

**16/10/2014 - Malaysian Retail Chain Association (MRCA) 22nd
Anniversary & Crown Awards Banquet 2014**

Bismillahir rahmanir rahim

*Assalamualaikum warahmatullahi wabarakatuh, Good Evening and Salam
1Malaysia.*

YBhg. Dato' Liaw Choon Liang,

President of Malaysia Retail Chain Association (MRCA);

YBhg. Dato' Eddie Choon,

Founder of MRCA;

Ms. Choi Wei Yee,

Organising Chairlady and Council Member of MRCA;

Distinguished guest, Ladies and Gentlemen.

OPENING REMARKS

1. First and foremost, allow me to take this opportunity to thank the Malaysia Retail Chain Association for inviting me to the MRCA 22nd Anniversary & Crown Awards Banquet 2014. Twenty two years is a significant milestone for any association, and I am honoured to be a part of the celebrations.

2. The theme for tonight, “**The Hallmark of Triumph**”, is indeed apt as it recognises MRCA’s journey, and how far it has come since its humble beginnings in 1992. I strongly believe that it proves that commitment, strong leadership and passion can lead to accelerated growth for the greater good. It is remarkable that from an association founded by only a handful of passionate members, it has grown to more than **250 well-known members** over the course of 22 years. Of course, the success of the association is not only due to its leadership, but also the tireless contribution and support from all of its members.

3. I am truly privileged to be here tonight to celebrate the success and outstanding achievements of the MRCA members. It is also an honour for me to meet so many well-known Malaysian household brand names gathered in this event. All of you have not only made significant contributions to the growth of the Malaysian retail industry, but also represent the “best of the best” of Malaysian retailers in the international arena.

BUDGET 2015: SYMBIOSIS BETWEEN CAPITAL ECONOMY AND PEOPLE ECONOMY

Ladies and Gentlemen,

4. The Prime Minister, YAB Dato’ Sri Mohd Najib Tun Hj Abd Razak, has informed in his speech, in the tabling of the Budget 2015, that there is a

symbiosis between the Capital Economy and People Economy. The Capital Economy, which is associated with GDP growth, per capita income, private investments, capital and stock market as well as company profits; has always been the focus of economic and fiscal policies by governments around the world, including Malaysia. However, this often begs the question of how, the economic growth of a country, would benefit the man in the street. To the common person, what matters are the costs of living, quality of life, household income, education, employment and business opportunities, housing as well as a host of other needs that directly benefit him or her. These needs collectively constitute the People Economy. Hence, Budget 2015 is formulated with the People Economy at heart.

5. The retail sector in Malaysia is an important sector, as far as contribution to the People Economy, is concerned. In recognition of its importance, the Government has introduced in the Budget, several initiatives and incentives that directly and indirectly benefit the retail sector. Some of these measures are:
 - i. a sum of **RM20 million** is allocated for the **Franchise Development Scheme** under the Ministry of Domestic Trade, Co-operatives and Consumerism;
 - ii. an additional RM500 million is allocated to **TEKUN, under the Ministry of Regional and Rural Development**, which includes RM50 million for Young Professional Women Entrepreneurs Development Program; **and**

- iii. RM80 million is allocated for the **Soft Loan Scheme for Automation and Modernisation of SMEs** under Malaysian Industrial Development Finance Berhad (MIDF) to enhance the use of new technology, automation and innovation in the development of SMEs.

GST AND MRCA'S ROLE

Ladies and Gentlemen,

6. The **Goods and Services Tax (GST) will be implemented from 1 April 2015**, and it is timely for retailers to start preparing for its implementation. The implementation of GST will ensure the country's tax system be more transparent, fair, equitable and business-friendly. While there are concerns from the business community, including from the retail sector, of the impact of GST on the costs of business, I believe these concerns can be addressed **without a major price hike to consumers**. In fact, the Government expects a **reduction in price up to 4.1 per cent, of 532 products or 56 per cent** of the basket of goods which constitute the Consumer Price Index (CPI). This is supported by the **commitment from the Government not to impose the GST on basic food items and services**. The **list of products that will be imposed or exempted from the GST** has been gazetted and can be downloaded from the website of the Royal Malaysian Customs Department at **gst.customs.gov.my**.
7. With the focus on the People Economy, the Budget 2015 has included the following to mitigate the impact of GST on the corporate and business sectors:

- i. the retail sale of **RON95 petrol, diesel and LPG** will be given relief from the payment of GST;
- ii. **corporate income tax** rate will be reduced by 1 percentage point from 25% to 24% (for year of assessment 2016);
- iii. **income tax rate for SMEs** will be reduced by 1 percentage point from 20% to 19% (for year of assessment 2016);
- iv. training grant of **RM100 million** will ne provided to businesses for their employees to **attend GST courses; and**
- v. financial assistance amounting to **RM150 million** provided to SMEs for the **purchase of accounting software.**

8. Therefore, I urge **Malaysian retailers** to take advantage of these initiatives by the Government, to **better understand** and **be readied** for the implementation of the GST, so as to avoid misunderstandings or disruption to the business.

