

FIGURE 5 Industrial Parks in Penang



Source: Penang Development Corporation (PDC)

Services

Tourism

Since the enlistment of Georgetown as a UNESCO World Heritage Site in 2008, more tourists are being attracted to Penang's history and heritage in addition to its idyllic island setting and reputation as a food paradise. The Georgetown Festival has become a month-long annual festival since 2010 as celebration for the heritage enlistment.

Medical Tourism

The state has also grown as a medical tourism destination especially for Indonesians. The spending from medical tourists recorded RM371million in 2013, up 25% since 2009. A total of nine hospitals are actively engaged with medical/health tourism in Penang.

With a high quality of medical treatment and care as well as relatively low medical costs, compared to other neighbouring countries, Malaysia has emerged as a popular medical tourism destination. Medical centres and hospitals are taking the initiative to obtain accreditation from the Joint Commission International (JCI), a US-based healthcare accrediting body.

Today, Malaysia is home to 13-JCI accredited hospitals including KPJ Penang Specialists Centre and Penang Adventist Hospital.

MICE

The Penang State Government has also targeted to position the state as a business event destination in South-east Asia. In order to cater for the increasing demand, there are currently two on-going developments of convention centres, which will inject an additional of 14,500 sq.m by 2017.

Infrastructure

Several major infrastructure projects were announced in Penang last year. The much awaited operation of the Second Penang Bridge or Sultan Abdul Halim Mu'adzam Shah Bridge was officially declared opened on 1st March 2014.

It connects Batu Kawan in Seberang Perai on the mainland of Peninsular Malaysia with Batu Maung on Penang Island. With a total length of 24 kilometres and comprising 16.9 kilometres over water, it is the longest bridge in Malaysia and South-East Asia.

The 3rd and final phase of the Tun Dr Lim Chong Eu expressway was also completed. The 800-metre 6-lane road which connects Jalan Jelutong to Tun Dr Lim Chong Eu expressway is named Jalan Ahmad Nor.

Penang Transport Masterplan

The "Penang Transport Master Plan Strategy 2013-2030" was unveiled in March 2013 and the tender exercise for the Request for Proposal (RFP) was launched on 15 August 2014. The transport master plan envisages an improved highway network, light rail transit (LRT), bus rapid

TABLE 6 List of Private Hospitals actively involved in Medical Tourism

Hospital	Location	No. of beds
Penang Island		
Gleneagles Medical Centre	Georgetown	227
Island Hospital	Georgetown	240
Loh Guan Lye Specialist Centre	Georgetown	273
Penang Adventist Hospital	Georgetown	276
Mount Miriam Cancer Hospital	Tanjung Tokong	40
Pantai Hospital Penang	Bayan Lepas	250
Optimax Eye Specialist Hospital	Greenlane	4
Hospital Lam Wah Ee	Greenlane	700
Seberang Perai		
KPJ Penang Specialist Hospital	Bandar Perda	168

Source: Association of Private Hospitals of Malaysia/ MHTC/WTW Research

TABLE 7 List of Convention Centres in Penang (Existing & Incoming)

Convention Centre	Size (sq.m)
Existing	
sPICE - Existing	3,120
Straits Quay Convention Centre (SQCC)	2,350
Sunway Carnival Convention Centre	1,152
Incoming	
sPICE - New	4,500
Penang Waterfront Convention Centre	10,000

Note: sPICE: Subterranean Penang International Convention Exhibition
Source: www.myPenang.gov.my / WTW Research

transit (BRT), trams and upgraded Georgetown - Butterworth ferry services.

In return for implementing the transportation system, the successful bidder would be awarded with the rights to reclaim a sizeable parcel of land from 2 choice locations on Penang Island:

- 2,000 acres of land off Permatang Damar Laut, at the southern portion of Penang Island. Approximately 600 acres or 30% of the reclaimed land will be given to the state for the expansion of Penang Airport and the expansion of the Bayan Lepas Industrial Park, or
- The coast between the first Penang Bridge and the river mouth of Sungai Pinang, which is currently known as the Middle Bank.

Land Reclamation

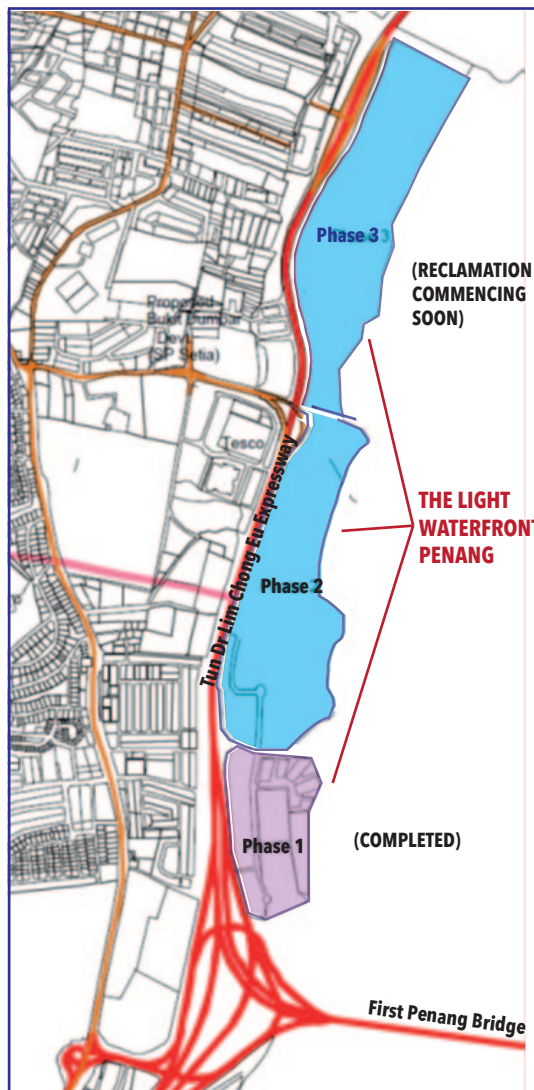
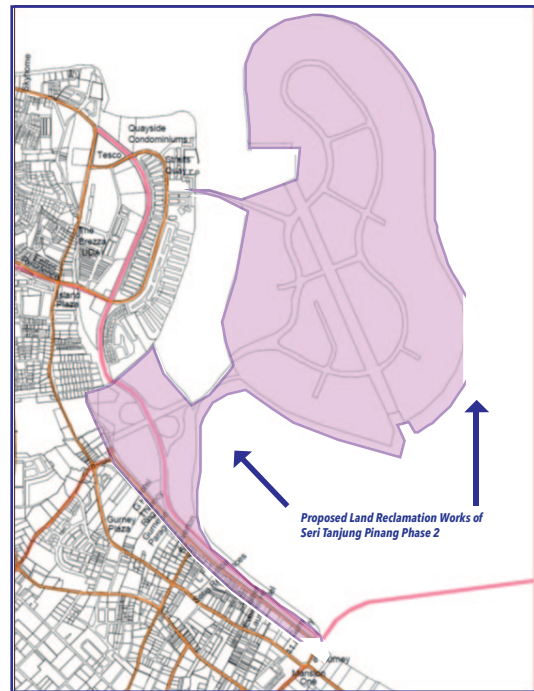
Given the limited supply of development land on the Penang Island, major land reclamation projects have been proposed and being developed.

