

# THEMATIC REPORT

## Selangor Budget 2024: Driving Growth, Fostering Unity (Part Two)

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### KEY HIGHLIGHTS

- **The Selangor state government tabled an expansionary budget for 2024, with total allocation of RM2.53b or +3.3% more than 2023. In terms of budget balance to GDP ratio, Selangor's fiscal deficit set to be at -0.1% for 2024. Selangor has been recording healthy fiscal condition as the fiscal balance ratio hover between +0.1% to -0.2% since 2010.**
- **With Rancangan Selangor 1 (RS-1) in place since 2021, the state budget emulates the longer-term development targets and aspirations as outlined in 5-year framework. We view the state budget for 2024 a comprehensive and holistic, comprising of both economic growth and sustainable development.**
- **Selangor's construction, manufacturing and services sectors are the largest contributor to Malaysia economy in accordance to each sector. Construction in the state will contribute 34.1% in 2022 (2015: 30.1%).**
- **Our top construction pick is Gamuda (BUY, TP: RM5.38) which won one of the main packages from Sungai Rasau Water Supply Scheme, with a contract value of RM1.97b.**
- **The development of the Shah Alam Sports Complex will be undertaken by MRCB (BUY, TP: RM0.42) with an aim to make it a vibrant and sustainable stadium, fitted with the latest technological features.**

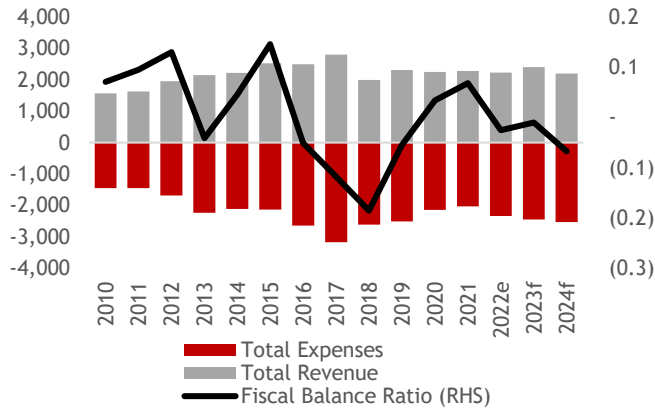
## ECONOMIC COMMENTARY AND ANALYSIS

### Selangor's Budget 2023

**Another expansionary state fiscal policy.** The Selangor state government tabled an expansionary budget for 2024, with total allocation of RM2.53b or +3.3% more than 2023. According to the state Budget 2024, RM1.2b which is equivalent to 47% of the state total expenditure will be spent for development expenditures (DE). OPEX is expected to increase by +6.4% to RM1.33b for 2024. The state revenue collection improved by +7.6% in 2023, higher by 20% of initial estimate. However, the state income is forecasted lower by -8.5% to RM2.2b in 2024. In terms of budget balance to GDP ratio, Selangor's fiscal deficit set to be at -0.1% for 2024. Selangor has been recording healthy fiscal condition as the fiscal balance ratio hover between +0.1% to -0.2% since 2010. For 2023, the Selangor economy is forecasted to expand by +4.4% for 2023 (2022: +11.9%).

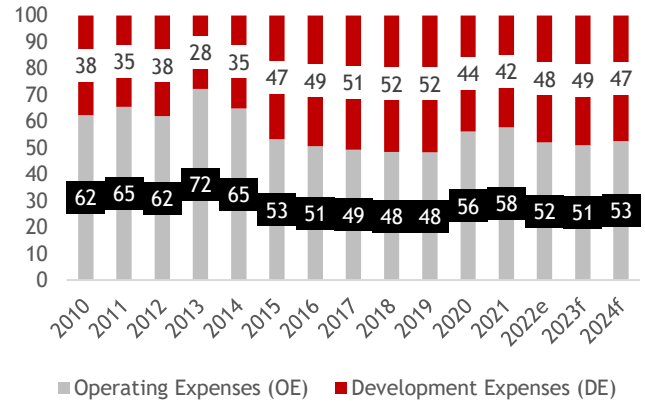
**Comprehensive and holistic budget.** We view the state budget for 2024 a comprehensive and holistic, comprising of both economic growth and sustainable development. For instance, 2.5 months bonus payments for the state civil servants is seen pro-growth and provide significant relief especially with the high cost of living pressure. The budget focuses on basic infrastructure including roads, bridges and water-related projects. Also, the government promote ESG practices among others change of state official cars to electric vehicles starting next year and installation of renewable energy infrastructure via Air Selangor to reduce carbon footprint.

**Chart 1: Selangor's Fiscal Performance (RMm & % of GDP)**



Source: AG's reports, MIDFR

**Chart 2: OPEX vs. DEVEX (% of Total Expenditure)**

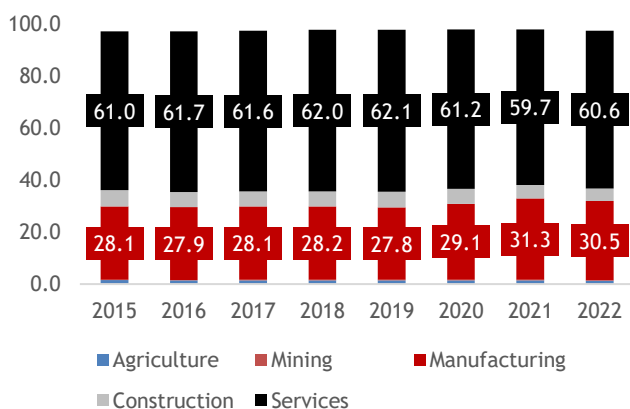


Source: AG's reports, MIDFR

**More than a quarter of Malaysia's economy contributed by Selangor.** In 2015, Selangor contributed 22.8% to national GDP. After half of decade, the contribution rate has increased to 25.5% by 2022. This ratio is higher than the target rate mentioned in the Midterm Review of 12<sup>th</sup> Malaysia Plan (12MP) of 25.1% by 2025. Steady economic expansion in Selangor while other states grow at relatively slower pace are the factors contributing to the GDP ratio surge. Since 2016, GDP growth in Selangor outperformed national economic growth. We opine the resiliency of the state economy lies on the strength of its diversified manufacturing sector and huge consumer demand. Judging from the contribution rate, Selangor plays greater role in fueling national growth as well as socioeconomic development.