9. In this regard, I would like to humbly request **MRCA** to assist the Government by **reaching out to all your members** and organising dialogues, training sessions or briefings on GST. Through this, **members will be kept abreast with the latest issues**, and this will in turn, assist in ensuring a smooth implementation process. I hope **MRCA can act as a conduit** for the Government, where questions from members on GST are directed collectively to the Government, and not in a piece-meal basis. In

this manner, the Government will be able to handle those inquiries effectively and cohesively.

NKEA: WHOLESALE AND RETAIL SECTOR

Ladies and Gentlemen,

10. With over 60 per cent of the country's Gross Domestic Product (GDP) derived from domestic consumption, the **Wholesale and Retail Sector is the fourth biggest contributor** to the nation's Gross National Income (GNI) among the 12 National Key Economic Areas (NKEAs). It has also contributed to a growing share of GDP in the past three years, contributing RM100.6 billion in 2010, RM114.4 billion in 2011 and RM125 billion in 2012.
11. The Wholesale and Retail NKEA targets to **boost the country's total GNI by RM156 billion and create 454,190 new jobs by 2020**. Moving forward, the NKEA will focus on reviewing and refreshing existing Entry Point Projects (EPPs) to ensure that continuous impact is achieved, as well as looking into other potential areas, such as **improvements to the supply chain** and development of **niche retail segments such as premium brands**.
12. I understand that MRCA has brought retailers together to converge on a single platform with one sole objective, that is to support one another through mutual sharing and learning from the success stories, business wisdom, philosophies and market insights gathered from the different industries. The contribution from all the valued members of MRCA has

resulted in **Malaysia's retail sector** becoming the **second major contributor to GNI** after Oil, Gas and Energy, contributing **RM133.8 billion in 2013**. The success achieved by our local retail industry players is something for us to be proud of, and be inspired by. With the strong support and coordination provided by MRCA, I am confident that the Malaysian industry players will grow in strength, numbers and competency, thus accelerating the industry's goal to compete in the international scene and attain recognition on a global scale.

PUBLIC-PRIVATE PARTNERSHIP TO IMPROVE COMPETITIVENESS

Ladies and Gentlemen,

- 13. I am a firm believer in the public-private partnership development model.** On that note, the cumulative effort from the public sector, through continuous enhancement of public service delivery, together with the support of the private sector, must continue so that our country remains competitive at the international level. So far, we have improved from strength to strength, as demonstrated by our international rankings. The **World Economic Forum ranked Malaysia the 20th most competitive economy** from 144 economies in the World Competitiveness Report 2014-2015. We have also improved leaps and bound in the **World Bank Ease of Doing Business Report**, from 23rd position in 2009 to **6th** position currently among 189 countries in the world. We have also beaten the odds of achieving a GDP growth of **6.3 per cent** from the estimated projection of 6 per cent for the first half of this year by Bank Negara. We must continue to **work hard**, and most importantly, **work together**.

MRCA CROWN AWARDS 2014

Ladies and Gentlemen,

14. I have been informed that tonight's anniversary banquet is also held in conjunction with the inaugural **MRCA Crown Awards Ceremony**, organised by the MRCA exclusively for its members. The Awards Ceremony tonight will showcase and highlight the winners from various categories. The MRCA Crown Awards truly demonstrates the association's strong commitment to its objectives to support and nurture an industry of top players, and encourage and inspire local brands to do their best.
15. I look forward to celebrating together and being inspired by the winners of the awards. The categories are wide and varied, each representing a core value upheld by the MRCA. The categories not only highlight the companies' growth efforts based on bottom line figures amongst others, but also on its contribution in giving back to the society.
16. I believe that giving back to the society is one, if not the most, important role that we can play as businessmen and individuals. The real bottom line as business entities is to share and contribute for the betterment of society and humankind. Hence, I encourage all MRCA members to participate in the Crown Awards, to learn from, and ultimately be inspired by your fellow members and industry friends.

CLOSING REMARKS

Ladies and Gentlemen,

17. Before I conclude, I would like to convey my heartiest congratulations to the MRCA for these 22 years of triumph. I strongly believe that your plans and commitment to deliver, will not only build up and strengthen more local brands, but also inspire confidence in the attainment of our nation's goals to become a high-income developed nation by 2020.

18. All of you have a lot to be proud of, so do keep up the good work, and play an integral role in Malaysia's transformative journey towards a developed nation. Last but not least, **Happy 22nd Birthday, MRCA!**

Thank you. Wabillahitaufik Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.