

NATIONAL INVESTMENT SEMINAR 2018

“MIDF FINANCING SCHEMES”

30th October 2018



MIDF began as Malaysia's premier industrial development finance institution with its incorporation on 30 Mac 1960. The primary objective for its formation was to promote the development of the nation's industrial sector through the provision of financing for manufacturing-based small and medium enterprises.

In keeping with the economic development of Malaysia, over the years MIDF has evolved into a well-diversified conglomerate with strong focus in Investment Banking, Development Finance, Asset Management and Mezzanine Financing.

Development Finance, Asset Management and Mezzanine Financing into a well-diversified conglomerate with strong focus in investment banking, in keeping with the economic development of Malaysia, over the years MIDF has evolved

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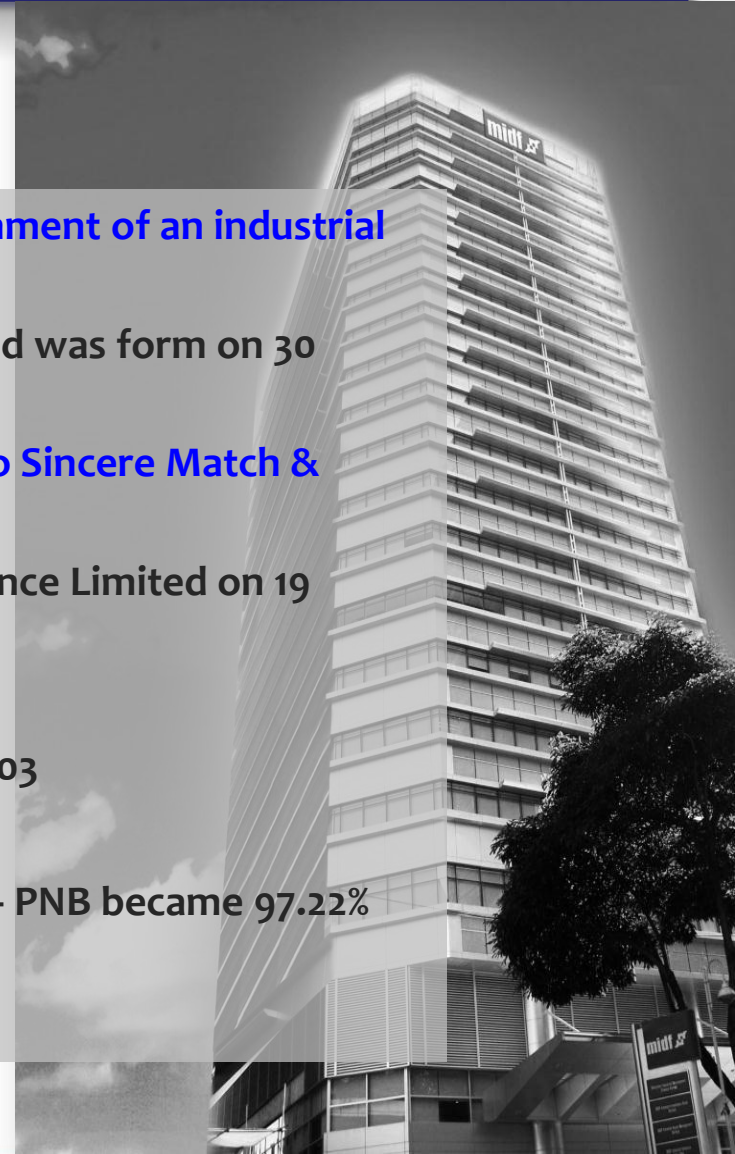
5.0 Where Are We

1.1 The Past & Present

- Established on 30 March 1960 as the premier Industrial Development Finance Institution
- Primary objective – to promote the development of the nation's industrial sector through the provision of financing for manufacturing-based small and medium enterprises
- Evolves over the years into a well-diversified Group – a financial services provider in three core businesses namely Investment Banking, Development Finance and Asset Management.