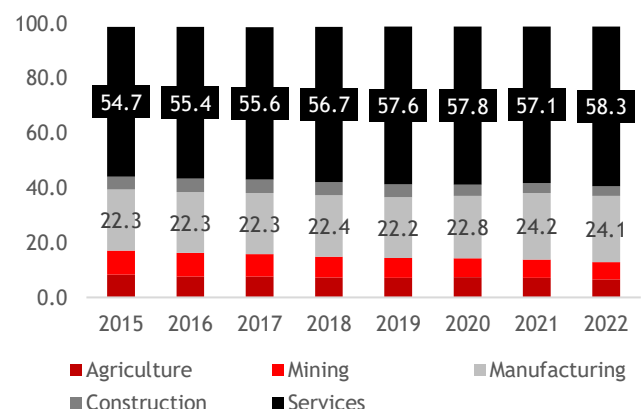
**Services and manufacturing are the main anchors.** Services sector supported more than 60% of the state economy since 2015. Growing population growth and high-skilled employment are among key fundamentals supporting the services sector as well as overall economy in Selangor. Manufacturing is the second key sector in the state, sponsoring more than one-third of the economy. Construction sectoral share stood at 4.7% while agriculture and mining sectors scored 1.3% and 0.2% respectively in 2022.

**Chart 3: Selangor GDP Structure by Sector (% GDP)**



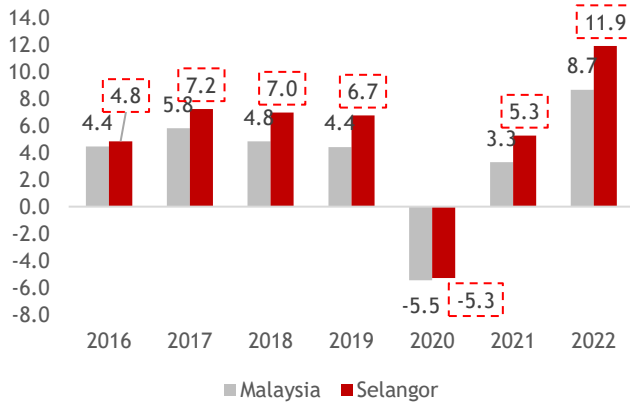
Source: DOSM, MIDFR

**Chart 4: Malaysia GDP Structure by Sector (% GDP)**



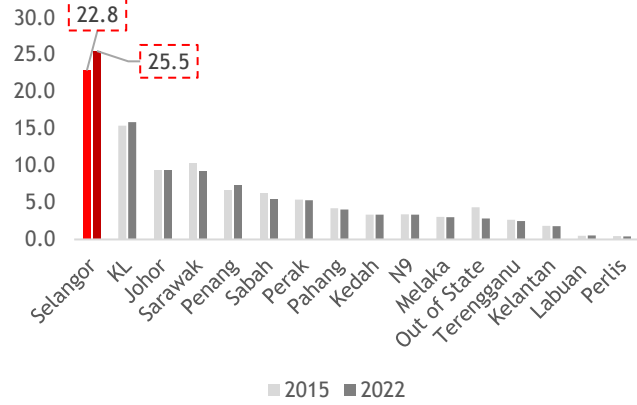
Source: DOSM, MIDFR

**Chart 5: Selangor vs. Malaysia GDP (YoY%)**



Source: DOSM, MIDFR

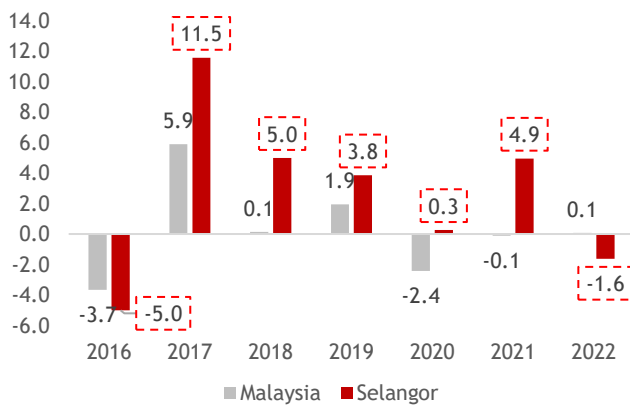
**Chart 6: National GDP Contribution by State (% of GDP)**



Source: DOSM, MIDFR

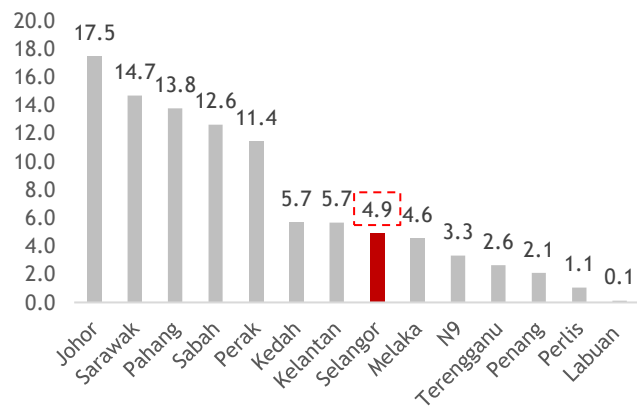
**Selangor top in construction, manufacturing and services sectors.** The uptick of Selangor economic contribution to Malaysia is in line with its strong key sectors. Selangor’s construction, manufacturing and services sectors are the largest contributor to Malaysia economy in accordance to each sector. Selangor’s manufacturing constituted about 32.2% in 2022 (2015: 28.8%) of national factory output, the highest ever recorded. E&E and Optical products represented 30.6% of Selangor’s manufacturing output, followed with Oils & Fats by 16.5%, Petrochemicals, Rubber & Plastic products by 15.7% and Transport Equipment & Other Manufacturing by 15.2%. Construction in the state represented 34.1% in 2022 (2015: 30.1%). Selangor’s services sector contributed 26.5% in 2022 (2015: 25.5%), the highest ever registered. Distributive Trade, Food Beverages & Accommodation contributed 37% of the services output, followed with Utilities, Transport & Storage and ICT by 29.6%, and Finance, Insurance, Real Estate & Business Services by 18.2%. Selangor ranked 8<sup>th</sup> with 4.9% national contribution in agriculture sector, improved from 4.2% in 2015. As for the mining sector, more than 95% of national output produced in Sabah, Sarawak and out-of-state areas.