Eastern and Oriental Berhad (E&O) in November 2014, was granted planning permission for land reclamation works of Seri Tanjung Pinang Phase 2 development (STP2).

Located in Tanjung Tokong, the entire reclamation area is approximately 891 acres, comprising 760 acres of 2 man-made islands and 131 acres of Gurney Drive foreshore. 191.09 acres of reclaimed land will be surrendered to the State Government for the construction of an expressway, a new Gurney Drive promenade and a public park. The reclamation works is expected to take 2 years to complete with an estimated gross development value of RM12 billion.

Another reclamation works by IJM Land Bhd involves the RM6.5 billion The Light Waterfront Penang. The entire development spreads over approximately 152 acres. Phase 1 of approximately 42 acres had been fully reclaimed comprising 1,177 condominiums and water villas and a marina.

The reclamation works of Phase 2 is on-going while Phases 3 and 4 have been scheduled to commence soon. The Phase 2 "Commercial City" of 103 acres is a planned mixed development of shopping malls and offices, hotels, a convention centre, a performing arts and cultural centre, a floating amphitheatre and residences.



EXCLUSIVE INTERVIEW - INVEST PENANG

Invest-in-Penang, also known as investPenang is the principal investment promotion agency of the Penang State Government; It is tasked to promote the manufacturing and services sectors in Penang, particularly to foreign investors, by facilitating the implementation of investment projects.

On 11th November 2014, C H Williams Talhar & Wong (WTW) had the pleasure to meet with investPenang, headed by the Special Advisor to Chief Minister of Penang, Dato' Lee Kah Choon (Dato' Lee), to gain insight on the investment position of Penang as well as its future direction. Present in the session from WTW were Mr Peh Seng Yee (Peh), Director of WTW Penang and Mr Michael Chai, Head of Research & Development of WTW KL.

Peh: Penang has made its name internationally in recent years, share with us what has the state achieved in the past few years?

Dato' Lee: Penang aspires to enhance its International and Intelligent City status by leveraging on its key thrust in building and developing into the Location of Choice for investors, Destination of Choice for Tourists and Habitat of Choice for those who desire sustainable living.

Penang has emerged as one of the most livable cities in Asia, best city to visit, top culinary spot, best street art and best retirement destination by the international media. (i.e.The Guardian, Lonely Planet, Yahoo! Travel, etc).

Apart from that, Penang is well known as a global manufacturing hub, especially in electrical and electronic (E&E) sector. The manufacturing base in Penang is diversified, with E&E as the biggest contributor. The state's industrial development efforts is further acclaimed with the shortlisting of Penang as one of the top 10 dynamic industrial clusters in the world in the UNIDO Industrial Development Report 2009. Penang was also voted as among the top 31 Business Processing Outsourcing (BPO) locations of the future by KPMG in 2009.

Business Process Outsourcing (BPO Prime)

Peh: Penang has made headlines with the state's venture into Business Process Outsourcing. The State has signed MoUs with Temasek and Economic Development Innovations Singapore (EDIS) to developed BPO Prime. Tell us more about these new business ventures as well as the BPO development.

Dato' Lee: Penang started industrialization in the 1970s, with the establishment of the special economic zone (SEZ). After approximately four decades of industrialisation, the State Government mooted Business Process Outsourcing to spearhead the industrial sector further.

Together with Information Technology Outsourcing (ITO) and Knowledge Process Outsourcing (KPO), Business Process Outsourcing (BPO) is one of the three services that formed part of Shared Services Operation (SSO).

SSO industry has been broadly divided into 3 major categories by type of service provider. In Penang, the majority of the SSO companies is running shared services/captives, which are fully owned corporation primarily looking to outsource non-core activities ranging from IT, Finance, Accounting to Human Resource. Other than this, Penang has also third party local/international providers that provides specific outsourcing job to multiple clients worldwide. This is when back-end operations paved their way into the existing factory in Penang. Back-end operations (also known as back office business functions) are operations that include consolidation of functions such as human resource, finance, procurement and accounting.

Penang started of its manufacturing industry since 1970s. A positive trend which has emerged in Penang in the early 2000s where existing investors like AMD, Seagate, Jabil, Dell, Intel, Motorola are engaged in shared services from Penang facilities to support their worldwide operations.

Today, Penang serves as a strong provider of shared services/captive where it is common practice for MNCs in Penang to establish their shared service center here. Penang has also started to attract international third party outsourcing providers to set up base in Penang.

The mixture of these two categories of companies with different types of businesses will lead towards the availability of a wide range of shared services, which the State Government believes will facilitate in transforming Penang into a Business Process Outsourcing centre in the next few years.



Source: www.edis.sg



Artist Impression of BPO Prime in Bayan Baru

Peh: Business Process Outsourcing (BPO) will be located in Bayan Baru. What are the factors in Bayan Baru that makes it attractive as a BPO centre? Besides, are there any incoming/planning developments in the region?

Dato' Lee: Bayan Baru is a satellite city, developed by Penang Development Corporation (PDC) back in the 1970s. The township itself is a part of Penang Cyber City (Phase 1), the first cybercity being granted MSC status outside the Klang Valley.

Bayan Baru is ideally located to grow into an international outsourcing hub. Both Penang International Airport and Bayan Lepas Industrial Free Zone can be reached via car within 15 minutes. Also, accessibility of Bayan Baru from the mainland is enhanced with the completion of Penang Second Bridge. Such well-established surroundings are the key essences towards the success of a BPO hub. The manufacturing hub in Bayan Lepas Industrial Zone and international coverage via Penang International Airport are the key prerequisites which already exist, and it only requires proper planning to fully unleash its potential.

Coming into the region in next few years would be Penang BPO Park located at Bayan Lepas. The 70 acres site is situated near the Penang International Airport and the state government is looking at industrial and logistics development for this piece of land due to its proximity to the airport.

Peh: Palm oil giant Wilmar and Citibank have been pioneers in establishing BPO in Penang. How did they choose Penang and what are their BPO activities?

Dato' Lee: Wilmar has set up their global centre in Penang just recently while Citigroup Transaction Services' second centre opened its doors in Penang MSC Cybercity. Penang is attractive because it has a readily available talent pool specifically in finance and accounting skills. Well-structured infrastructure and amenities in Penang as well as low staff attrition rate are among reasons that are attracting investors to Penang.

Wilmar GBS, the palm oil giant has their finance and accounting outsourced, and the facility was set up in Penang. The Centre commenced operation with 20 employees in April 2013 and is expected to grow to 200 by the end of 2014. The facility in Penang supports the group's worldwide operations.

Citigroup also set up their BPO Centre in Penang MSC Cybercity, the largest Citigroup regional Trade & Cash processing centre, handling approximately 20 million transactions with a throughput of around US\$5.8 trillion per annum across the Trade and Cash business. Establishment of this centre created 1,000 job opportunities for experienced professionals to support the services for clients from Asia, North America, Europe, Middle East and Africa.

Peh: Health tourism has seen encouraging growth in Penang. What are the plans for the future?

