

CHAPTER 6: FINANCIAL ASSISTANCE

1. FINANCIAL ASSISTANCE FOR SMALL AND MEDIUM ENTERPRISES (SMES)

The Government provides an enabling environment for the growth and development of globally competitive and resilient SMEs. Initiatives and programmes by the Government are directed toward addressing constraints and enhancing capabilities of SMEs in areas such as financial accessibility, advisory services, marketing, technology and ICT.

Financial assistance in the form of grants and soft loans is provided by the Ministry of International Trade and Industry (MITI) and its agencies. Apart from the Government, funds are also channelled through commercial financial institutions.

Agencies that are responsible for the administration of these financial assistance schemes are as follows:

1.1 SME Corporation Malaysia

Business Accelerator Programme 2.0 (BAP 2.0)

BAP 2.0 is an initiative that supports SMEs and microenterprises (MEs) to develop and accelerate their businesses by providing integrated assistance which cover company's assessment, business advisory, improvement activities and financial assistance to assist the company to improve business performance.

These programmes take an integrated approach through the following four (4) components:

- Assessment on the company to identify business performance and requirements;
- Capacity building or skills enhancement to cover entrepreneurship training, awareness on branding and certification etc.;
- Business advisory services by Business Counsellors; and
- Advisory services for access to financing from various financial institutions.

There are two types of financing available under BAP 2.0 which are matching grant and also soft loan. Since its inception in 2016, as at 31 December 2018, a total of 1,793 companies received approvals for BAP 2.0 with financial assistance amounting to RM321.3 million. Currently, loan applications under BAP 2.0 can be submitted directly to SME Bank.

However, new application for matching grant under this programme is temporarily suspended until further notice.

For enquiry on BAP 2.0, please contact:

SME Corporation Malaysia

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1.2 Malaysian Industrial Development Finance Berhad (MIDF)

Soft Loan Scheme for Services Capacity Development (SLSCD)

The SLSCD was launched in April 2009 to assist companies and enterprises to undertake upgrading and modernisation for diversifying into higher value-added activities and improving the productivity and efficiency of service delivery. It addresses the impact of liberalisation on local services providers by providing financial assistance to the services sectors to build up its capacity in order to withstand competition due to the opening up of markets as well as to strengthen international competitiveness.

Eligible Sectors:

- All Services sector (excluding financial, insurance, utilities and construction sectors)

Eligibility:

- Companies registered under the Companies Act 1965, Companies Act 2016 or enterprises registered under the Registration of Business Ordinance 1956 or professionals registered under the Certificate of Practice by Professional Regulatory Bodies;
- At least 60% equity held by Malaysians;
- Possesses a valid premises licence;
- In operation for at least two (2) years; and
- Annual turnover exceeding RM200,000 and full-time employees exceeding 5.

Eligible Items:

Expenditures to be incurred for upgrading and modernization including the purchase of the following:

- Equipment
- Hardware and software as well as related development costs for the purposes of diversifying into higher value added activities and improving productivity and efficiency of service delivery.

Financing Amount:

- Minimum: RM50,000
- Maximum: RM5.0 million per application

Percentage of Financing:

- Up to 90% of the expenditure

Tenure:

- Up to a maximum of seven (7) years including a grace period of up to 24 months

Interest Rate:

- 4% per annum on yearly rest (for Small and Medium Enterprises)
- 5% per annum on yearly rest (for Non-Small and Medium Enterprises)

Definition of SMEs in Services Sector as Endorsed by National SME Development Council (NSDC): Sales turnover not exceeding RM20 million or full-time employees not exceeding 75 workers

Applications should be submitted to MIDF.

Soft Loan Scheme for Services Sector (SLSSS)

- New start-up companies / enterprises – creation of new services entrepreneurs.
- Expansion/upgrading/modernization/diversification for existing services providers into higher value-added activities and improving productivity and efficiency in service delivery.

Eligible Sector:

- All Services sector (excluding financial, insurance, utilities and construction sectors)

Eligibility:

- Companies incorporated under the Companies Act 1965, Companies Act 2016 or enterprises registered under the registration of Businesses Ordinance 1956 or services providers registered under the Certificate of Practice by any Professional Regulatory Bodies;
- At least 60% equity held by Malaysians; and,
- Possesses a valid premises licence.

Sectors:

- Services (excluding financial, insurance, utilities and construction sectors).

Eligible Items:

- Fixed Assets
 - Land & buildings / ready-built premises (including renovation).
 - Machinery / equipment / motor vehicles / hardware & software and other fixed assets.
- Working Capital
 - Working capital such as for purchases of raw materials and consumables and receivables financing
 - Working capital for advertising and promotional costs such as media advertising, e-commerce website development and printing of promotional materials.