**Chart 7: Selangor vs. Malaysia Agriculture GDP (YoY%)**



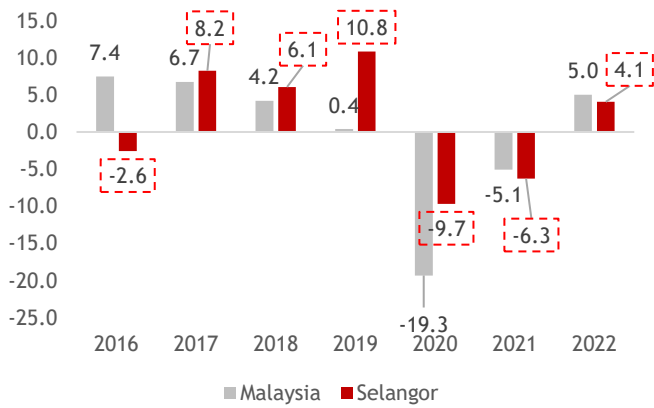
Source: DOSM, MIDFR

**Chart 8: Contribution by State (% of Agriculture GDP)**



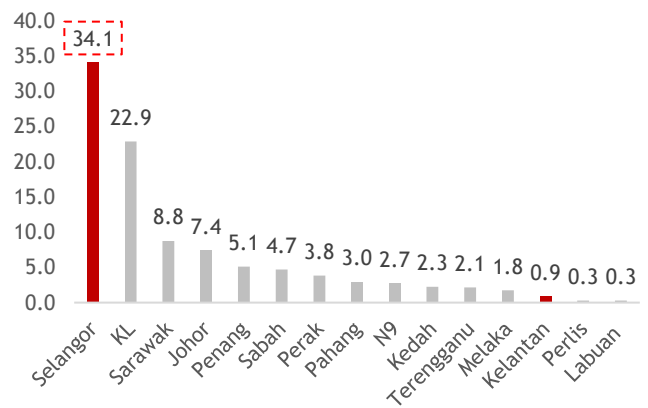
Source: DOSM, MIDFR

**Chart 9: Selangor vs. Malaysia Cons. GDP (YoY%)**



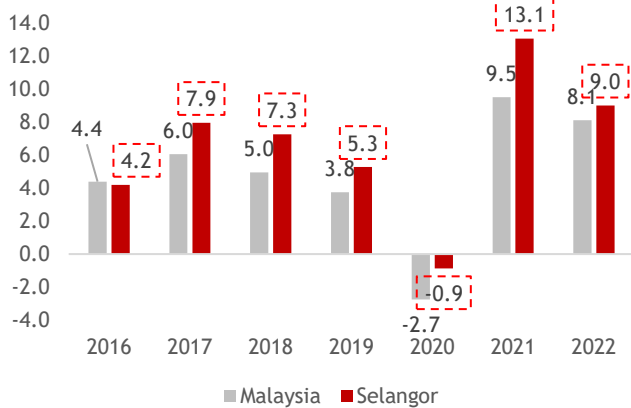
Source: DOSM, MIDFR

**Chart 10: Contribution by State (% of Construction GDP)**



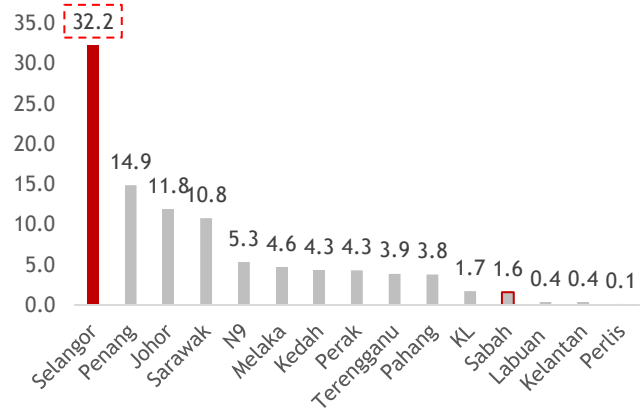
Source: DOSM, MIDFR

**Chart 11: Selangor vs. Malaysia Mfg. GDP (YoY%)**



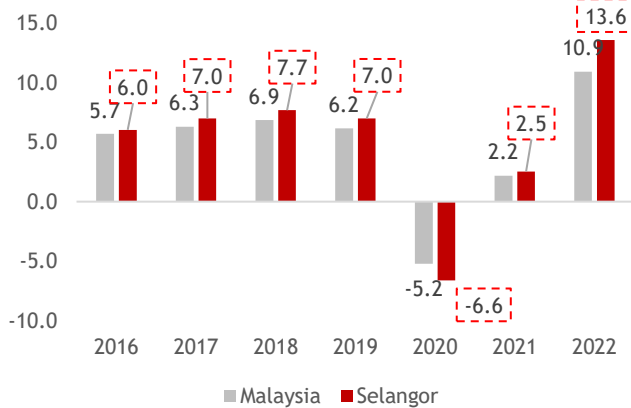
Source: DOSM, MIDFR

**Chart 12: Contribution by State (% of Mfg. GDP)**



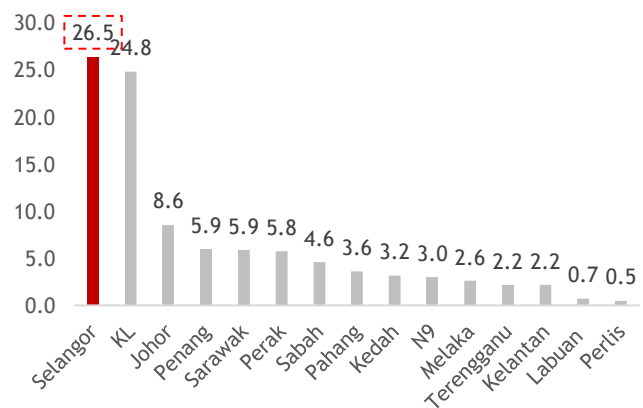
Source: DOSM, MIDFR

**Chart 13: Selangor vs. Malaysia Services GDP (YoY%)**



Source: DOSM, MIDFR

**Chart 14: Contribution by State (% of Services GDP)**



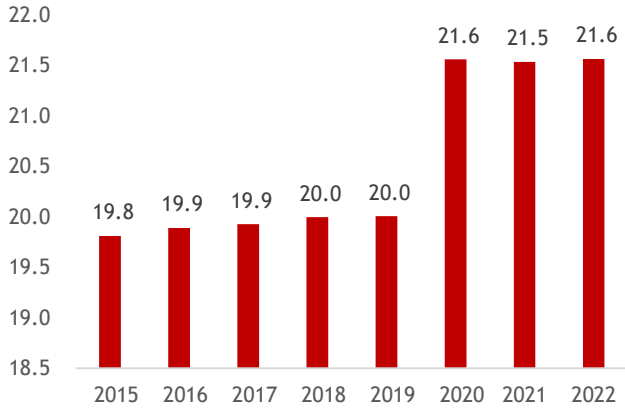
Source: DOSM, MIDFR