Dato' Lee: Fusion of medical health and tourism has spurred property developments in Penang especially in health-care and residential. Medical travellers who visited Penang for medical consultations are mostly from Indonesia and Thailand.

With the increase of health travellers to Penang, the main issue that Penang faces is inadequate suitable accommodation for medical travellers. At present, medical travellers are likely to stay in residential apartments or flats for recuperation after operations or medical consultation for several reasons. These are designed for local residents with relatively smaller family size; whereas travelers may have larger families/friends staying together in most occasions. Hotels are not suitable as the room setting is primarily for vacation and relaxing instead of recuperation and healing.

Medical tourism still has potential to grow and further expand in Penang.

Penang Transport Masterplan

Peh: Request For Proposal for the Penang Transport Master plan was rolled out in August 2014. Can you briefly tell us on this master plan and what are the challenges expected during the implementation stage?

Dato' Lee: Penang Transport Master Plan is a long term strategy till 2030 involving a combination of mass people mover transit systems on land and across the sea channel, including an undersea tunnel, high-speed commuter rail on the mainland and expansion of existing roads and new highways to be implemented in phases.

The State Government is in the process of appointing a Projects Delivery Partner (PDP) whose role will include securing the necessary funding to ensure holistic delivery of all the different transport components as outlined in the master plan.

Expected challenges are the coordination of planning and implementation among all the different players and stake holders, including eventual systems integration of the different modes of public transport system. This is to ensure efficient logistic transportation of goods and people-friendly mobility solutions will actually be holistically tackled and implemented for smooth traffic dispersal, good accessibility as well as road safety improvements to reduce road fatality by 50% by 2020. Financing, institutional management capacity building, public approval and active participation by local communities are also among the challenges expected to be faced in the implementation stage.

Subterranean Penang International Conference & Exhibition Centre



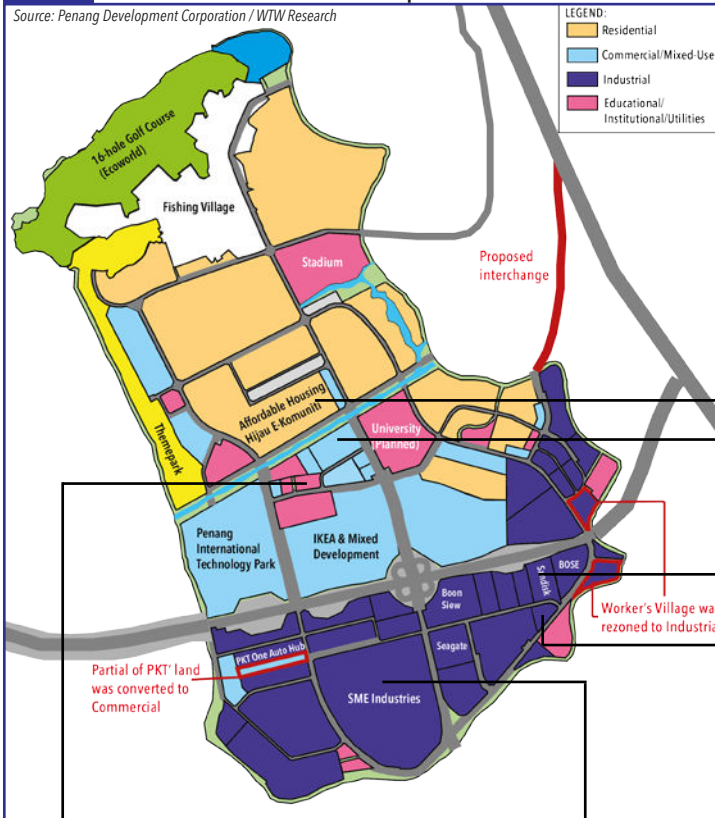
UPDATES

The construction works for Penang Sentral was kicked off after the approval of development order (DO) and building plan was obtained in August 2014. In addition, the State Government has announced the implementation of Penang Sky Cab (i.e. Cable Car System) with a length of 3 kilometres between the island and mainland in the early 2015. The cable car system is estimated to cost up to RM300mil and connects the Penang Sentral Transportation Hub in Butterworth to Noordin Street Ghaut in Georgetown.

Peh: China has emerged as the new Asean manufacturing hub where a trend of relocation was observed. What do you think of this trend?

Dato' Lee: It is undeniable that China has emerged as a new destination for the manufacturing and industrial sector. In the case of Penang, some companies have relocated their low end manufacturing facilities to China and retained knowledge intensive activities, e.g. Research & Development in Penang due to the availability of quality talents in Information Communication Technology and other Hi- tech areas in Penang.

FIGURE 6 Masterplan of Bandar Cassia, Batu Kawan



For more information on investment opportunities in Penang, visit <http://www.investpenang.gov.my/>

Peh: Batu Kawan has been buzzing with the completion of Penang Second Bridge. What are the developments that can be anticipated in this new township?

Dato' Lee: The Batu Kawan Master Plan covers an area of 6,717 acres, developed by Penang Development Corporation. In general, the master plan involved is divided into 4 sections i.e. industrial, mixed development, residential and eco-tourism. Industrial developments are focused in the southern portion (refer to Figure 6) and comprises a mixture of light, medium, heavy industries and a SME Village.

Also, there will be a vibrant integrated mixed development comprising IKEA, Penang Designer Village, education centre and the Penang International Technology Park (PITP). PITP is a joint-venture development between PDC, Temasek and EDIS, comprising residential, mixed development, office building and advanced manufacturing. Advanced Manufacturing is a new frontier of the industrial sector in Penang, which requires professional engineers.

The residential section is expected to add 11,800 units of affordable housing units into the market in the northern region where eco-tourism projects are being planned.

Peh: What are the challenges ahead and what strategies are investPenang employing for a better future of Penang?

Dato' Lee: The challenges we foresee in the future will be to retain talents and to move up the value chain. Penang Institute, a Think-tank of the State Government, had developed a 10 years blueprint, known as 'Penang Paradigm', from 2013 to 2023. To the state government, the essence of this blueprint is human capital development. In order to attract and retain human capital, the state government has to strike a balance between economic development and preservation of the environmental, historic and cultural aspects of Penang.

Apart from efforts in attracting talent, we are also encouraging more international schools and higher educational institutions to set up in Penang. The aim is to attract young talents from different states in Malaysia as well as regionally to study and work in Penang. Eventually, we anticipate that many of these will choose to stay and build their future in the state of Penang.



(left) Mr Peh Seng Yee, Director WTW Penang and (right) Dato' Lee Kah Choon, Special Advisor to Chief Minister of Penang.

Bose System Malaysia Sdn Bhd



UPDATES

Penang has launched its very own Penang Future Foundation in April 2015. The Penang Future Foundation is a scholarship program awarded by the Penang State Government to outstanding and deserving Malaysian youths to pursue their undergraduate studies in selected fields, at reputable institutions of higher learning in Malaysia. The sponsored scholars are required to work in Penang after successful completion of studies

KEDAH

Kedah consists of twelve districts with eleven administrative municipals. Alor Setar, located within the district of Kota Setar is the capital for the State.

