



## **FOREIGN INVESTMENT COMMITTEE**

---

### **GUIDELINE ON THE ACQUISITION OF PROPERTIES BY LOCAL AND FOREIGN INTERESTS**

---

**Economic Planning Unit, Prime Minister's Department**

## CONTENTS

I.	INTRODUCTION.....	1
II.	EFFECTIVE DATE.....	1
III.	DEFINITIONS.....	1
IV.	APPLICATIONS.....	3
	Acquisition Of Property By Local Interest.....	3
	Acquisition Of Property By Foreign Interest.....	4
	Acquisition Of Commercial Unit.....	4
	Acquisition Of Agricultural Land.....	4
	Acquisition Of Industrial Land.....	4
	Acquisition Of Property For Hostel Purpose.....	4
	Acquisition Of Property Through Public Auction.....	5
	Acquisition Of Contiguous Properties.....	5
	Acquisition Of Entire Building Or Project.....	5
	Redevelopment Of Property.....	5
	Transfer Of Property.....	5
	Leasing Of Property.....	5
	Disposal Of Property.....	5
	Charging Of Property To Foreign Interest.....	5
	Acquisition Of Property By Public Company.....	6
V.	ACQUISITION FOR NOTIFICATION.....	6
VI.	EXEMPTIONS.....	6
VII.	MODE OF PAYMENT.....	8
VIII.	RESTRICTIONS.....	8
IX.	CONDITIONS FOR ACQUISITION.....	8
	Equity Conditions.....	9
	Share Capital Conditions.....	9
	Employment Condition.....	9
X.	CONDITIONS FOR CHARGING OF PROPERTY.....	9
XI.	COMPLIANCE PERIOD OF THE CONDITIONS.....	10

---

<b>XII.</b>	<b>PROCEDURES ON SUBMITTING APPLICATION.....</b>	<b>10</b>
	<b>Transfer Of Property And Acquisition Of Commercial     Unit And Industrial Property.....</b>	<b>10</b>
	<b>Acquisition Of Property Valued At More Than 10     Million.....</b>	<b>11</b>
	<b>Acquisition/Disposal Of Property Valued At More     Than 10 Million For FIC's Notification.....</b>	<b>12</b>
<b>XIII.</b>	<b>DECISION BY THE FIC.....</b>	<b>12</b>
<b>XIV.</b>	<b>APPEAL.....</b>	<b>12</b>
<b>XV.</b>	<b>REPEAL.....</b>	<b>12</b>
<b>XVI.</b>	<b>CORRESPONDENCE ADDRESS AND ENQUIRIES.....</b>	<b>13</b>

---

**GUIDELINE ON THE ACQUISITION OF PROPERTIES  
BY LOCAL AND FOREIGN INTERESTS**

**I. INTRODUCTION**

1. The purpose of this Guideline is to clarify the rules and regulations of the Foreign Investment Committee (FIC) pertaining to the acquisition of properties by local and foreign interests.

**II. EFFECTIVE DATE**

2. This Guideline (Amendment) is effective from 1 January 2008.

**III. DEFINITIONS**

3. In this Guideline, except when the context otherwise requires:

**Acquisition** means any transaction involving transfer of property ownership from one party to another;

**agricultural land** means land categorized as agricultural land under the National Land Code 1965;

**Bumiputera** means:

**(a) for Peninsular Malaysia,**

Malay individual or aborigine as defined in Article 160(2) of the Federal Constitution;

**(b) for Sarawak,**

individual as defined in Article 161A (6)(a) of the Federal Constitution;

**(c) for Sabah,**

individual as defined in Article 161A (6)(b) of the Federal Constitution;