**One fifth of Malaysia’s population resides in Selangor.** Ascending from 19.8% in 2015 to 21.6% in 2022 of Malaysia’s population, Selangor saw +1.9% population growth per annum against Malaysia’s +0.7%. The faster population growth pace in Selangor can be attributed by the steady expansion of state economy. Selangor is also better regarding the job market, given that the unemployment rate is lower than national level since 2016. Household income level in Selangor is more than 50% higher than the national level. Post-pandemic (2019-2022) CAGR for the household income showed that Selangor increased strongly by +6.5% per annum as compared to +2.5% for Malaysia.

**Consumer-oriented industries to benefit greatly from Selangor.** By state GDP perspective, the services sector dominated at 60.6%. Selangor also is the largest contributor of national services sector at 26.5%, the highest rate ever

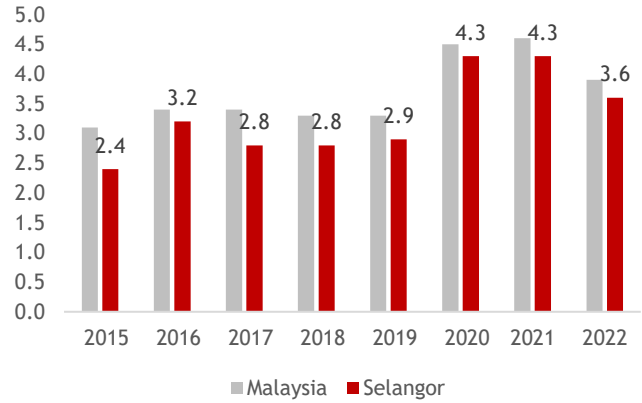
recorded. High population size, lower jobless rate and richer household income are key supportive factors for the state economy particularly for the consumer-oriented industries. Not just the population, one-fifth of Malaysia's shopping complex area covered in Selangor, 22.6% in 2022.