Financing Amount:

- Minimum: RM100,000
- Maximum: RM5 million

Percentage of Financing:

- Fixed Assets
 - Land & buildings - up to 100% of the costs of land / building construction / ready-built premises and renovation.
 - Machinery / equipment / motor vehicles / hardware & software and other fixed assets - up to 80% of the costs of new fixed assets.
 - Machinery / equipment / motor vehicles which are not more than 5 years old-up to 60% of the costs of used/reconditioned fixed assets.

- Working Capital
 - Up to 100% for Purchase Revolving Credit
 - Up to 80% for Sales Revolving Credit

- Term Loan Working Capital
 - Up to 50% of advertising and promotional costs.

Tenure:

- Land & Buildings – up to 15 years including grace period of up to 2 years.
- Machinery / Equipment / Motor Vehicles / Other Fixed Assets – up to 6 years including grace period of up to 1 year.
- Hardware & Software – up to 4 years including grace period of up to 1 year.
- Working Capital
 - Sales Revolving Credit & Purchase Revolving Credit – up to 150 days.
- Advertising and Promotional – Up to 3 years including Grace Period of up to 1 year.

Applications should be submitted to MIDF.

2. MAJLIS AMANAH RAKYAT (MARA) BUSINESS FINANCING SCHEME FOR PROFESSIONALS

MARA is the agency that administers a scheme known as Skim Pembiayaan Mudah Jaya (SPiM). Under this scheme, Bumiputera entrepreneurs who are members of professional bodies and who would like to start up business or to expand their ventures capital to upgrade business are eligible to apply for assistance. This scheme covers business sectors that are not in conflict with Islamic concepts.

The applicant must fulfil the requirements as listed below:

- Malaysian citizens; Malays or Bumiputera
- Aged between 18 years to 60 years
- Experience / knowledge in the business undertaken
- Possess licence/permit/consent letter from relevant authorities
- Capital contribution: 10% of total project cost must be borne by the applicant
- Conduct business full-time
- Project/business carried on is not contrary to Islamic law
- For Sdn. Bhd. – must have a minimum paid-up capital equivalent to 10% of the total funding
- Applicants should under go psychometric tests

- Rate of profit: 4%
- Submit sufficient collateral/guarantor
 - (i) Guarantor
 - Aged not more than 55 years old
 - Has fixed monthly income and can cover 3% from the total application amount; or
 - (ii) Collateral
 - Forced sale value should be at least 10% from the total application amount; or
 - (iii) Combination of (i) and (ii)
- Maximum amount of financing;
 - (i) Up to RM250,000.00 (enterprise or sole proprietor)
 - (ii) Up to RM500,000.00 (Sdn. Bhd.)
- Recognised professional qualification and a member of relevant professional bodies
- Minimum of four (4) years working experience in related field
- If businesses are in the form of partnerships between Bumiputera and non-Bumiputera, the Bumiputera partner should have certain equity such as:
 - (i) Not less than 80% for accounting, legal and medical services
 - (ii) Not less than 60% for engineering, quantity surveying and architectural services

Applications should be submitted to MARA via MARA District Office

3. SMALL BUSINESS FINANCING (SBF) AND i-ENTERPRISE PREMISE FINANCING (i-EPF)

- **SMALL BUSINESS FINANCING (SBF)**
- **i-PEMBIAYAAN PREMIS PERNIAGAAN (i3P)**

SMALL BUSINESS FINANCING (SBF)

Assisting micro entrepreneurs on their working capital needs with the objective of improving products marketability and/or business operations.

Purpose of Financing:

Financing of working capital (fixed/revolving).

Financing Limit:

Minimum	:RM100,000.00
Maximum	:RM750,000.00

Margin of Financing:

Up to 100% inclusive of Legal and Stamp Duty fees.

Tenure:

Minimum	5 years
Maximum	7 years

Profit Rate:

7.5% per annum

Eligibility Criteria:

- (a) The business is owner operated.
- (b) Registered under the Companies Commission of Malaysia Act 2016 or Co-operative Act 1993.
- (c) The company is in operations for at least 2 years with profitable account for the recent year.
- (d) Minimum turnover (annual sales) of RM250,000.00.
- (e) Applicants must be a Micro Enterprise Company with minimum of 51% Bumiputera equity ownership with good credit records.
- (f) Must not have any adverse track record with any Financial Institutions ("FI") under CCRIS and CTOS.
- (g) Chief Executive Officer / Managing Director must be a Bumiputera.
- (h) Fulfill other criteria set by SME Bank.

i-PEMBIAYAAN PREMIS PERNIAGAAN (i3P)

Assisting Bumiputera/Non-Bumiputera SME companies to purchase or refinance business premises and at the same time securing working capital for business growth.