FIGURE 7

Map of Kedah



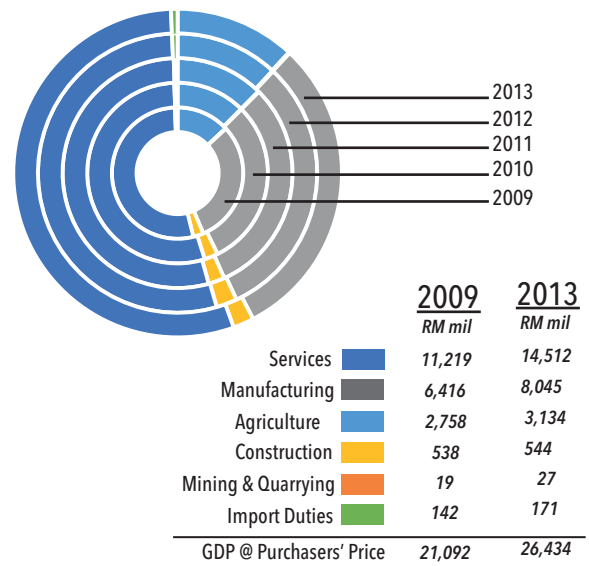
The Services Sector has been the largest contributor to the state's GDP in the past five years, driven by the tourism activities in general.

Manufacturing activities, relatively vibrant is the second largest contributor. The establishment of Kulim High Tech Park in 1996 attracted several multi-national companies including, Fuji Electric, Infineon Technologies and the latest establishment is First Solar Sdn Bhd.

There were a few companies that announced plans to locate in Kulim Hi-Tech Park in 2014, such as Laryngeal Mask Company (Malaysian) Sdn Bhd, Aurelia T Technology Sdn Bhd, Peritone Health Sdn Bhd and Symbiotica Speciality Ingredients Sdn Bhd.

KEY FACTS

KEDAH: GDP (2009 - 2013)



Kedah: Population Distribution 2010

District	Area (sq km)	Population	Density
Kota Setar	420.97	357,176	848.45
Kuala Muda	921.37	443,488	481.34
Kulim	765.75	281,260	367.30
Yan	241.82	66,606	275.43
Kubang Pasu	947.40	214,479	226.39
Pokok Sena	242.81	48,347	199.11
Langkawi	470.58	92,784	197.17
Bandar Baharu	270.48	41,352	152.88
Pendang	629.93	93,598	148.58
Baling	1,543.35	132,304	85.73
Padang Terap	1,357.36	61,970	45.65
Sik	1,655.69	66,387	40.10

Source: Kedah Structure Plan 2020 / Department of Statistics Malaysia (DOSM) / WTW Research

Manufacturing & Industrial

Between 2009 and 2014, the state garnered RM18 billion of manufacturing-based investments, of which Kulim Hi-Tech Park attracted RM 13.2 billion (73.8% of total investments in Kedah). This was followed by the Gurun industrial area with RM1.76 billion. The other existing industrial estates include Sungai Petani Industrial Estate, Tikam Batu Industrial Estate, Bakar Arang Industrial Estate and Kuala Ketil Industrial Estate.

TABLE 8

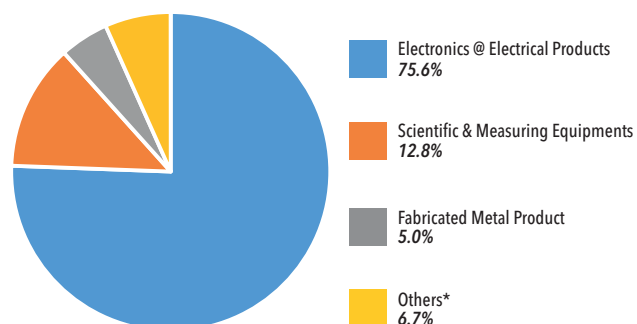
List of Industrial Estates developed by PKNK

Year	Industrial Estates	Total Development (Acres)
1975	Tikam Batu Industrial Estate	89.10
1978	Kulim Industrial Estate	430.16
1980	Sungai Petani Industrial Estate	558.28
1980	Bakar Arang Industrial Estate	558.28
1980	Mergong II Industrial Estate	102.30
1988	Mergong Barrage Industrial Estate	100.49
1994	Kuala Ketil Industrial Estate	348.58
1995	Bukit Kayu Hitam Industrial Estate	334.88
2003	Gurun Industrial Estate	379.81

Source: Perbadanan Kemajuan Negeri Kedah (PKNK) / WTW Research

To date, the Industrial Estates developed by PKNK totalled 2,811.80 acres

Type of Major Industries invested in Kedah in 2014



Approved Manufacturing Investments by Country

	Approved Investments (RM Million)					Total
	2014	2013	2012	2011	2010	
United States	1,059	51	68	1,675	10,205	13,059
Japan	77	1,164	1,244	8,228	211	10,924
Germany	3,363	171	159	918	1,709	6,321
Singapore	3,099	79	75	285	36	3,574
Netherlands	227	579	675	905	64	2,449
Others	2,193	778	841	1,223	1,474	6,509
Total	10,018	2,821	3,063	13,234	13,699	42,835

Source: Malaysian Investments Developments Authority / WTW Research

The district of Kuala Muda has the most number of industrial factories, majority are semi-detached units (46.0%). For the next three years, only 121 units of factory are under construction although more than 3,000 units have been approved. 365 industrial properties worth RM254.23 million were transacted in 2014, down 29.8% y-o-y in terms of volume.

TABLE 9

Distribution of Existing Factories by District as at 2014

District	Detached	Flatted Factory	Industrial Complex	Semi-Detached	Terraced	Total
Kuala Muda	187	0	165	640	406	1,398
Kota Setar	288	12	9	76	591	976
Kulim	102	0	114	162	256	634
Baling	4	0	13	28	49	94
Kubang Pasu	37	0	13	12	28	90
Sik	1	0	0	4	16	21
Langkawi	2	0	2	14	0	18
Padang Terap	0	0	1	4	4	9
Yan	0	0	3	0	0	3
Pokok Sena	2	0	0	0	0	2
Pendang	0	0	1	0	0	1
Bandar Baharu	0	0	0	0	0	0
Total	623	12	321	940	1,350	3,246

Source: National Property Information Center (NAPIC) / WTW Research

First Solar Malaysia Sdn Bhd in Kulim Hi-Tech Park



TABLE 10 Future Supply of Industrial Properties by District (2014)

District	Incoming Supply	Planned Supply	Total	%
Kuala Muda	92	1,649	1,741	52.60%
Kulim	12	1,369	1,381	41.72%
Baling	5	164	169	5.11%
Kota Setar	5	6	11	0.33%
Langkawi	7	0	7	0.21%
Sik	0	1	1	0.03%
Other District	0	0	0	0.00%
Total	121	3,189	3,310	100.00%

Note: Others District represented by Bandar Baharu, Kubang Pasu, Padang Terap, Pendang, Pokok Sena & Yan
Source: National Property Information Center (NAPIC) / WTW Research

Services

Among the total foreign tourists who visited Kedah in 2012, Thais were the major contributor of about 735,080 (58.2%) followed by Russians (17.7%), Australians (16.7%) and United States (13.8%).