1.2 Major Milestones

- In 1955, the World Bank recommended establishment of an industrial credit institution
- Malayan Industrial Development Finance Limited was form on 30 March 1960
- First loan was approved on 17 November 1960 to Sincere Match & Tobacco Factory Sdn. Bhd.
- Became Malaysian Industrial Development Finance Limited on 19 February 1964
- Listed on Main Board of KLSE on 31 March 1996
- Acquired Amanah Capital Partners Berhad in 2003
- Re-brand in February 2007
- De-listed from Bursa Malaysia in October 2007 – PNB became 97.22% shareholder
- Fully privatised on 21 February 2008



1.3 Customer-centric Financial Services Group

Cradle to maturity – supporting you at each stage

Investment Banking



*A Premium, Niche & Profitable
Boutique Investment Bank*

- Commenced operations – 3 January 2007
- Comprehensive range of investment banking related activities
- Focus on GLCs, Mid Tier and Small Caps
- Products & Services focus : Institutional Equity Broking, Equity & Debt Raising, Corporate Advisory, Treasury, Equity Underwriting / Distribution

Development Finance



*We Assist Our Clients To Lower Their
Cost Of Doing Business*

- Provides fixed rate financing for project, machinery, factory mortgage, working capital, industrial hire purchase, revolving credit, factoring
- Important conduit to disburse Government development funds under various soft loan schemes

Asset Management



*Comprehensive Fund Management
Service Provider*

- One of Malaysia's leading asset management company
- Investment mandates cover equity, fixed income and balanced portfolios
- Ability to manage portfolios based on specific requirements such as Shariah, ethical and trustee

Mezzanine Financing



*An Ethical Real Estate
Financing Solution*

- Provides financing solution to property development
- Based on Shariah compliant solution
- Sharing of risk with developers

2.1 Our Roles - Integral Part of MITI since inception

MIDF collaborates with MITI and its agencies to assist in restructuring the economic for specific sectors / industries targeted by the Government



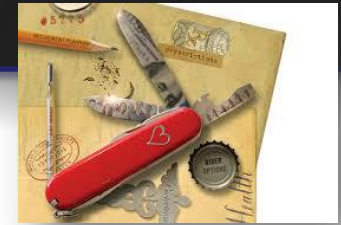
**Development
Finance**





2.2 Our Financial Products

| No | Products | Features |
|----|---|---|
| 1 | Factory Mortgage Financing <i>Term Financing-i</i> | <ul style="list-style-type: none"> ✓ Maximum 90% margin of the total cost of factory, land and buildings ✓ Financing tenure up to 25 years |
| 2 | Machinery Financing <i>Term Financing-i</i> | <ul style="list-style-type: none"> ✓ Maximum 90% margin of cost of new machinery ✓ Maximum 65% margin of cost of reconditioned / used machinery ✓ Financing tenure up to 7 years ✓ For <i>SFSAM-i</i> up to 10 years (including 3 years grace period) |
| 3 | Industrial Hire Purchase <i>Al-Ijarah Thumma Al-Bai (AITAB)</i> Leasing <i>Al-Ijarah (Leasing-i)</i> | <ul style="list-style-type: none"> ✓ Maximum 90% margin of cost of new machinery / equipment / motor vehicles ✓ Maximum 65% margin of cost of reconditioned / used machinery, equipment, motor vehicles ✓ Financing tenure up to 7 years ✓ For <i>SFSAM-i</i> up to 10 years (including 3 years grace period) |



2.2 Our Financial Products ... continue

| No | Products | Features |
|----|---|---|
| 5 | Sales Revolving Credit <i>Tawaruq</i> | <ul style="list-style-type: none"> ✓ Maximum 90% financing of sales invoice value ✓ Up to 90 days with an option to extend another 60 days |
| 6 | Purchase Revolving Credit <i>Tawaruq</i> | <ul style="list-style-type: none"> ✓ 100% financing of raw material supplier's invoice ✓ Up to 90 days with an option to extend another 60 days |
| 7 | Factoring <i>Bai Al-Dayn</i> | <ul style="list-style-type: none"> ✓ Maximum 80% financing of sales invoice value ✓ Up to 180 days |