**Bumiputera interest** means any interest, associated group of interests or parties acting in concert which comprises:

- (a) Bumiputera individual; or

	(b) local company or institution whereby Bumiputera holds more than 50% of the voting rights in the company or institution;
<b>commercial unit</b>	means area, premise or building used for business purposes such as shop house, shop office, shop lot, office space, business space or show room;
<b>Factory</b>	means a building in which goods are manufactured (also referred as industrial building);
<b>factory lot</b>	means a piece of land located in an industrial zone (also referred as industrial lot);
<b>foreign company</b>	means a foreign company as defined in the Companies Act 1965;
<b>foreign interest</b>	means any interest, associated group of interests or parties acting in concert which comprises:  (a) individual who is not a Malaysian citizen; or  (b) foreign company or institution (unless the effective shareholding is stated); or  (c) local company or local institution whereby the parties as stated in item (a) and/or (b) hold more than 50% of the voting rights in the company or institution;
<b>Government</b>	means the Federal Government;
<b>Guideline</b>	means the Guideline On The Acquisition Of Properties By Local And Foreign Interests;
<b>immediate family</b>	means individuals having marriage relationship (husband and wife) or blood ties (grandparents, siblings and children including step children) and adopted children certified by National Registration Department;
<b>industrial land</b>	means land categorized as industrial land under the National Land Code 1965, factory or factory lot;
<b>institution</b>	means organization, association and corporation registered under Corporations Act 1966;
<b>interest</b>	means holding voting rights or equity or any other rights in a company;

<b>land</b>	means industrial land and agricultural land;
<b>local company</b>	means a company incorporated in Malaysia under the Companies Act 1965;
<b>local interest</b>	means any interest, associated group of interests or parties acting in concert which comprises: (a) individual who is a Malaysian citizen; or  (b) local company or local institution whereby Malaysian citizens hold more than 50% of the voting rights in the company;
<b>own use</b>	means for personal use or own operation and not for rental, lease or investment;
<b>public company</b>	means a public company as defined in the Companies Act 1965;
<b>property</b>	means land, commercial unit or residential unit;
<b>residential unit</b>	means an area, premise or building for dwelling; and
<b>voting right</b>	means:  (a) for local public company, the power to vote attributable to the share capital of a company which are exercisable at an Annual General Meeting or Extraordinary General Meeting; or  (b) for private limited company, the power to vote in the company.

#### **IV. APPLICATIONS**

4. This Guideline shall apply to any of the following transactions which requires the approval of FIC:

##### **Acquisition Of Property By Local Interest**

- 4.1 Acquisition of property which is valued at RM10 million and less than RM20 million by non-Bumiputera interest or local interest from Bumiputera interest; or
- 4.2 Acquisition of property which is valued at RM20 million and more by local interest. This property has to be registered under a locally incorporated company and is subject to the conditions for acquisition.

### **Acquisition Of Property By Foreign Interest**

- 4.3 Any acquisition of property by foreign interest from local interest and other foreign interest;
- 4.4 Any acquisition of property which will be developed as a development project other than residential unit; and
- 4.5 Foreign interest is only allowed to acquire property other than residential unit valued at more than RM150,000 per unit with no limit on the number of property acquired.

### **Acquisition Of Commercial Unit**

- 4.6 Acquisition of commercial property valued at less than RM10 million by foreign interest does not have to incorporate a local company and will be subjected to the commercial property is only for own use.

### **Acquisition Of Agricultural Land**

- 4.7 Foreign interest is only allowed to acquire agricultural land valued more than RM250,000 or at least five (5) acres in area subject to the conditions for acquisition;
- 4.8 Acquisition of agricultural land by foreign interest is only allowed for the following purposes:
  - 4.8.1 to carry out agricultural activities on a commercial scale using modern or high technology; or
  - 4.8.2 to carry out agro-tourism project; or
  - 4.8.3 to carry out agricultural or agro-based industrial activities for the production of goods for export. However, for this purpose relaxation on equity condition may be considered.

### **Acquisition Of Industrial Land**

- 4.9 Foreign interest is allowed to acquire industrial land without any price limit and must be registered under a locally incorporated company and will be subjected to the conditions for acquisition and the conditions for foreclosure.

### **Acquisition Of Property For Hostel Purpose**

- 4.10 Local company owned by foreign interest is allowed to acquire property valued more than RM60,000 per unit to be occupied as a hostel for the company's employees.