**Chart 15: Selangor Population (% of Total Population)**



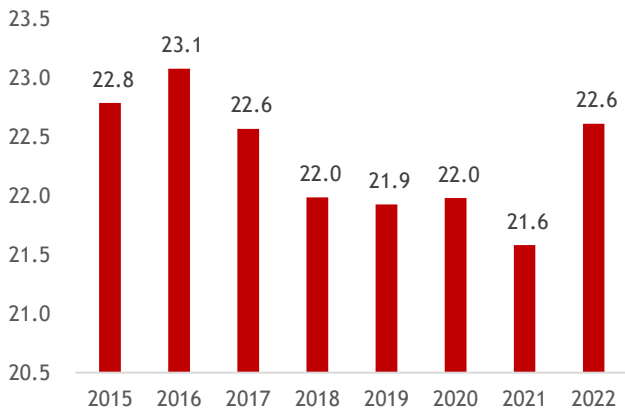
Source: DOSM, MIDFR

**Chart 16: Jobless Rate Selangor vs. Malaysia (%)**



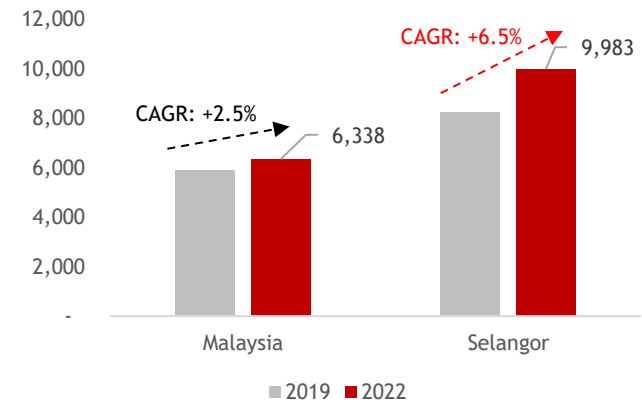
Source: DOSM, MIDFR

**Chart 17: Selangor's Shopping Complex (% of Total Area of Malaysia)**



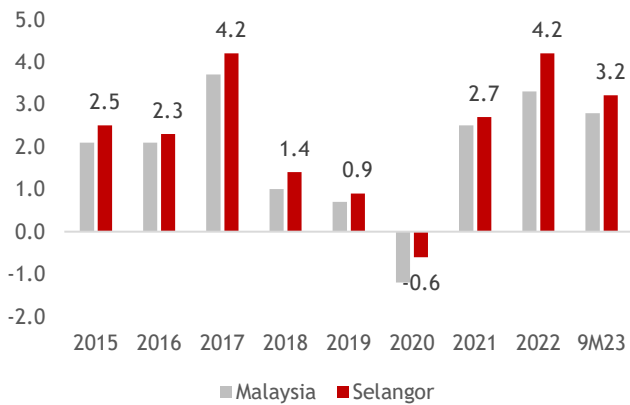
Source: DOSM, MIDFR

**Chart 18: Household Income Selangor vs. Malaysia (RM per month)**



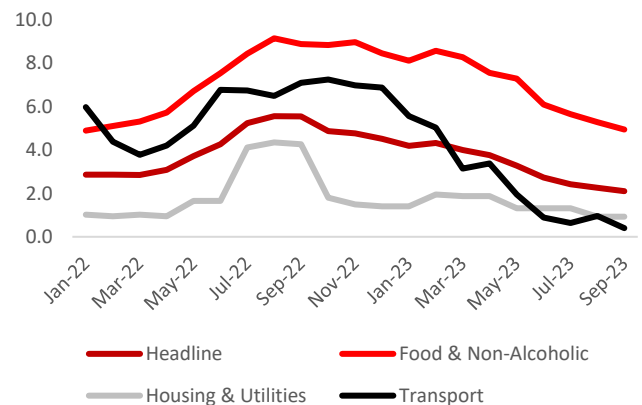
Source: DOSM, MIDFR

**Chart 19: Selangor vs. Malaysia CPI (YoY%)**



Source: DOSM, MIDFR

**Chart 20: CPI Major Components in Selangor (YoY%)**



Source: DOSM, MIDFR

## SECTORAL VIEW

**RS-1: The Anchor for Selangor State Economy.** RS-1 is a development plan for the state of Selangor to chart its path towards achieving a smart, liveable and prosperous state for the next five years from 2021. The blueprint has four strategic themes (1) Economy, (2) Social, (3) Sustainability and (4) Governance with 261 initiatives. Under Theme-1 Economy, there are nine focus sectors including ports & logistics and aerospace. Carey Island development and Selangor International Aero Park in Subang are among gamechangers set in the development plan under the first theme. Under Theme-2 Social, there are six focus areas including affordable housing. Rumah Selangorku Program: Rumah Idaman & Harapan to be included. Under Theme-3 Sustainability, there are five focus areas among others low carbon state, water management and resilience & disaster management. Among strategies under sustainability is to develop GHG inventory & low carbon cities capacity building for every local authority and integrated solid-waste management center with a waste-to-energy treatment plant.

**Table 1: Rancangan Selangor 1 – Framework**

Theme 1: Economy	Theme 2: Social	Theme 3: Sustainability	Theme 4: Governance
9 Focus Sectors	6 Focus Areas	5 Focus Areas	5 Focus Areas
<ul style="list-style-type: none"> <li>Ports &amp; Logistics</li> <li>Tourism</li> <li>Digital Economy</li> <li>Aerospace</li> <li>Automotive</li> <li>Electrical &amp; Electronics and Machinery &amp; Engineering</li> <li>Halal Industry</li> <li>Life Sciences</li> <li>Agrotechnology</li> </ul>	<ul style="list-style-type: none"> <li>Income Generation and Social Welfare</li> <li>Special Focus on Target Groups</li> <li>Women, Family and Community</li> <li>Affordable Housing</li> <li>Public Health</li> <li>Education</li> </ul>	<ul style="list-style-type: none"> <li>Resilience and Disaster Management</li> <li>Water Management</li> <li>Low Carbon State</li> <li>Waste Management</li> <li>Biodiversity and Natural Resources</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Alignment of Goals and Policies</li> <li>Managing Performance and Accountability</li> <li>Agile Public Workforce</li> <li>Revenue Sustainability</li> <li>Technological Transformation</li> </ul>

Source: Selangor State Government, MIDFR

**Aspirations from Rancangan Selangor 1 (RS-1) in Budget 2024.** With RS-1 in place since 2021, the state budget emulates the longer-term development targets and aspirations as outlined in 5-year framework. The State Budget 2024 highlight on 10 main shifts; (i) Artificial Intelligence (AI) and Drone Development, (ii) Digitalization of Government Services System, (iii) New Industrial Parks in northern, southern and central regions, (iv) Public Transportation, (v) Resilient Infrastructure with adaption to Climate Change Risks, (vi) Food Security, (vii) High-Performance Sport Industry, (viii) Main Malaysia's Tourism Spot, (ix) Exploring Halal Industry and (x) Entrepreneur Development & Creative Economy.

**Strategic approach.** The five-year RS-1 serves as the guiding beacon for Selangor's development in its vision to become a smart, liveable and prosperous state. Unlike most state or township development plans, the development of Selangor has to take on a more strategic approach, to ensure the sustainability and effectiveness of such initiatives. As explained by the YAB Menteri Besar, the challenge for Selangor is that it is a 70% brownfield instead of greenfield, the latter a situation which would allow new regional development areas to be set up from scratch. Therefore, in the case of the RS-1, the developments are broken down into sector-focussed and geographic-focussed.

**Table 2: Construction-related Developments in RS-1**

Plans	Timeline	Remarks
Carey Selangor	2025-2060	Dubbed one of the game-changing projects for Selangor, this is a proposed Special Economic Zone Development in Carey Island comprising 6,000ha focusing on manufacturing, seaport and logistics and distribution hub