2.3 Scheme Funds



- Soft Financing Scheme for Small & Medium Enterprises (SFSME-i)
- **Soft Financing Scheme for Automation & Modernisation (SFSAM-i)**
- Soft Financing Scheme for Services Sector (SFSSS-i)
- Soft Financing Scheme for Services Capacity Development (SFSCD-i)
- Soft Financing Scheme for Services Exports (SFSSE-i)
- SME Emergency Fund (SMEEF-i)
- Biotech 2.0 (Non-scheme Fund)



2.3.1 Soft Financing Scheme for Small and Medium Enterprises (SFSME-i)

- ✓ To promote the development of SMEs
- ✓ To assist existing & newly established enterprises in project, fixed assets and working capital financing.

| Amount | Rate |
|--|------|
| <ul style="list-style-type: none">• Project: Maximum RM5.0 million• Fixed Assets: Maximum RM5.0 million• Working Capital: Maximum RM3.0 million• IT Hardware / Software: Maximum RM 0.5 million | 4% |

Eligible sector: Manufacturing, manufacturing related services and services (excluding insurance and financial services)

Fund provider:





2.3.2 Soft Financing Scheme for Automation and Modernisation (SFSAM-i)

- ✓ To assist manufacturing companies to automate and modernise processes
- ✓ To minimise dependence on labor and upgrade production capability and capacity

| Amount | Rate |
|---|-----------------|
| <ul style="list-style-type: none">Maximum RM 20.0 million per each application | 4% for SMEs |
| Eligible sector: Manufacturing | 5% for non-SMEs |

Fund provider:



Term financing for
Industrial land &
building/factory/commerci
al property/ shop-lot

Term financing for Machinery/
Equipment / Commercial
Vehicles including:

- i. Legal fees for financing legal documentation prepared for financing facilities provided by MIDF excluding stamping fees, disbursement fees, adjudication fees and others costs. (Applicable to SMEs only)
- i. consultancy fees for projects undertaken by companies for the purpose of business operations related to automation (reimbursable upon automation & modernization being undertaken within the specified time-from the report of the agreement date) – Applicable to SMEs only

Term financing for IT
equipment/ Hardware/
software

Term Financing (for
purchase of Stock &
Consumables)

Purchase Revolving
Credit & Sales
Revolving Credit

Factoring Facility

Financing Features

| Type of financing | Margin of financing | Financing tenure |
|--|---------------------|---|
| Industrial Land & Building/ Factory/ Commercial Property/ Shop-lot | Up to 90% | Up to 25 years including grace period up to 2 years. |
| Machinery/ Equipment/Commercial Vehicles | Up to 90% | Up to 10 years (including 3 years grace period) |
| IT Equipment / Hardware / Software | Up to 90% | Up to 4 years including grace period up to 1 year. |
| Purchase Revolving Credit & Sales Revolving Credit | Up to 100% | Up to 150 days for each drawdown including an option to rollover for a period not exceeding 60 days for eligible borrowers. |
| Factoring Facility | Up to 80% | Up to 180 days for each drawdown. (Eligible for vendors/suppliers of goods and services to the government and government linked companies) |
| Term Financing (for purchase of Stock & Consumables) | Up to 90% | Up to 3 years including grace period up to 6 months |



2.3.3 Soft Financing Scheme for Services Sectors (SFSSS-i)

- ✓ To assist companies and enterprises in services sectors expanding their services into higher value-added activities
- ✓ To improve productivity and efficiency in service delivery
- ✓ To provide financing assistance to new start-up companies / enterprises for the creation of new services entrepreneurs

| Amount | Rate |
|--------------------------|--------------------------------|
| • Maximum RM 5.0 million | 4% for SMEs 5% for non-SMEs |

Eligible sector: Services (excluding insurance, financial services, utilities and construction)

Fund provider:



Development Finance

There are 4 types of financing under the new SFSSS-i as follows:

- 1) Term Financing-i for ICT Hardware/software – up to RM1.0mil limit;
- 2) Term Financing-i for Machinery/ Equipment/ Motor Vehicle – up to RM5.0mil;
- 3) Revolving Credit-i Purchase & Sales - Minimum RM100,000 and up to maximum of RM3.0 million (sharing limit basis with TF-i Advertising & Promotion Cost);
- 4) Working Capital Term Financing-i for Advertising & Promotion cost – Minimum RM100,000 and up to maximum RM500K (sharing limit basis with Purchase & Sales Revolving Credit)