In 2013 there were 1.38 million hotel guests, an increase of about 7.3% from 2012. A majority of tourists visited Langkawi followed by Alor Setar and Sungai Petani.

Overall there was a total of 168 hotels with 11,758 rooms in Kedah as at 4Q2014. Forty-one 3 and 4-star hotels contributed 5,841 rooms in Kedah in 4Q2014.

The incoming supply of hotel rooms in Kedah is expected to increase by 987 rooms, contributed by 6 hotel developments.

As at 3Q 2014, the overall occupancy rate for hotels in Kedah was 52.5%, a slight decrease from year 2013 (53.0%). An occupancy rate of 49.0% was reported for hotels in Alor Setar, while Langkawi Island and Sungai Petani registered a fairly better occupancy rate as at 3Q 2014, at 5.5% and 53.7% respectively.

TABLE 11 Kedah: Breakdown of Hotel by Rating (2014)

Rating	No. of Rooms	No. of Hotel
1-star	346	7
2-star	904	9
3-star	2,376	20
4-star	1,620	11
5-star	1,845	10
1-orchid	269	4
2-orchid	389	11
3-orchid	105	3
Unrated	3,904	93
Total	11,758	168

Source: Property Market Report 2008 - 2013, Valuation & Property Services Department, Ministry of Finance Malaysia

Conclusion

With the emergence of Kulim Hi-Tech Park (KHTP) as one of the notable industrial parks in northern region, as well as the new proposed Kulim International Airport, the outlook of the state's economy in the long run looks promising.

Bordering Thailand in the north, there is potential to be major conduit for Thai-Malaysia trade under AFTA and to leverage on the lower production costs, labour skills and raw materials available across the border.

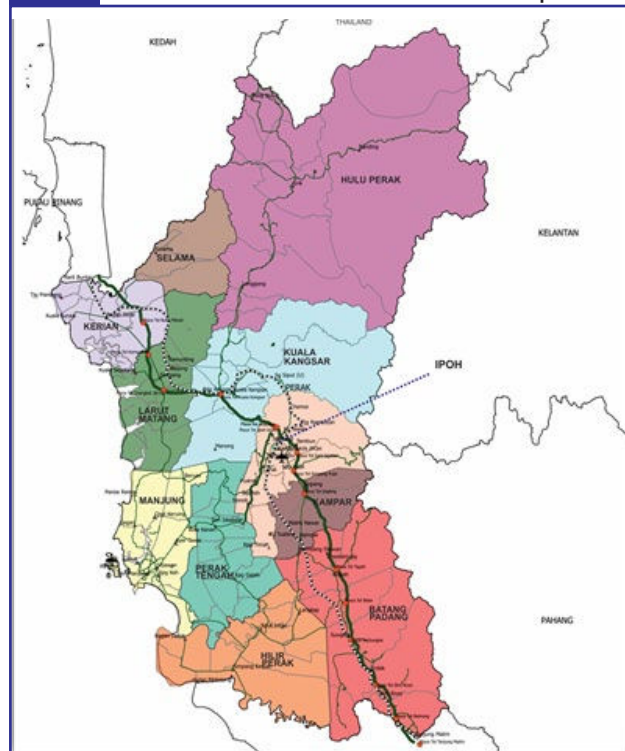
V Botanical Spa in The Andaman Resort, Langkawi



PERAK

Located in the upper central region of Peninsula Malaysia, Perak is the fourth largest state in Malaysia and largest state in the Northern Region, with a land area of approximately 21,000 sq.km. The state is bounded by Kelantan and Pahang in the east, Selangor in the south, and Penang and Kedah in the north. Parts of Perak also share an international boundary with Thailand in the north.

FIGURE 8 Map of Perak



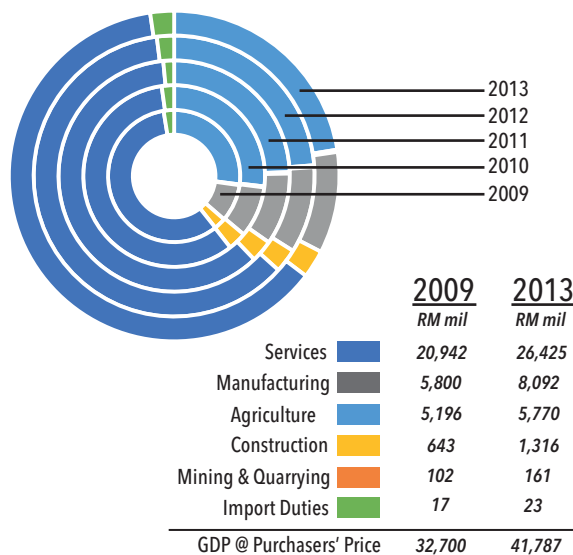
Source: Perak Structure Plan 2020

Perak’s economy has relied on the services sector as the main contributor. Looking at the current GDP structure, Perak needs to strengthen its manufacturing base to boost its economic output and growth. The state is facing challenges to provide high valued-added jobs in the absence of a larger manufacturing base.

With a land size of 21,000 sq km and a population of 2.2 million, Perak should leverage on downstream agriculture and manufacturing as the prime focus for its economic development and focus on the sub-sectors of these

KEY FACTS

PERAK: GDP (2009 - 2013)



Perak: Population Distribution 2010

District	Area (sq km)	Population	Density
Kinta	1,288.24	749,474	581.78
Manjung	1,170.68	227,071	193.97
Kerian	958.30	176,975	184.68
Larut, Matang & Selama	2,095.31	326,476	155.81
Kampar	669.80	96,303	143.78
Hilir Perak	1,727.53	202,593	117.27
Perak Tengah	1,279.46	99,854	78.04
Batang Padang	2,711.72	175,318	64.65
Kuala Kangsar	2,540.78	155,592	61.24
Hulu Perak	6,563.04	89,926	13.70

Source: Perak Structure Plan 2020 / Department of Statistics Malaysia (DOSM) / WTW Research

sectors that yield higher value added by deepening its technological capabilities and investing strategically into infrastructure.

Manufacturing & Industrial

With reference to the Manufacturing Census 2011 by the Statistics Department, Perak had an estimated 3,932 manufacturing companies generating RM6.3 billion in value added (from RM30.51 billion worth of gross output) and providing employment to a total of 120,376.

Perak accounted for 9.91% of the manufacturing companies in the whole of Malaysia and 6.64% of total employment in the country.

Food products contributed the highest manufacturing output in 2010, i.e. 35.24% of the total gross output value

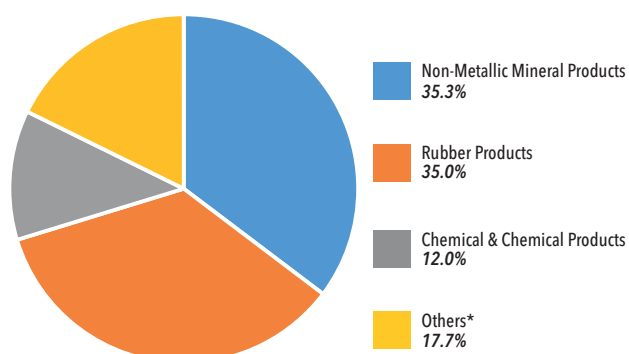
of the state. Rubber and plastic products ranked second (16.66%) and followed by computer, electronics and optical product, 14.68%. Approved domestic and foreign investments in Perak totaled RM10.4 billion since year 2010.