Plans	Timeline	Remarks
<b>Westports 2 expansion</b>	<b>MOT expected to finalise concession in 2H23</b>	This is an expansion of the port infrastructure to double the current port capacity from 14m TEUs to 28m TEUs
<b>Pulau Indah Free Trade Zone</b>	<b>Not stated</b>	One-stop free trade zone for build, lease, maintain and transfer scheme
<b>Maritime and High-Tech Industry Parks</b>	<b>Not stated</b>	There are plans for developing industry Parks at Port Klang, Pulau Indah and Rantau Panjang
<b>Serendah Logistics Hub</b>	<b>Not stated</b>	The state plans to make Serendah a logistics hub, concurrent with the ECRL development which will pass through Serendah
<b>Selangor Maritime University</b>	<b>Not stated</b>	Establishment and development of a world-class maritime university
<b>Selangor International Aero Park (SAP)</b>	<b>2023-2033</b>	Another game changer project, this is a JV development between MBI Selangor and Selangor Aviation & Technology Innovation Sdn Bhd (SELATI) for the first aerospace park in Sepang
<b>Selangor Drone Centre of Excellence (SDEC)</b>	<b>Not stated</b>	SELATI has been mandated to develop the SDEC in Bestari Jaya, with 40km of testing space
<b>Bernam River Airfield</b>	<b>Not stated</b>	There is a proposed establishment of a small airfield in Bernam to cater for small and private jets
<b>Development of new water supply schemes and water treatment plants</b>	<b>Various</b>	These are the planned developments, construction and commissioning of seven new water supply schemes and water treatment plants to increase water capacity
<b>Integrated Development Region in South Selangor (IDRISS)</b>	<b>Ongoing (launched on March 15, 2023)</b>	This is an integrated private investment development in Sepang and Kuala Langat with a size of 40,000 acres and a GDV of RM1 trillion
<b>Sungai Rasau Water Supply Scheme</b>	<b>2022-2028</b>	The project is to identify new water sources to ensure that 8.4 million consumers continue to have access to clean water while also acting as a flood mitigation system. This plant will also increase the water reserve margin in Selangor by 10%. Our top construction pick <b>Gamuda (BUY, TP: RM5.38)</b> won one of the main packages last year, with a contract value of RM1.97b
<b>Pulau Indah Power Plant (PIPP)</b>	<b>2021-2024</b>	The RM3.3b PIPP is a 1,200 MW power plant featuring a natural gas-powered combined cycle gas turbine, being developed by PIPP Sdn Bhd, a consortium of Worldwide Holdings Bhd, which is wholly-owned by PKNS and Korea Electric Power Corporation (25%)
<b>Shah Alam Sports Complex Development</b>	<b>2022-2026</b>	The development of the Shah Alam Sports Complex will be undertaken by <b>MRCB (BUY, TP: RM0.42)</b> with an aim to make it a vibrant and sustainable stadium, fitted with the latest technological features

Source: Selangor State Government, MIDFR

**State Budget 2024 and RS-1 to boost Selangor's GDP growth above +4.5% in 2024.** Under the RS-1, the state government of Selangor predict average annual growth rate for the period of 2021-2025 is +6.5~7% per annum. The forecast rate is much higher than 12MP-MTR forecast rate of +4.7% for 2023-2025 and +6.2% for 2021-2025. With various



pro-growth initiatives, we are optimistic of the ability of the golden state of Selangor to expand beyond +4.5% in 2024. In addition, the RS-1 targets are crucial for the state as well as Malaysia due to the golden state economic size. The themes, strategies and targets will shape the new landscape for the state economy and expected to have a potential impact to Malaysia's macroeconomic performances and financial market.

**Table 3: List of Selangor Budget 2024 Initiatives/Incentives and Sectoral Impact**

Sector	Measures	Remarks
<b>Consumer</b>	<ul style="list-style-type: none"> <li>• RM1m for Selangor Jobs &amp; Skills Council</li> </ul>	<ul style="list-style-type: none"> <li>• This allocation aligns with the Federal Government's goal to create higher-paying jobs. Hence, we believe that retailers in Selangor are poised to benefit, fostering sustained consumer spending in the retail sector</li> </ul>
	<ul style="list-style-type: none"> <li>• RM40m to enhance food supply between 3-6 months</li> <li>• RM10m for development of "Klusterisasi Tanaman" and downstream products and the use of technology in agriculture industry</li> </ul>	<ul style="list-style-type: none"> <li>• This will enhance food security in Selangor while creating additional investment opportunities for local and foreign investors as well as employment opportunities within the agriculture industry.</li> </ul>
	<ul style="list-style-type: none"> <li>• Food Security Project under SABDA (Sabak Bernam Development Area) <ul style="list-style-type: none"> <li>◦ Development of downstream seafood &amp; agrofood products in Sungai Lang</li> <li>◦ Seafood Landing Complex in Sekinchan</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• This initiative aims to generate 3k jobs locally through fish farming and downstream seafood projects.</li> <li>• Additionally, it is expected to enhance eco-tourism in Sekinchan.</li> <li>• Overall, we believe that this will have a positive and sustainable impact on consumer spending in Selangor, ultimately boosting retail sales in the mid-to-long term.</li> </ul>
	<ul style="list-style-type: none"> <li>• RM3m for Advancing the Halal Industry</li> </ul>	<ul style="list-style-type: none"> <li>• This is to broaden the scope of coverage for the Halal Industry, including fashion, pharmaceuticals, cosmetics, and recreation, which in line with national goals.</li> <li>• Overall, we anticipate that this will create investment opportunities in Selangor and stimulate retail sales.</li> </ul>
	<ul style="list-style-type: none"> <li>◦ RM1m for "Roda Dahrul Ehsan (RiDE)"</li> </ul>	<ul style="list-style-type: none"> <li>• The government has extended EPF contribution and cash assistance coverage beyond p-hailing to include e-hailing.</li> <li>• We are positive about this initiative as it secures the retirement life of both p-hailing and e-hailing workers. This, in turn, will contribute to the sustainable demand for staple food and retail sales in Selangor.</li> </ul>
	<ul style="list-style-type: none"> <li>• RM1m for creative economy</li> </ul>	<ul style="list-style-type: none"> <li>• The government aims to support creative industries like design, fashion, art, and music in Selangor. This helps boost cultural value and tourism, making Selangor an attractive destination in Southeast Asia.</li> <li>• This will boost tourism in Selangor, leading to more spending on shopping and food. Note that, in 2019, tourists spent 33.6% on shopping and 13% on food and beverages in Malaysia.</li> </ul>
	<ul style="list-style-type: none"> <li>• RM0.5m for financial security (or safety net) for retirement</li> </ul>	<ul style="list-style-type: none"> <li>• The allocation does not specify the number of beneficiaries.</li> <li>• Nevertheless, we believe this will contribute to sustained consumer spending on staple foods, ensuring a steady demand for products like poultry and F&amp;B in Selangor ahead.</li> </ul>
<b>Property</b>	<ul style="list-style-type: none"> <li>• Rumah Selangorku to increase house ownership.</li> <li>• Target to build 200,000 affordable houses.</li> </ul>	<ul style="list-style-type: none"> <li>• The measures are neutral to listed property developers as most of the listed property developers are focused on private projects.</li> </ul>