A guarantee cover of up to 70% from Syarikat Jaminan Pembiayaan Perniagaan Bhd (SJPP) can be considered. The terms and conditions are attached for your kind attention. Guarantee fee of 1% or minimum RM1,000/-



2.3.4 Soft Financing Scheme for Services Capacity Development (SFSCD-i)

- ✓ To provide financial assistance to local services providers to withstand competition due to liberalisation and strengthen their internal competitiveness

| Amount | Rate |
|--------------------------|--------------------------------|
| • Maximum RM 5.0 million | 4% for SMEs 5% for non-SMEs |

Eligible sector: Services (excluding insurance, financial services, utilities and construction)

Fund provider:





2.3.5 Soft Financing Scheme for Services Exports (SFSSE-i)

- ✓ To provide assistance to Malaysian Service Providers to undertake activities to expand and venture into international markets

| Amount | Rate |
|--------------------------|------|
| • Maximum RM 5.0 million | 2% |

Eligible sector: Services (excluding financial and tourism)

Fund provider:



The eligible items that can be financed under this scheme are:

- i. Costs for preparation of project proposals for overseas projects (up to RM2.0mil);*
- ii. Expenses related to raising bank guarantee or performance bond to execute overseas project (Up to RM5.0mil);*
- ii. Collateral in issuance of bank guarantee or performance bond (up to RM5.0mil);*
- ii. Eligible expenses for setting up office overseas (up to RM150,000/-) -Company which has been approved 50% grant on eligible expenses for setting up office overseas for the initial twelve (12) months under SEF grant is eligible for the remaining 50% under soft loan. & granted;*
- ii. Mobilization costs (up to RM5.0mil).*



2.3.6 SME Emergency Fund (SMEEF)-i

- ✓ To assist SMEs affected by natural disasters to revive their operations

| Amount | Rate |
|---|------|
| <ul style="list-style-type: none">• Maximum RM 100.0 thousand | 3% |

Eligible sector: All economic sectors

Fund provider:





2.3.7 Biotechnology Commercialisation Fund (BCF2.0)

- ✓ To assist Bio-based companies by addressing their financing needs of SME and matured bio-based companies
- ✓ To support and accelerate commercialisation activities in the bio-based and bio-technology industry

| Amount | Rate |
|--|---------------------|
| <ul style="list-style-type: none">• Maximum RM 2.7 million per applicant | 5% (yearly rest) |

Eligible sector: All bio-based technology sectors

Fund provider:





2.4 Overview Financing Solutions

| Product | Features | Amount | Rate |
|---------|---|---|-------------------------------------|
| SFSME-i | <p>Development of SMEs. Finances project, fixed assets & working capital</p> <p><u>Sector:</u> Manufacturing, Manufacturing-related services and Services (excluding insurance and financial services)</p> | <ul style="list-style-type: none"> • Project: Maximum RM5.0 million • Fixed Assets: Maximum RM5.0 million • Working Capital: Maximum RM3.0 million • IT Hardware / Software: Maximum RM 0.5 million | 4% |
| SFSAM-i | <p>Automation and modernisation of manufacturing processes. Upgrading production capability and capacity. Diversification into high-value added activities, development and production and acquisition of fixed assets and tooling.</p> <p><u>Sector:</u> Manufacturing</p> | Maximum RM20.0 million | <p>4% (SME)</p> <p>5% (Non-SME)</p> |
| SFSSS-i | <p>Expansion of companies and enterprises in services sectors into higher value-added activities. Improvement in productivity and efficiency in service delivery</p> <p><u>Sector:</u> Services (excluding insurance, financial, utilities and construction)</p> | Maximum RM5.0 million | <p>4% (SME)</p> <p>5% (Non-SME)</p> |