Purpose of Financing:

- (a) To finance completed or under construction premises for business operations or investment.
- (b) To refinance completed premises for business operations or investment.
- (c) To finance working capital (Fixed/Revolving).

Eligibility Criteria:

- (a) Business entities under the SME categories (Private Limited Co, Limited Liability Partnership, Partnership, Sole-Proprietor and Registered Cooperatives).
- (b) In operation for at least two (2) years.
- (c) The company recorded profit for the latest year out of the last two (2) years.

Margin of Financing:

- Up to 200%

Tenure:

- Premises - up to 30 years.
- Working Capital – up to 10 years.

Profit Rate:

- Premises – Minimum BFR + 0.5% per annum.
- Working Capital – Minimum BFR + 1.50% per annum.

4. MARKET DEVELOPMENT GRANT

OBJECTIVE

To assist Malaysian Small and Medium Enterprises (SMEs), Professional Service Providers, Trade & Industry Associations, Chambers of Commerce and Professional Bodies in undertaking eligible export promotional activities.

FORM OF GRANT

Reimbursable grant (reimbursable financial assistance).

GRANT CEILING

RM200,000 per eligible company.

(Any company that has utilised the full grant amount of RM200,000, since the date of commencement of MDG in 2002, will no longer be eligible for consideration).

***MDG reimbursements for any given year will be subject to the availability of funds.**

MANDATORY REQUIREMENTS

1. MUST be registered as a MATRADE member at <http://www.matrade.gov.my/en/online-applications/register-as-matrade-member>.
2. Please ensure that all information of your company is **up to date at** <http://www.matrade.gov.my/en/malaysian-exporters/online-services/myexport>
3. The company MUST be an active business entity with business operation ONE year and above.
4. Not a Government Linked Company (GLCs) or having government equity (federal or state).
5. Export promotional activities which are subsidised or sponsored by third parties are not eligible. (e.g *Ministries or Government agencies/ Trade and Industry Associations/ Chambers of Commerce/ Professional Bodies and Others*).
6. All **COMPLETED** applications must be **SUBMITTED ONLINE** through MATRADE's website at www.matrade.gov.my/mdg/ as per following:
 - i. **Within 30 calendar days from the last date of the promotional activity for:**
 - International Trade Fairs/ Exhibitions held locally or overseas;
 - Trade & Investment Missions (TIM) or Export Acceleration Missions (EAM);
 - International Conferences overseas.
 - ii. **Within 30 calendar days from the first day of listing in the Supermarkets/ Hypermarkets/ Retail Centres overseas.**

ELIGIBILITY CRITERIA

I. SMALL AND MEDIUM ENTERPRISES (SMEs)

- Incorporated under the Companies Act 1965/ Companies Act 2016
- At least 60% equity is owned by Malaysian(s).
- Products made in Malaysia or services originated from Malaysian companies/ service providers, and fulfill the following criteria:

Type of Business	Annual Sales or	Full Time Employees
Manufacturing: (including agro-based)	not exceeding RM50 million or	not exceeding 200
Trading:	not exceeding RM20 million or	not exceeding 75
Services: (excluding real estate)	not exceeding RM20 million or	not exceeding 75

* Annual Sales (based on the latest Audited Financial Statement)

* Full Time Employees (based on the latest EPF Statement)

II. PROFESSIONAL SERVICE PROVIDERS (SOLE PROPRIETOR OR PARTNERSHIP)

- Incorporated under the Registration of Business Act (1956)/ Registered under the respective statutory bodies for professional services providers.
- At least 60% equity owned by Malaysian(s).
- Exporting Malaysian services and fulfill one of the following criteria:

Annual Sales or	Full Time Employees
not exceeding RM20 million or	not exceeding 75

III. FORTRADE & INDUSTRY ASSOCIATIONS/ CHAMBERS OF COMMERCE/ PROFESSIONAL BODIES

- Registered with the Registrar of Society (ROS) or Associated Professional Authority.

ELIGIBLE ACTIVITIES/ GRANT AMOUNT & ELIGIBLE EXPENSES

I. PARTICIPATION IN INTERNATIONAL TRADE FAIRS/ EXHIBITIONS

ACTIVITY	DESCRIPTION	*GRANT AMOUNT	EXPENSES
a) International Trade Fairs/ Exhibitions in Malaysia	MUST be Business to Business (B2B) events.	RM5,000	<ul style="list-style-type: none"> • Participation Fee • Booth rental/ construction
b) International Trade Fairs/ Exhibitions Overseas	Business to Consumer (B2C) <u>events are not eligible</u> (festival fairs or similar events).	RM15,000	<ul style="list-style-type: none"> • Air fare • Public land transportation (Malaysia to ASEAN countries) • Accommodation

*The maximum claim amount is as per company per participation or the actual eligible expenses, whichever is lower.