### **Acquisition Of Property Through Public Auction**

- 4.11 Foreign interest including foreign bank and financial institution incorporated outside Malaysia is allowed to acquire property through public auction valued more than RM150,000 per unit other than residential unit and will be subjected to the conditions for acquisition.

### **Acquisition Of Contiguous Properties**

- 4.12 Foreign interest is allowed to acquire two (2) or more contiguous properties with a total value of RM10 million and above and will be subjected to the conditions for acquisition.

### **Acquisition Of Entire Building Or Project**

- 4.13 Acquisition of an entire building or an entire property development project, valued at RM10 million and above must be registered under a locally incorporated company and will be subjected to the conditions for acquisition.

### **Redevelopment Of Property**

- 4.14 Foreign interest is allowed to acquire land or land with building for redevelopment on a commercial basis. If this acquisition is not meant for own use, it has to be registered under a locally incorporated company and will be subjected to the conditions for acquisition.

### **Transfer Of Property**

- 4.15 Transfer of property to a foreigner based on love and affection is allowed among immediate family members only.

### **Leasing Of Property**

- 4.16 Leasing of property for a term of 10 years and above by foreign interest.

### **Disposal Of Property**

- 4.17 Disposal of property by foreign interest to another foreign interest.
- 4.18 Disposal of property by foreign interest to local interest valued at more than RM20 million.

### **Charging Of Property To Foreign Interest**

- 4.19 Charging of property in Malaysia to foreign interest including foreign bank and financial institution incorporated outside Malaysia.



### **Acquisition Of Property By Public Company**

- 4.20 Acquisition of property by public company which is financed by cash.
- 4.21 Acquisition of property by Real Estate Investment Trust (REIT) management company through private REIT fund.
- 5. This Guideline shall apply to transaction which requires approval from any Ministries or Departments/Government Agencies/Statutory Bodies eventhough the approval of FIC is not required.
- 6. This Guideline shall apply to acquisition which requires the consideration of the Securities Commission but does not require the approval of FIC for any proposal which is subjected to Section 32 of the Securities Commission Act 1993.
- 7. The State Authority has the discretion to consider any acquisition based on the area or location of the property, types of property and percentage of the total units in a project.

### **V. ACQUISITION FOR NOTIFICATION**

- 8. Acquisition of property which is valued at RM10 million and less than RM20 million needs only to be notified to FIC if the transactions involve the following parties:
  - 8.1 acquisition by Bumiputera interest from other Bumiputera interest; or
  - 8.2 acquisition by Bumiputera interest from non-Bumiputera interest; or
  - 8.3 acquisition by non-Bumiputera interest from other non-Bumiputera interest; or
  - 8.4 acquisition by local interest from foreign interest.

### **VI. EXEMPTIONS**

- 9. This Guideline shall not apply in the following situations:
  - 9.1 Acquisition of property valued at less than RM10 million by local interest;
  - 9.2 Multimedia Super Corridor (MSC) status companies are allowed to acquire any property in the MSC area provided that the property is only used for their operational activities including as residence for their employees;

- 9.3 any acquisition of property by companies operating in the approved area in the Iskandar Regional Development and have been granted the status by Iskandar Regional Development Authority (IRDA);
- 9.4 any acquisition of property by companies operating in the approved area in any regional development corridor by companies that have been granted the status by the local authority as determined by Government;
- 9.5 any acquisition of property by companies which have obtained the endorsement from the Secretariat of the Malaysian International Islamic Financial Centre (MIFC) provided that the property is meant for own use in carrying out international Islamic financial transaction and the acquisition is a result of Islamic financial financing scheme which is required in order to comply with the Syariah principle only;
- 9.6 foreign interest is allowed to acquire residential unit valued at more than RM250,000 per unit subject to approval of the relevant local authorities while “Malaysia My Second Home” Programme is to be referred to Ministry of Tourism;
- 9.7 transfer of property pursuant to a will and court order;
- 9.8 acquisition of industrial property by manufacturing company licensed by the Ministry of International Trade and Industry as well as manufacturing company which is exempted from obtaining manufacturing license for own manufacturing operation;
- 9.9 any acquisition of property by Ministries and Government Departments (Federal and State);
- 9.10 any acquisition of property by Minister of Finance Incorporated, Chief Minister Incorporated and State Secretary Incorporated are considered to have been approved by the Government;
- 9.11 any privatization projects whether at the Federal or State level provided that it involves the companies which are the original signatories in the contracts for the privatized projects;
- 9.12 any acquisition of property for own use by local companies that have been granted the status of International Procurement Centre, Operational Head Quarters, Representative Office, Regional Office and Labuan offshore company or other special status granted by the Ministry of Finance, MITI and other ministries; and
- 9.13 any acquisition or disposal of property/asset for the purpose of Asset-Backed Securities (ABS).