2.4 Overview Financing Solutions ... continue

| Product | Features | Amount | Rate |
|------------------------|---|--------------------------|------------------------------|
| SFSCD-i | Financial assistance to withstand competition due to liberalisation and strengthen competitiveness <u>Sector</u> : Services (excluding insurance, financial, utilities and construction) | Maximum RM5.0 million | 4% (SME) 5% (Non-SME) |
| SFSSE-i | Expansion and venture into international markets by Malaysian Service Providers <u>Sector</u> : Services (excluding financial and tourism) | Maximum RM5.0 million | 2% |
| SMEEF-i | Financing assistance affected by natural disasters – flood, landslide, storm, drought, etc. <u>Sector</u> : All economic sectors | Maximum RM100.0 thousand | 3% |
| NON-SCHEME FUND | | | |
| BCF2.0 | Commercialisation activities in the bio-based and bio-technology industry: <u>Sector</u> : Bio-based and biotechnology industry | Maximum RM2.7 million | 5% |



2.5 Eligibility

| No. | Criteria | SFSME-i | SFSAM-i | SFSSS-i | SFSCD-i | SFSSE-i | SMEEF |
|-----|--|---------|---------|---------|---------|---------|-------|
| 1 | Companies Incorporated under Companies Act 1965, OR | ✓ | ✓ | ✓ | ✓ | | ✓ |
| 2 | Businesses registered with ROB | ✓ | | ✓ | ✓ | | ✓ |
| 3 | Professionals registered under the Certificate of Practice by Professional Regulatory Bodies | ✓ | | ✓ | | | |
| 4 | 60% Malaysian Equity | ✓ | ✓* | ✓ | ✓ | | ✓ |
| 5 | Valid premises / business license | ✓ | ✓ | ✓ | ✓ | | ✓ |
| 6 | SME only | ✓ | | | | | ✓ |
| 7 | SME and Non-SME | | ✓ | ✓ | ✓ | | |

* 51% Malaysian Equity

- To assist SMEs companies in all sectors to gain access to financing from participating Financial Institutions (Fis)
- To assist SME customer without sufficient collateral
 - ❖ The facility is to be used for working capital as well as for capital expense (CAPEX). The facility cannot be used to refinance existing facility granted by the same or other participating Fis.

SYARIKAT JAMINAN PEMBIAYAAN PERNIAGAAN BERHAD (SJPP)

| | |
|--------------------|---|
| Eligibility | <ul style="list-style-type: none">- Companies incorporated under Companies Act 1965/ Companies Act 2016- At least 51% shares held by Malaysian- Shareholders' fund below RM20.0 million |
| Guarantee coverage | 70% of the financing amount |
| Guarantee fee | 1.0% per annum payable upfront |
| Financing Limit | Minimum: RM100,000.00 only Maximum: RM5.0 million only |

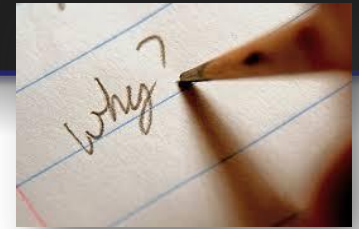
Automation Process Guarantee Scheme

Services Sector Guarantee Scheme

Working Capital Guarantee Scheme-Extension

Working Capital Guarantee Scheme Start Up

Intellectual Property Guarantee Scheme



Lowest Rates



Great Savings on
cost of borrowing



Fixed Rates



High margin of financing



No volatility on financial
commitment



Longer Grace Period



Available for
start-up companies





- 1 5 years audited accounts / P&L and Balance Sheet for sole proprietorship / partnership / enterprise
- 2 Latest management account together with trade debtors and creditors aging list
- 3 Valid business / premises licenses
- 4 Latest 6 months bank statements
- 5 Certified True Copy – M&A, Form 24, 44, 32A and 49 and SSM – Form D & E for sole proprietorship & partnership
- 6 Company Profile
- 7 Quotations – machinery & equipment



Eastern Region
Kota Bharu, Kelantan



Sabah Region
Kota Kinabalu, Sabah



Northern Region
Penang



Central Region
Kuala Lumpur



Sarawak Region
Kuching, Sarawak



Southern Region
Johor Bahru, Johor



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MIDF Group



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Southern Region
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Lot 15-6, Tingkat 15
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End

THANK YOU