According to the Perak Structure Plan, a total of 45 industrial areas are designated in Perak covering a total of 4,453.23 hectares or about 11,004 acres.

PERAK

Manufacturing & Industrial

Type of Major Industries invested in Perak in 2014



Approved Manufacturing Investments by Industries (2010-2014)

	Approved Investments (RM Million)					Total
	2014	2013	2012	2011	2010	
Rubber Products	597.42	948.06	1,040.61	57.21	30.90	10,438
E&E Products	56.80	46.07	122.69	344.03	1,196.46	4,068
Transport Equipment	12.42	413.21	293.64	26.70	358.60	3,626
Basic Metal Products	18.92	13.90	41.60	7.18	971.00	2,202
Non-Metallic Mineral Products	602.84	363.91	10.62	0.35	45.71	1,704
Others	419.58	576.06	771.85	549.44	437.03	3,599
	3,039.71	984.90	2,281.02	2,361.20	1,707.97	10,374.81

Source: Malaysian Investments Developments Authority / WTW Research

Several notable companies in Perak include Proton, Vale SA and CSR Zhuzhou. To the south of Perak, i.e. Tanjung Malim is Proton City.

At Lumut, Vale SA has built the largest iron ore distribution centre in Malaysia, providing a platform to attract investors to establish iron ore related industries. nearby to enable more convenient, cheaper and ready access to iron ore supplies for processing operations. The company also constructed a jetty capable of docking the largest bulk carriers sailing the oceans including Vale's own 400,000 deadweight ton Valemax.

In Batu Gajah, CSR Zhuzhou Electric Locomotive Co. Ltd was successfully attracted to invest in a RM400 million assembly plant. Planned to be CSR's Asean hub, Batu Gajah can also attract investors of component suppliers for rail car manufacture, a similar development plan as Proton City in Tanjung Malim.

At present, the labour force in Parit Buntar (north of Perak) is being tapped by industries located in Seberang Perai. The presence of this labour force in Parit Buntar can be used to attract investors to this region but the locality requires more improvement to infrastructure and services and convenient access for potential manufacturers.

TABLE 12

List of Industrial Areas in Perak (with reference to Perak Structure Plan 2001 - 2020)

No.	Existing Industrial Area	Land Area	No.	Existing Industrial Area	Land Area
1	Ulu Bernam	37.65	24	Mambang Dlawan	12.20
2	Slim River	24.30	25	Parit Buntar	88.42
3	Tmn Industri Ringan Bidor	30.40	26	Sg Siput	56.30
4	Lumut Port Industrial Park	431.43	27	Kuala Kangsar	50.18
5	Seri Manjung	28.15	28	Salak	30.40
6	Batu Undan	86.60	29	Kamunting I, II & III	305.12
7	Lumut Naval Dockyard	28.00	30	Tupai Taiping I, II & III	63.94
8	Kanthan Fasa I, II, III, IV & V	348.56	31	Selama Unplanned Industrial Area	19.30
9	Taman Seramik I & II	157.48	32	Hulu Perak Industrial Area	30.00
10	Zon Industri Bebas Kinta	57.51	33	Simpang 4 Hutan Melintang	4.20
11	Lahat	12.75	34	Langkap	8.10
12	Taman Meru	210.53	35	Bt. 6 Teluk Intan - Changkat Jong	332.10
13	Zon Industri Bebas Jelapang	51.40	36	Bt. 7 1/2 Jalan Changkat Jong	51.80
14	Silibin	64.02	37	Jalan Langkap - Chui Chak	21.50
15	Jelapang	92.87	38	Nova Scotia - Bt. 6 1/2 Jalan Teluk	80.90
16	Pengkalan	278.13	39	Seri Iskandar	269.90
17	Tambun	40.47	40	Bandar Baru Changkat Lada	270.00
18	Taman Pertama	16.94	41	PDD Sg Ranggalam	90.00
19	Tronoh	72.84	42	Padang Changkat	125.00
20	Menglembu	0.53	43	Kg Gajah	52.00
21	Bemban	72.80	44	Parit	10.00
22	Tasek	267.81	45	Changkat Chemin	10.00
23	Kawasan Industri Gopeng	60.70	Total Industrial Area		4,453.23

Source: Perak Structure Plan 2020

A total of 45 industrial areas are designated in Perak covering a total of 4,453.23 hectares or about 11,004 acres.

PERAK

Services

Education

The state of Perak is a home to several notable universities, including University Tunku Abdul Rahman (UTAR) main campus in Kampar and Universiti Pendidikan Sultan Idris (UPSII) in Tanjung Malim, University Teknologi Petronas and University Institute Technology MARA Perak in Tronoh. Sited on 1,300 acres of land in Bandar Barat Kampar in Perak, the UTAR Perak campus is home to five faculties.

UTAR has two purpose built university campuses, the Kampar campus and the recently completed city campus in Sungai Long. There are also plans to set up a 300-bed hospital serve as the training and teaching hospital for its students of its medical faculty.

Universiti Pendidikan Sultan Idris is the public institution of higher education that plays an important role in cultivating talents for the education sector. The institution, started off as Sultan Idris Training College (SITC) was established in 1922. SITC was then grow in stages from a college to a renowned university in 1997.

In Tronoh, the Universiti Teknologi Petronas (UTP) is sited on 1,000 acres of land. The private university is a wholly owned subsidiary of PETRONAS. The university was established in 1997, offering courages range from engineering, geoscience & petroleum, science & information technology and management & humanities.

Situated further south from UTP is the MARA University of Technology Perak (UiTM Perak), one of the branch campus of the UiTM headquartered in Shah Alam, Selangor.



Universiti Teknologi Petronas, Bandar Seri Iskandar

TABLE 13 Annual Tourist Arrivals visiting Perak (2008 - 2012)

Year	2008	2009	2010	2011	2012
1) Foreign Tourist arrival (mil)					
Tourist to Perak	0.73	0.95	0.37	0.42	0.60
Total inbound tourist	22.05	23.65	24.56	24.71	25.03
Ratio	3.3%	0.0%	0.0%	0.0%	2.4%
2) Domestic Visitors arrival (mil)					
Visitors to Perak (million)	4.51	6.27	10.16	9.14	13.00
Total Domestic Visitors	55.13	74.71	115.46	131.00	141.43
Ratio	8.2%	8.4%	8.8%	7.0%	9.2%
TOTAL TOURISTS TO PERAK (mil)	5.24	6.27	10.16	9.14	13.60

Source: Tourism Malaysia and Domestic Tourism Survey

Tourism

A total of 13.60 million tourists visited Perak during Visit Perak Year 2012. Approximately 13 million were domestic tourists (9.2% of total) and 600,000 (2.4% of total foreign tourists) visited Perak in 2012.

Among the foreign tourists, Singaporeans topped the other countries, representing 39% of the total tourist's arrival in Perak.