Sector	Measures	Remarks
	<ul style="list-style-type: none"> <li>• Extending Skim Smart Sewa in 2024 and 2025.</li> <li>• Allocate RM18m to Tabung Pemulihan Projek Terbengkalai to revive abandoned housing projects.</li> <li>• Rumah Kerajaan Prihatin for B40</li> </ul>	<ul style="list-style-type: none"> <li>• The rent scheme is to help B40 and M40 who can't afford to buy house. We expect no significant impact from this measure to property companies.</li> <li>• The measure is expected to improve property market in Selangor in the longer term. Nevertheless, we see that to be neutral to property companies as most of the property companies are not involved in reviving abandoned housing projects.</li> <li>• The initiative is expected to help B40 to repair and refurbish their houses. Hence, this measure is not expected to impact property market in Malaysia.</li> </ul>
<b>Transport, Logistics &amp; Ports</b>	<ul style="list-style-type: none"> <li>• RM8m for Selangor Aviation Show</li> <li>• Selangor Aero Park (SAP) in IDRIS</li> <li>• RM5m for Smart Selangor Bus</li> </ul>	<ul style="list-style-type: none"> <li>• This provides a platform to promote the state's aviation capabilities, attracting potential investors and fostering industry growth. This could become a catalyst for infrastructure improvements as well as technological innovation. However, we expect this to not have a direct impact on the companies under our coverage.</li> <li>• Specific details are still limited, but we anticipate that it will not have an impact on the companies within our coverage as it appears to be more relevant to foreign industry players seeking to establish their APAC regional operations in Selangor.</li> <li>• This should improve public transportation, reduce congestion, and enhance connectivity. This funding should support modernization, efficient routes, and technology implementation for better scheduling and passenger experience.</li> </ul>
<b>Construction</b>	<ul style="list-style-type: none"> <li>• RM4.5b for the development of a Green Eco Park, to be carried out in four phases over 10 years, using private finance initiative (PFI)</li> <li>• RM300m via PFI by state-owned company to build a pipe network from Klang town to Pulau Indah</li> <li>• RM145m to implement road projects <ul style="list-style-type: none"> <li>◦ RM65m for flood mitigation, drainage and irrigation</li> </ul> </li> <li>• RM50m for Projek Turapan Mega</li> <li>• RM29.9m to build new roads</li> <li>• RM68.2m to upgrade roads and to solve congestion issue</li> <li>• RM26.5m for Program Bantuan Sekolah Negeri Selangor</li> </ul>	<ul style="list-style-type: none"> <li>• A development of a waste-to-energy park capable of incinerating 2,400 tons of waste per day and generating 130.5Mw of electricity</li> <li>• Project will be carried out by KDEB Waste Management Sdn Bhd, a company owned by MBI</li> <li>• This will be carried out through Air Selangor, which will ensure that areas such as Selangor Bio Bay and other industrial areas can operate at optimum capacities</li> <li>• This is to widen the road network in the state and to bridge the development gaps between districts</li> <li>• There are 103 programs comprising flood mitigation projects, developments of drainage systems, river basins, water and hydrology resources, environment-friendly drainage management and coastal development</li> <li>• This is to ensure that state roads are repaired and maintained according to increased usage</li> <li>• Upgrading road in Jalan Bukit Rimau, Klang</li> <li>• Upgrading Laluan B17 of Jalan Reko (Package 2)</li> <li>• Upgrading Jalan Negeri B148 Jalan Telok Gong</li> <li>• Upgrading road to SMK Tiram Jaya, Tanjung Karang</li> <li>• Upgrading Jalan B44, Jalan Sungai Panjang</li> <li>• The allocation is for schools to repair and rehabilitate their infrastructures</li> </ul>

Sector	Measures	Remarks
	<ul style="list-style-type: none"> <li>• RM18m allocation to Tabung Pemulihan Projek Terbengkalai (TEPAT)</li> <li>• To work closely with Federal Government to expedite flood mitigation projects in Selangor</li> <li>• To build 200,000 affordable homes in five years</li> <li>• Integrated Development Region in South Selangor (IDRISS), involving the Sepang and Kuala Langat districts</li> <li>• 10% from special finance reserve to repair infrastructure and public facilities</li> <li>• RM16.45m for non-physical works for road developments</li> <li>• RM12.6m to build bridges and flyovers</li> <li>• RM9b for projects to upgrade, repair and improve universities' infrastructures</li> </ul>	<ul style="list-style-type: none"> <li>• This is for the purpose of reviving abandoned housing projects</li> <li>• This is estimated to be RM3b, including the Phase 2 of Sungai Langat</li> <li>• This is the Kediaman Kita Selangor housing. The types and mechanisms will be announced later</li> <li>• 13 projects have been approved by the state government, with a total estimated development area of 17,398.56 acres</li> <li>• The expenditure will be focused on roads, transport stations, safety elements, sports facilities and drainage</li> <li>• RM5m to rehabilitate slopes throughout Selangor <ul style="list-style-type: none"> <li>• RM4.5m to upgrade roads</li> <li>• RM3.6m to fix lamp posts and traffic lights</li> <li>• RM2.25m to improve road safety aspects</li> <li>• RM500K for appointment of traffic study consultants</li> </ul> </li> <li>• To build bridge in Kampung Sungai Buah, Sepang</li> <li>• To build bridge across Sungai Serigala, Laluan B44 Jalan Hulu Bernam</li> <li>• Upgrading bridge at Jalan Ara, Bagan Pasir in Tanjung Karang</li> <li>• This allocation is for Universiti Selangor (UNISEL), Universiti Islam Selangor (UIS) and Selangor Technical Skills Development Centre (STDC)</li> </ul>
	<ul style="list-style-type: none"> <li>• RM4m to repair and maintain public facilities and roads in rural areas</li> <li>• RM1.5m for Tabung Khas Pemulihan Bencana Infrastruktur Sekolah Negeri Selangor</li> <li>• To play active role in Carey Island Port development</li> <li>• New industrial zones with the concept of Managed Industrial Park (MIP)</li> <li>• RM3m for feasibility studies to develop new rail network - Jajaran Rel Kita Selangor</li> <li>• RM3m for pedestrian walkway from Bangunan Sultan Salahuddin Abdul Aziz Shah to Shah Alam city centre</li> </ul>	<ul style="list-style-type: none"> <li>• This includes road-tarring, adding solar-powered lamp posts and pilot projects for solar panels for electricity supply in rural areas</li> <li>• This is to repair school infrastructures that were affected by natural disasters</li> <li>• The state aims to be more involved through its companies and not limited to only land management, opining that the development is no longer a choice but a need to ensure that port management capacities can be improved and to make Malaysia and Selangor as the main port in Southeast Asia</li> <li>• Six proposals for industrial zone developments has been recognised as MIPs by the state government with a total of 3,383.85 acres – one in Kuala Langat, two in Gombak and one in Klang</li> <li>• The state plans to develop a rail network from Klang to Kuala Selangor, Tanjong Karang and Sabak Bernam and to explore the potential of an existing alignment that has yet to be built from Kuang to Kuala Selangor</li> <li>• The walkway planned will also be fitted with rooftop solar panels</li> <li>• More similar walkways will be built statewide once the state government identifies suitable and optimum locations</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>• Allocation of RM59.7m for the implementation of public health programme and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Selangor had established itself as a major hub for public and private healthcare services.</li> <li>• With the increase in non-communicable disease (NCDs) among the Malaysian population is in line with the increase in aging population, hence we believe this allocation is</li> </ul>

