

PRESS STATEMENT

Petaling Jaya, 30 June 2009

The Real Estate and Housing Developers' Association Malaysia (REHDA) welcomes the "New Economic Model" announced by the Prime Minister which saw the increment of foreign shareholding limits for the unit trust management companies from 49% to 70% to further enhance Malaysia's position as a listing and investment destination.

President of REHDA Malaysia, Datuk Ng Seing Liong, JP expressed that the move is a step in the right direction and believes that it would have a positive impact in attracting foreign investment into the country. "The abolishment of the Foreign Investment Committee (FIC) guidelines on the acquisition of equity stakes, mergers and takeovers will not only promote Malaysia as a hub for investors to carry out business but also encourage a healthy and competitive business environment amongst local entrepreneurs especially during this softening global economy," he said.

REHDA further commends the liberalization of the FIC approval for property transactions which would only be required when it involves a dilution of Bumiputera or government interest for properties valued at RM20 million and above while no approval is required for other transactions between foreigners and non-Bumiputeras. "We are confident that the liberalization will stimulate the property sector on a wider scale. This effort will certainly help spur Malaysia as an international property investment destination especially the Malaysia My Second Home Programme and at the same time will enhance the development of the Malaysia Economic Corridors" said Datuk Ng.

However, he expressed his concern that the liberalization of FIC on property transaction might result in increase of limit on property values to be purchased by foreigners. He further added that as land is a state matter, he fears that the FIC liberalization on property transaction might not be practiced by all states nationwide where he quoted an example of Selangor which has recently increased the value of residential property for foreign purchased to RM500, 000 from RM150, 000 per unit whereas according to current FIC ruling the value of property for foreign purchased is at RM250, 000 and above. He therefore urged all states to abide to the Federal policy guidelines.

He added that the Government's decision to ease raising funds from the capital markets without imposing any equity condition on post listing fund raising exercises will definitely enhance Malaysia's attractiveness as one of the top listing destinations. "We also welcome the move made to set up a private equity fund (Ekuiti Nasional Berhad) to invest in the private sector funds in order to promote genuine partnership and a fully commercial approach," said Datuk Ng. "We are confident that this move will help stimulate demand for investment and generate the economic growth in the effort to transform Malaysia into a high-income nation." added Datuk Ng.

REHDA believes that such moves will impact the industry positively and provide the much-needed lever to support the Malaysian economy.

Issued by:

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