There are a total of 174 tourism destinations located within the whole state of Perak. Most of the tourism destinations are nature based (49%) and approximately 9% each is heritage, historical and cultural tourism spots.

Generally, the tourism destinations in Perak can be categorized into the following types:

Cultural / heritage : Ipoh as a historical town with food trail, Taiping as heritage town, Kuala Kangsar as Royal town, Lenggong Valley include Seven (7) archaeological sites; (including Perakman Museum), Raban Lake, Kekabu Waterfall, Cave trail, Salted fish centres.

Eco tourism: Royal Belum Rainforest , limestone and caving i.e. Gua Tempurung, island and beaches i.e. Pulau Pangkor, Sungkai Hot Springs and Kuala Sepetang as fish and charcoal village.

Man Made: Theme parks : Bukit Merah Laketown Resort/ Lost World of Tambun, food specialities, fruit/groundnuts cultivation, etc.



Charcoal Factory, Kuala Sepetang



Kinta Tin Mining Museum, Kampar

In 2013, the popular tourist destinations in Perak were Zoo Taiping, Lost World of Tambun and Bukit Merah Laketown Resort. According to the official ticket sales, Zoo Taiping received the most visitors (700,850 persons), followed by Lost World of Tambun (estimated 500,000 visitors), Bukit Merah Laketown Resort (334,616 visitors) and Kolam Air Sungai Klah (295,588 visitors)

While foreign tourists preferred ecological and archaeological tourism, i.e. Lenggong Valley and Royal Belum Rainforest Reserve, and Gua Tempurung, man-made attractions such as theme parks and the zoo attracted more local visitors.

Foreign tourist visitors could be further increased with additional direct international access via the existing Ipoh airport.

The Electric Train Service (ETS) from Ipoh to Kuala Lumpur has been popular with local travelers and has contributed to increased domestic tourists. In the near future, the Double tracking railway project will increase access to and from Thailand in the north.

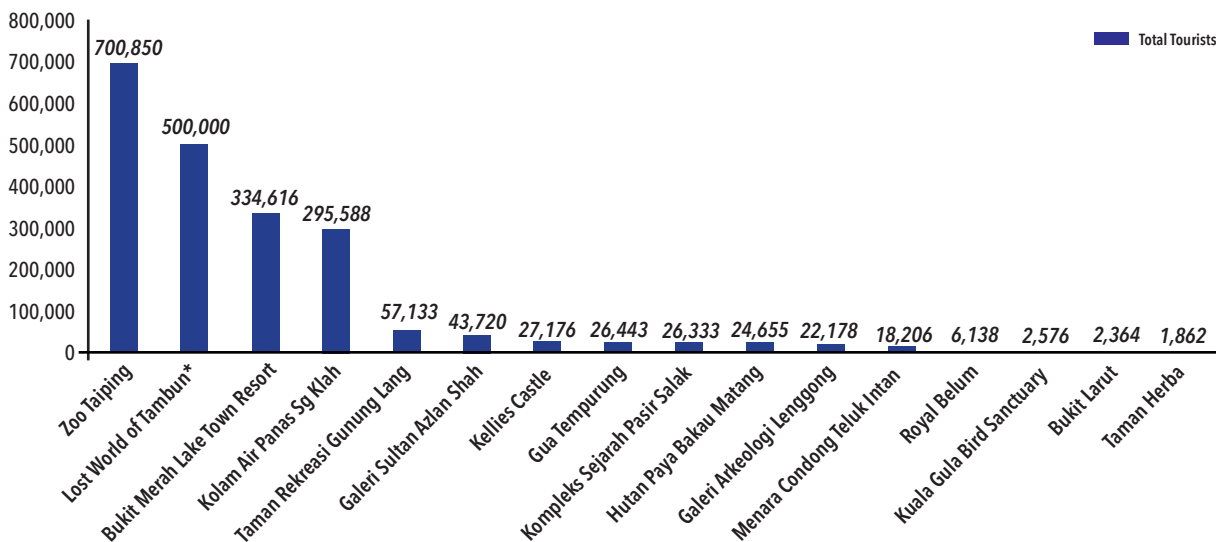
The PLUS highway links Ipoh to the north to Penang and south to Kuala Lumpur and Johor, involving a driving time of 2 hours and 4 hours respectively. Further traveling time is involved on the Ipoh - Lumut Expressway I to Lumut and Pulau Pangkor, the East West Highway to Gerik and onwards to Jeli in Kelantan. While the expressways are convenient and fast, the long travelling times will not encourage visitors to Perak.

Tourism destinations in Perak are categorized into three main types, which are cultural & heritage, eco-tourism and man-made theme parks

FIGURE 9

Visitors to Tourism Destinations in Perak, 2013

Source: Perak State Tourism Management / WTW Research



Conclusion

Perak may look at further growth of the manufacturing sector and especially products, which can leverage on the tourism industry, such as the existing Spritzer Drinking Water, Antongcafe Coffee Mill, etc. These types of manufacturing cum tourism based activities may attract investors as it is potentially able to generate revenues from visitors on tour packages while reinforcing its global branding program. Other food related industries, may include tea from Cameron Highlands, some local specialties such as Perak cookies and seafood snacks. Factories producing pewter ware, porcelain / ceramic crockery and household items can also be developed into tourist attractions.

Hence, the state government may consider creating a joint task force of the manufacturing and tourism sectors to secure investments to the state. The task force could focus on strategies that concurrently complement and reinforce the future growth and synergy of both manufacturing and tourism sectors. For more convenient access to Ipoh and Perak, there should be more direct flights from regional airports to Ipoh as well as direct air services to Pulau Pangkor and overall efficient and convenient transportation to all parts of Perak.

For more information on developments in Perak, visit <http://www.pknpgroup.com.my/>

ECOTOURISM

The Northern Region is a home to several eco-tourism hotspots. Kedah is known for its marine activities in Langkawi Island and Perak is a home to several well-preserved rainforests and limestone hills.

Kedah

Langkawi Island

Located in the north west of Kedah, Langkawi is an archipelago of 99 islands that has 477 sq.km of total land area. Langkawi Island was listed among the ten best islands in Asia, according to Tripadvisor Travellers' choice in 2014.

For the past five years, Langkawi Island has attracted around one million international tourists annually. Tourists from Europe form the largest group, constituting 21.6% (198,311) as at 3Q 2014, followed by West Asia's tourists, (21.4%, 196,253 tourists).

Langkawi Island was also a favourite tourist destination for locals, registering around 700,000 hotel guests for the first three quarters in 2014. As the island is part of Kedah, visitors from Kedah constitute most of the domestic tourists (28.3%), followed by visitors from Kuala Lumpur (21.5%) and Selangor (12.6%).

Hotel surveys conducted by Tourism Malaysia showed that visitors who stayed in hotels in the island were from Kuala Lumpur, constituting 26.2%. Visitors to Langkawi Island were mostly on vacation while there is a minority which arrive at Langkawi for business.

Since 2005, the number of international tourists to the island has increased gradually. The number of international tourists breached the 1 million mark in 2010 and has been consistent till today.

Langkawi Island is a UNESCO endorsed geopark, the first to be endorsed in South-east Asia. Langkawi Geopark is segregated into three sites, with Kilim Karst Geoforest

FIGURE 10 FOREIGN VISITORS TO LANGKAWI BY COUNTRY

Source: Langkawi Development Authority (LADA) / WTW Research

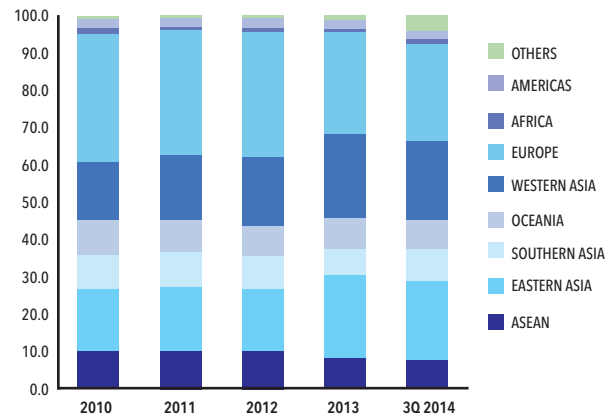
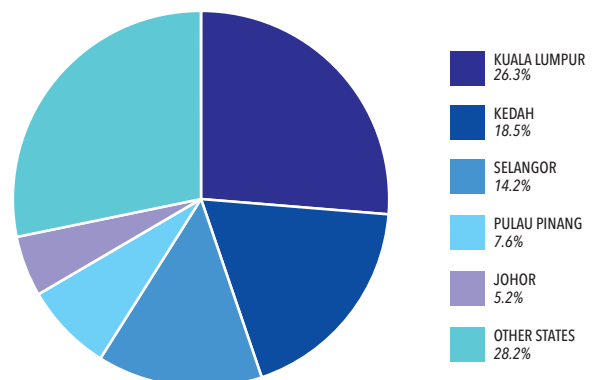


FIGURE 11 DOMESTIC VISITORS TO LANGKAWI BY STATE (2010-2014)

Source: Langkawi Development Authority (LADA) / WTW Research



Beach view of Langkawi Island





Park at the North-East, Machinchang Cambrian Geoforest Park at the north-western corner and Dayang Bunting Marble Geoforest Park at the south. Nature lovers have the option to go for sea activities such as snorkelling, yachting or venturing into the Geoforest Park.

For the knowledge-seekers, there are Wildlife Park, Agrotechnology Park, rice museum as well as a craft complex on the island. Tourists can go on a shopping spree as the island is a shopping paradise for duty-free goods, ranging from liquors to confectionary from all around the world. Sky Cab, 6D CineMotion are among the outdoor entertainment that targeted for family-group outings.

Golfers now have the opportunity to enjoy golfing in Langkawi at the world's best new golf course, namely The Els Club Teluk Datai. The new golf course is situated at Teluk Datai, offering an 18-hole par 72 championship golf course. Being awarded as the 'World's Best New Golf Course' and 'Asia's Best New Golf Course' at the inaugural World Golf Awards in Portugal, golfers will have the most exotic golf experience here in Langkawi.

Pulau Payar Marine Park

A Trip to Langkawi will not be complete without scuba diving and snorkeling at Pulau Payar Marine Park. This Marine Park is the only gazetted marine park in the northern region, comprising Pulau Payar, Pulau Kaca, Pulau Lembu and Pulau Segantang. The establishment of the Marine Park is to protect and conserve various habitat and aquatic marine life. Marine parks in Kedah spanning 118.13 sq.km, was gazetted around two decades ago.

Located south-eastern of Langkawi Island and west of Kuala Kedah, the marine park is the known for its beautiful coral reefs and marine life. For the past five years, the Marine Parks attracted 500 million visitors.

Ulu Muda Forest Reserve

Ulu Muda Forest Reserve, is a permanent forest reserve situated in the east of Kedah. The forest reserve encompasses 160,000 hectares and the lush rain forest is the water catchment area for the Pedu, Muda and Ahning dams, providing water for domestic use in Kedah and Penang.

Nonetheless, the more than 100 million years old rainforest is home to a diverse array of wildlife, of at least 112 species of mammals. The presence of abundant natural saltlicks (mineral supplement for wildlife) in the forest complex has presumably contributed to the wellbeing of its wildlife populations. A wildlife survey by WWF Malaysia between 2012 and 2013 revealed that the rainforest is home to few endangered mammals such as Malayan Tapir, Asian elephant and Sunda Pangolin.

Ulu Muda Forest Reserve is a hidden realm in Kedah, and unknown to most Malaysian. A trip of exploration to the rainforest is challenging and requires built-stamina and a travel guide. It is an adventure for intrepid travelers/adventurers, requiring much determination and patience to see the exotic wildlife. At present, there is only one trekking agency that offers tour packages to Ulu Muda, namely Earth Lodge.

Mount Jerai

Mount Jerai is the only peak in the region, sitting 4,140 feet above sea level. The only resort in Mount Jerai, Regency Jerai Hill Resort offers 24 rooms and 50 chalets with beautiful mountain views.

There is a forestry museum within a short distance from the resort. Travelers can also access to a small yet beautiful waterfall, located 200m from the resort, known as Alur Naga waterfall.

Perak

Royal Belum Rainforest Park

The Royal Belum State Park is part of the largest continuous forest complex in Peninsular Malaysia. Encompassing a total area of 117,500 hectares, the state park is contained in the northern section of Belum-Temenggor forest complex. The entire Belum-Temenggor Forest Complex encompasses a total area of 300,000 hectares, divided into two sections: the Upper Belum and Lower Belum.

The State Park itself is contained in the upper Belum, sprawling 117,500 hectares while the Lower Belum (Temenggor Forest Reserve) is the production area, where logging activities are permitted.

The park is the habitat for a variety of mammals and plants. There are chances for visitors to see the Asian Elephant, Malayan Tapir, hornbills, primates, reptiles and others. Lake Temenggor, a man-made lake also lies within the park, home to a variety of freshwater fish species, make it a perfect place for anglers.

Matang Mangrove

The Matang Mangrove Forest, spanning around 40,000 hectares, was gazetted as a Permanent Forest Reserve in 1906. The forest reserve is the haven for coastal migratory water birds and a portion of migrant forest birds. A nature education centre situated within the reserve is the starting point for visitors to learn about the mangrove forest. Today, the mangrove forest is recognized as the best managed sustainable mangrove ecosystem in the world.

Further away from Matang Mangrove Centre, travelers can arrange for a boat ride around the rivers in the late evening, which will include an encounter of fireflies. Spreading along the coastline, the Kuala Gula bird sanctuary is a great place for birdwatching.

Awarded as the "Best Tourist Attraction (Natural Attraction)" category during the Malaysia Tourism Awards, the bird sanctuary is best to visit during the migration season between August and April every year.

Ecotourism is

"environmentally responsible travel and visitation to relatively undisturbed natural areas, in order to enjoy and appreciate nature (and any accompanying cultural features, both past and present) that promotes conservation, has low visitor impact, and provides for beneficially active socio-economic involvement of local populations"

- National EcoTourism Plan Malaysia -



Royal Belum Rainforest Park



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