Sector	Measures	Remarks
		<p>fair for this sector to continue providing proper and functioning healthcare services for the B40 and M40 group.</p>
	<ul style="list-style-type: none"> <li>• Iltizam Selangor Sihat Programme (ISS) <ul style="list-style-type: none"> <li>○ Annual allocation of RM35m to benefit 100,000 primary policy holders and 150,000 registered family members</li> <li>○ Eligibility for basic treatment and vaccination amounting to RM500 per year (family) and RM250 (individual) at panel clinics</li> <li>○ Up to RM10,000 per year for hospitalization</li> <li>○ Critical illness compensation of RM5,000</li> <li>○ Natural death compensation of RM5,000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• This programme will benefit the B40, and to an extent, the M40 group.</li> <li>• Allocation for vaccination and basic treatment would also lessen mortality rate among infants and children, especially from poor families and to an extent, the B40 group.</li> <li>• The registration and screening process of the eligibility of the scheme had not been disclosed.</li> </ul>
	<ul style="list-style-type: none"> <li>• Allocation for Bantuan Sihat Selangor amounting to RM5m</li> <li>• Coverage for comorbid disease treatments of RM5,000 (including minor surgery, cancer, transportation and equipment)</li> </ul>	<ul style="list-style-type: none"> <li>• Treatments for certain diseases - in particular, kidney diseases and cancer - are one of the most expensive and least affordable. With such initiative by Selangor, the financial burden for the individuals under this scheme could be lightened.</li> </ul>
	<ul style="list-style-type: none"> <li>• Continuation of Selangor State Heart Disease Treatment Scheme for heart treatments of up to RM50,000 for qualified individuals</li> <li>• Total allocation for the scheme amounting to RM5m</li> </ul>	<ul style="list-style-type: none"> <li>• This scheme is crucial to assist the B40 and M40 for heart disease treatment and surgery, especially when heart disease is one of the major causes of death in Malaysia for the past two decades.</li> <li>• The type of treatment and the screening of qualified individuals are not disclosed.</li> </ul>
	<ul style="list-style-type: none"> <li>• Iltizam Selangor Civil Servant Healthcare Programme (ISSPA) with allocation of RM1.5m</li> </ul>	<ul style="list-style-type: none"> <li>• This will benefit civil servants Grade 44 and below serving in the Selangor State Government Secretary Administration, including staff members.</li> <li>• The healthcare benefits are similar to that of ISS.</li> </ul>
	<ul style="list-style-type: none"> <li>• Continuation of the Selangor Healthcare Screening and Cancer Screening Programme with estimated total cost of RM3.2m <ul style="list-style-type: none"> <li>○ The Healthcare Screening covers non-infectious diseases (heart disease, kidney disease, diabetes, high blood pressure, eye health)</li> <li>○ The Cancer Screening covers breast, cervical, colorectal and prostate cancers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• This will assist the B40 and M40 groups, especially in increasing their awareness of such a need to screen for common comorbid diseases and cancer.</li> <li>• While the allocation doesn't indicate awareness programmed, it is crucial to increase the drive for more screening among the population, especially on cancer. Hence, we believe the allocation is fair.</li> </ul>
	<ul style="list-style-type: none"> <li>• Care Economy <ul style="list-style-type: none"> <li>○ Includes special care children, the elderly and disabled (OKU)</li> <li>○ Selangor Economic Policy for Holistic Care with allocation of RM1m for the preparation, establishment and implementation of policies under the Care Economy</li> <li>○ Welfare for OKU with allocation of RM250,000 on top of the</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Care Economy programme is heavily on the socio-economic part of hospice care and the welfare for the disabled.</li> <li>• However, under this programme, the allocation for the policy making of holistic and hospice care for the elderly and disabled would include healthcare services, equipment and medication.</li> <li>• We believe part of the allocation for the welfare of OKU would include medical and healthcare assistance.</li> </ul>

Sector	Measures	Remarks
	development of the Disabled-Friendly Action Plan 2024-2026	
<b>Plantation</b>	<ul style="list-style-type: none"> <li>• RM40m for "Food Security"</li> </ul>	<ul style="list-style-type: none"> <li>• These measures will provide continuous support in the form of financial assistance as well as technological uptake for the agriculture and fisheries sectors. We believe this measure will help paddy farmers to have better control over its businesses OPEX and gain better margins.</li> <li>• As previously stated, the state government is supporting the growth of SMART SBB projects through FGVI's Fortified Field Fragrant Rice (3FR) because of its ability to harvest 8-10 tons of rice/ha every season. We predict that more contract farmers will join, increasing the fragrant paddy cultivation potential to 1,000-2,000 ha.</li> </ul>

Source: Selangor State Government, MIDFR

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## MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative news flow.

### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology