

APPLICATION OF A MANUFACTURING LICENCE IN MALAYSIA: A PRACTICAL GUIDE FOR BUSINESSES

Manufacturing Activities under the Industrial Coordination Act 1975

In Malaysia, manufacturing activities are regulated by the Industrial Coordination Act 1975 ("**ICA 1975**"). The ICA 1975 defines a "manufacturing activity" as the making, altering, blending, ornamenting, finishing, or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal. This definition also includes assembling parts and ship repairing but specifically excludes typical retail or wholesale activities.[1]

Under the ICA 1975, no person can carry out manufacturing activities in Malaysia without first obtaining a manufacturing licence in respect of such manufacturing activity[2] and such application of manufacturing licence is guided by the Guideline on the Application for Manufacturing Licence issued by MIDA on 6 June 2024[3] ("**MIDA Guideline**"). Under the MIDA Guideline, company engaging in the following activities are exempted from requiring a manufacturing licence:

1. milling of oil palm fresh fruit bunches into crude palm oil;
2. production and processing of raw natural rubber, including latex, skim, sheets, scrap, technically specified rubbers, non-standard and modified rubber or any other unvulcanised form of natural rubber prepared by any patented or technically specified procedure; and
3. milling of paddy into rice.

Since the definition of the manufacturing activity under the ICA 1975 is very broad and has to be read together with the MIDA Guideline, it is advisable that business operators review their specific operations against the legal definitions and seek clarification from MIDA or legal professionals to determine whether their business operation is considered as "manufacturing activity" and fall within the purview of the ICA 1975.

Application for a Manufacturing Licence

According to the MIDA Guideline, only a manufacturing company that has shareholders' funds of RM2.5 million and above **or** employs 75 or more full-time paid employees ("Threshold") is required to apply for a manufacturing licence from MIDA. During the application process, the company also has to demonstrate whether it fulfils the following eligibility criteria:

1. total full-time workforce of the company comprises of at least 80% Malaysians;
2. at least 25% of the company's full-time workforce are managerial, technical, and supervisory (MTS) staff with degree and/or diploma/certificate or product's value added is at least 40%;
3. Project's Capital Investment Per Employee (CIPE) of at least RM140,000.00; and
4. the project must be consistent with the national economic and social objectives and promotes an orderly development of manufacturing activities in Malaysia.[4]

If the manufacturing company does not meet any of the eligibility criteria above, the company may still need to apply for the manufacturing licence solely based on the reason of it having met the Threshold subject to consultation with MIDA at that point of time.

Any party that engages in any manufacturing activity without a manufacturing licence will be guilty of an offence and is liable on conviction to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000.00 for every day during which such default continues[5].

Types of Manufacturing Licence Applications

MIDA classifies manufacturing licence application into four main categories which are new application, diversification, expansion and regularisation which are summarised as follows:

1. New Application

A new application is required when a company plans to undertake manufacturing activities for the first time and meets the licensing Threshold. This is the entry point into the manufacturing licensing regime. Companies must submit a complete application to MIDA before starting operations.

2. Diversification

This category applies only to companies that already hold a valid manufacturing licence and intend to manufacture a new and different product that falls outside the scope of their existing approved activities.

The proposed new product line must be sufficiently distinct—such as shifting from manufacturing medical devices to automotive components. For diversification, the new activity shall comply with industrial policies and shall not conflict with the terms of the existing manufacturing licence, amongst others. Approval is required before the company begins production of the new product.

3. Expansion

Expansion applications are also limited to existing manufacturing licence holders. A company must apply under this category if it proposes to undertake an expansion of production capacity of its approved products.

4. Regularisation

This application is relevant to existing manufacturing companies that have already commenced operations and have since met the licencing Threshold but did not obtain a manufacturing licence as required under the ICA 1975. The regularisation process allows such companies to bring their operations into legal compliance by formally applying for a manufacturing licence through MIDA.

Application Process

All applications for a manufacturing licence in Malaysia must be submitted online via the MIDA InvestMalaysia portal. The process is very detail and involves many key steps, from continuous consultation with MIDA, company registration to document submission and follow-ups. Below is a general guide to navigate the process:

1. Registering the Company on the InvestMalaysia Portal

Before applying for a manufacturing licence, companies must first register on the InvestMalaysia portal operated by MIDA. This registration is essential to gain access to the online application system.

2. Apply for a Digital Certificate

Prior to submitting the application, companies are required to obtain a digital certificate via POS Digicert. This digital certificate must be registered under the name of the company's authorised representative (usually at the managerial level or higher). The certificate is required to authenticate and digitally sign the application during the submission process.

3. Preparing and Submitting the Application

After registration and digital certificate setup, the company can proceed to fill in and

submit the manufacturing licence application form on the portal. The information and supporting documents required may vary depending on the type of application and the information is only available once the company has access to the form in the portal. It is best that MIDA is consulted before the commencement and throughout the application process given the many categories and various types of documents.

4. Initial Review by MIDA

Once the application is submitted, MIDA will conduct a preliminary review. During this stage, MIDA may request additional clarification or documents and may conduct a site visit at the premise.

5. Final Submission and Approval

To obtain the final manufacturing licence, the company must submit all requested documents within the timeframe specified by MIDA.

MIDA will then conduct a final review of the complete submission. If everything is found to be in order, the company will receive its official manufacturing licence.

6. Timeline

The entire process from initial submission to final approval typically takes approximately 3 to 5 months, depending on the completeness of the application and the responsiveness of the applicant in providing the required documents and clarifications.

How Can We Help?

Navigating the manufacturing licence application process can be challenging, particularly for first-time applicants or companies unfamiliar with the regulatory landscape in Malaysia. Each stage, from registration to final approval, requires careful attention to detail and a clear understanding of MIDA's expectations.

At our Firm, we offer end-to-end support to help you manage this process with confidence and efficiency. Whether you're establishing a new manufacturing operation, expanding your current facilities, or seeking to regularise existing activities, we provide:

1. Guidance on regulatory and legal requirements
2. Assistance with preparing and submitting your application
3. Ongoing liaison with MIDA and any other relevant authorities

With our experience, we are well-positioned to help you obtain the necessary approvals while avoiding common pitfalls.

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1. Industrial Coordination Act 1975, s 2.
 2. Industrial Coordination Act 1975, s 3(1).
 3. MIDA, 'Guideline on Application for Manufacturing Licence (ML)' (2024) <https://www.mida.gov.my/wp-content/uploads/2024/06/GD_ML_06062024.pdf> accessed 21 August 2025.
 4. Ibid, 3.
 5. Industrial Coordination Act 1975, s 3(2).

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