**VII. MODE OF PAYMENT**

10. The purchase consideration is applicable in all modes of payment including:
  - 10.1 cash;
  - 10.2 exchange of shares;
  - 10.3 debt settlements;
  - 10.4 exchange of fixed assets;
  - 10.5 charging of shares; and
  - 10.6 any combination of the above.
11. Financing from internal and external sources are allowed for all acquisition of properties.

**VIII. RESTRICTIONS**

12. Foreign interest is not allowed to acquire:
  - 12.1 residential unit under the category of low and medium low cost as determined by the State Authority;
  - 12.2 properties built on Malay reserve land;
  - 12.3 properties allocated to Bumiputera (Bumiputera quota) in any property development project as determined by the State Authority;
  - 12.4 stall and service workshop;
  - 12.5 agricultural land developed on the basis of the homestead concept; and
  - 12.6 properties gazetted under National Heritage Act 2005.

**IX. CONDITIONS FOR ACQUISITION**

13. Conditions for acquisition of property by local and foreign interests comprise the equity, share capital, property development and employment conditions as follows:

### **Equity Conditions**

- 13.1 Companies which do not have any Bumiputera equity or having less than 30% Bumiputera equity, are required to have or to increase the Bumiputera equity to at least 30%. The remaining equity shareholding can be held either by local interest, foreign interest or by both;
- 13.2 Companies with Bumiputera equity shareholding of 30% or more, but less than 51% are required to maintain at least 30% Bumiputera equity at all times;
- 13.3 Companies which already have Bumiputera equity shareholding of 51% or more, will be required to maintain at least 51% Bumiputera equity at all times;
- 13.4 The requirement of at least 30% Bumiputera equity participation will be applied uniformly except if expressly stated otherwise by the Government; and
- 13.5 For companies which activities involve national interests such as water and energy supply, broadcasting, defense and security and any activities which is of national interest as determined by the Government from time to time, the participation of foreign interest is limited to 30%. In certain circumstances, the Government may also impose other conditions such as the issuance of the “golden share”.

### **Share Capital Conditions**

- 13.6 Local company owned by foreign interests with a paid-up capital of less than RM250,000 will be required to increase the share capital to at least RM250,000; and
- 13.7 Local company owned by local interest with a paid-up capital of less than RM100,000 will be required to increase the share capital to at least RM100,000.

### **Employment Condition**

- 13.8 Companies must, to the best of their ability, recruit and train Malaysians so as to reflect the country’s population composition at all levels of employment.

## **X. CONDITIONS FOR CHARGING OF PROPERTY**

- 14. In the event of foreclosure of property charged as in paragraph 4.19, the onus of the chargor are as follow:

- 14.1 to obtain the approval of FIC;
- 14.2 to give priority to Malaysian to acquire the property; and
- 14.3 to inform the chargee of the conditions as in paragraph 14.1 dan 14.2.

#### **XI. COMPLIANCE PERIOD OF THE CONDITIONS**

- 15. Equity condition imposed, if any, must be complied with within two (2) years from the date of FIC's approval letter or from the date of commencement of the development of the property, whichever is earlier.
- 16. The compliance status must be reported to the FIC at least three (3) months before the compliance deadline and/or whenever requested by the FIC.
- 17. Share capital imposed, if any, must be complied with within six (6) months from the date of FIC's approval letter.
- 18. The compliance period may be extended based on the merit of the case.

#### **XII. PROCEDURES ON SUBMITTING APPLICATION**

- 19. Except application for the extension of compliance period condition, the onus to submit the application is on the purchaser or vendor.
- 20. All applicants are fully responsible to the accuracy of the information submitted.
- 21. All proposals and communication will be treated in confidence.

#### **Transfer Of Property And Acquisition Of Commercial Unit And Industrial Property**

- 22. For proposed transfer of property to foreign interest and acquisition of residential unit, commercial unit and industrial property by foreign interest, each application must be accompanied by the following documents:
  - 22.1 Form FIC A/2004;
  - 22.2 One (1) copy of the relevant agreement;
  - 22.3 One (1) copy of the purchaser's Passport/ Identity Card;
  - 22.4 One (1) copy of the vendor's Passport/ Identity Card;
  - 22.5 One (1) copy of the Master Title;

- 22.6 One (1) copy of the Individual Title;
- 22.7 Declaration Letter FIC SA/2004 signed by the purchaser for individual, or signed by the Chairman/Managing Director/ Chief Executive Officer of the company, any member of the company's Board of Directors or any authorized personnel/individual for company (for acquisition/transfer of commercial unit and industrial property); and
- 22.8 any other document considered necessary by FIC.

**Acquisition Of Property Valued At More Than 10 Million**

- 23. For proposed acquisition of property valued at more than 10 million by local and foreign interests, each application must be accompanied by the following documents:
  - 23.1 Form FIC H/2004;
  - 23.2 Form Proforma I/2004 and/or Proforma II/2004;
  - 23.3 One (1) copy of the relevant agreement;
  - 23.4 One (1) copy of the letter/license from the ministries or Government agencies (if applicable);
  - 23.5 One (1) copy of the approval letter on the same proposal from other ministries or Government agencies (if applicable);
  - 23.6 One (1) copy of the confirmation letter from the Company Secretary on the company's current equity structure;
  - 23.7 One (1) copy of the latest valuation report (transaction which involves Government agencies must be accompanied with the valuation report from *Jabatan Penilaian dan Perkhidmatan Harta*); and
  - 23.8 Declaration Letter FIC SA/2004 to be signed by the Chairman/Managing Director/ Chief Executive of the company or any member of the company's Board of Directors or any authorized personnel/individual.
  - 23.9 any other document considered necessary by FIC.

**Acquisition/Disposal Of Property Valued At More Than 10 Million For FIC's Notification**

24. For proposed acquisition/disposal of property by local and foreign interests that requires notification to FIC, each application must be accompanied by the following documents:
- 24.1 Form Proforma I/2004 and/or Proforma II/2004;
  - 24.2 One (1) copy of the relevant agreement;
  - 24.3 One (1) copy of the purchaser's Passport/ Identity Card;
  - 24.4 One (1) copy of the vendor/dispenser's Passport/ Identity Card; and
  - 24.5 One (1) copy of previous FIC's approval letter; and
  - 24.6 any other document considered necessary by FIC.

**XIII. DECISION BY THE FIC**

25. Decisions by the FIC on all complete applications will be given within 24 working hours for acquisition of commercial unit and industrial property by foreign interest and within 10 working days for other acquisition of properties.

**XIV. APPEAL**

26. If the applicant regrets with any FIC's decision, he may make an appeal to FIC by submitting a completed Form FIC R/2004. All appeals will be considered based on merit of the case.

**XV. REPEAL**

27. Guideline On The Acquisition Of Properties By Local And Foreign Interests dated 21 May 2003 is repealed.

**XVI. CORRESPONDENCE ADDRESS AND ENQUIRIES**

28. All applications must be submitted to:

**The Secretary,  
Foreign Investment Committee,  
Economic Planning Unit,  
Prime Minister's Department,  
Level –1, Block B5,  
Federal Government Administrative Centre,  
62502 Putrajaya, Malaysia.**

29. Any enquiries can be forwarded to the FIC's Secretariat:

**Tel. No. : 603-8888 3333/2944/2916  
Fax No. : 603-8888 3917**

30. This Guideline is also available on the Economic Planning Unit's website:

**Website : <http://www.epu.gov.my>**