Additional Information (for organiser)

ACTIVITY	DESCRIPTION
International Trade Fairs/ Exhibitions in <u>Malaysia</u>	For events not organised by MATRADE, the following criteria will apply: i. Minimum requirement: a. Gross space occupied must be at least 1,000 square meters; and b. 10% foreign visitors; or c. 20% net space rented to foreign exhibitors; or d. 20% foreign exhibitors. ii. MATRADE shall receive the trade fair/ exhibition audited report by certified auditor confirming compliance of item (i) of the above together with: a. Cover letter b. Show directory c. Form 4 (form of renewal of approval of auditor) d. Auditor certificate (practicing certificate)
	iii. The report must be submitted <u>within 30 calendar days</u> from the last date of the trade fair/ exhibition. - Organiser(s) are encourage to submit: · list of foreign buyer · total sales generated iv. Applicants are to deal directly with the organiser(s) for the submission of the trade fair audited report

II. PARTICIPATION IN TRADE & INVESTMENT MISSIONS (TIM)/ EXPORT ACCELERATION MISSIONS (EAM)

ACTIVITY	DESCRIPTION	*GRANT AMOUNT	EXPENSES
a) Trade & Investment Missions (TIM)/ Export Acceleration Missions	i) Organised by MATRADE	RM10,000	<ul style="list-style-type: none"> · Participation fee · Air fare · Public land transportation (Malaysia to ASEAN countries) · Accommodation
	ii) Organized by: <ol style="list-style-type: none"> 1. Ministry/ Government Agency/ State Government 2. Chambers of Commerce/ Business Council 3. Trade & Industry Association 4. Professional Body that are registered in Malaysia 	RM2,000	<ul style="list-style-type: none"> · Participation fee · Air fare · Public land transportation (Malaysia to ASEAN countries) · Accommodation
	iii) Joint collaboration programme with MATRADE (subject to MATRADE'S approval) The collaborator: <ol style="list-style-type: none"> 1. Ministry/ Government Agency/ State Government 2. Chambers of Commerce/ Business Council 3. Trade & Industry Association 4. Professional Body that are registered in Malaysia. 	RM10,000	<ul style="list-style-type: none"> · Participation fee (Maximum participation fee is RM2,000) · Air fare · Public land transportation (Malaysia to ASEAN countries) · Accommodation

*The maximum claim amount is as per company per participation or the actual eligible expenses, whichever is lower.

JOINT COLLABORATION PROGRAMME WITH MATRADE

- i. The organiser must get the **approval** from MATRADE by submitting **Form A** (Joint Collaboration Form) to MATRADE three (3) months **BEFORE** the programme (**Form A can be downloaded from MATRADE portal**).
- ii. MATRADE shall receive the **full report** of the mission by the organiser **within 14 working days** from the last date of the mission, by using the MDG report format.
- iii. MATRADE has the right to reject without any explanation if the applicant fails to comply with all the requirements. Any appeal will be not entertained.

III. PARTICIPATION IN INTERNATIONAL CONFERENCES OVERSEAS

ACTIVITY	DESCRIPTION	*GRANT AMOUNT	EXPENSES
International Conferences Overseas	The activity must be related to the promotion of exports for the industry or professional services. (It <u>does not</u> apply to workshops, seminar or training for the purpose of acquiring skills, upgrading knowledge or human capital development)	RM2,500	<ul style="list-style-type: none">· Participation fee· Air fare· Public land transportation (Malaysia to ASEAN countries)· Accommodation

*The maximum claim amount is as per company per participation or the actual eligible expenses, whichever is lower.

IV. LISTING FEES FOR MADE IN MALAYSIA PRODUCTS IN SUPERMARKETS/ HYPERMARKETS/ RETAIL CENTRES OVERSEAS

ACTIVITY	DESCRIPTION	*GRANT AMOUNT	EXPENSES
Listing fees for Made in Malaysia products in Supermarkets/ Hypermarkets/ Retail Centres Overseas	Limited to one Supermarket/ Hypermarket/ Retail Centre per country.	RM20,000	Listing fees

*The maximum claim amount is as per company per participation or the actual eligible expenses, whichever is lower.

This guideline is applicable for export promotional activities **undertaken from 1 April 2019** and is subject to change from time to time.

If the **documentation** or claim is found to be **false**, the applicant and/ or company or both, will be **blacklisted** and will be required to reimburse in full to MATRADE, all monies received from MDG.

CONTACT INFORMATION

All enquiries and submission of the report are to be directed to:

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