



MIDF SOFT FINANCING SCHEMES

SARAWAK DOMESTIC
INVESTMENT SEMINAR 2019



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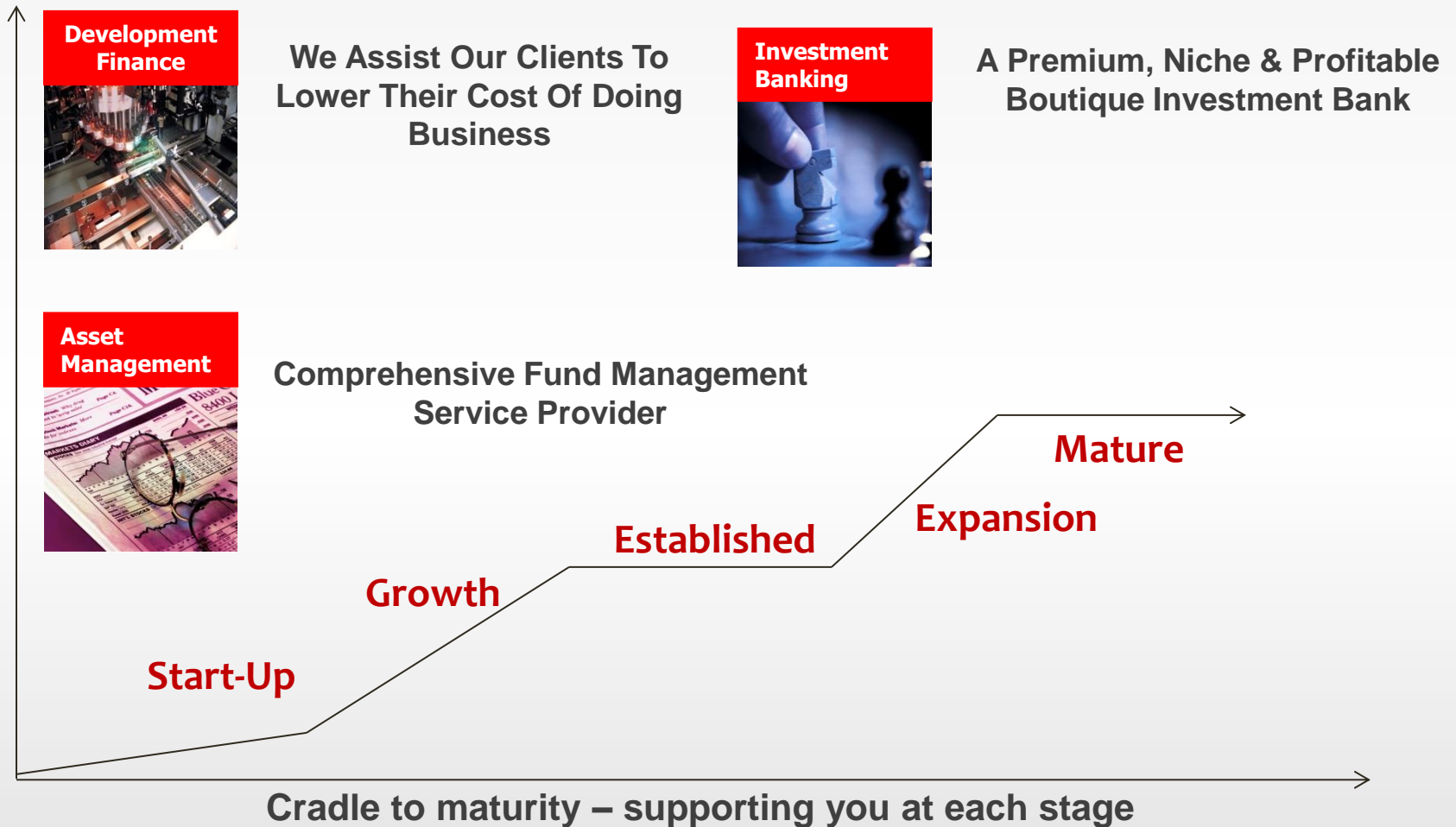
01

Corporate Background

MIDF AT GLANCE

Started business in 1960 : 59 years of proven track record	Integrated Financial Services provider	
5 regional offices 	452 Workforce	
9 Unit Trust Funds 	15 Merger & Acquisition deals done	Over RM2.6b funds received 

CUSTOMER CENTRIC



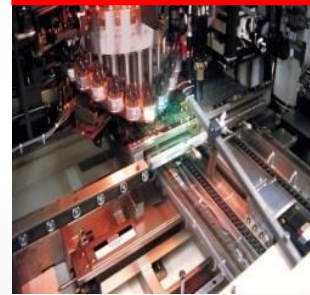
FUNCTIONS

MIDF-Development Finance Roles - Integral Part of MITI since inception

MIDF collaborates with MITI, MOF and other Government agencies to assist in restructuring the economic contributions of SMEs for specific sectors / industries targeted by the Government



Development Finance



midf

Total fund under management is RM2.6 billion

11,000 companies assisted
RM14.9 billion worth

Overall



4,318 companies assisted
RM5.9 billion worth

Soft
Loans



Products

PRODUCTS

Overview Financing Solutions

Product	Features
Soft Loan Scheme for Automation and Modernisation (SLSAM)	<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>
Soft Loan Scheme for Services Sector (SLSSS)	<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>
Soft Loan Scheme for Services Exports (SLSSE)	<p>Assistance to Malaysian Service Providers to undertake activities to expand and venture into international markets.</p> <p><u>Sector</u>: Services (excluding financial and tourism)</p>

FACILITIES AVAILABLE

Conventional	Islamic
Mortgage Loan	Term Financing – I (Property/Factory)
Machinery Loan	Term Financing –I (Machinery)
Industrial Hire Purchase (IHP)	Al-Ijarah Thumma Al-Bai (AITAB)
Leasing	Al-Ijarah (Leasing-i)
Sales Revolving Credit (SRC)	Sales Revolving Credit – I
Purchase Revolving Credit (PRC)	Purchase Revolving Credit - I

Up to **100%** Margin of Financing

As low as

4% Interest Rate/ Profit Rate



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 5% for non-SMEs

Eligible sector: Manufacturing

Fund provider:



MINISTRY OF INTERNATIONAL TRADE & INDUSTRY



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

& INDUSTRY



At least 51%
equity held by
Malaysian

SME and
non-SME

Up to RM 20
million per
application

In operation
for at least 2
years





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:



MINISTRY OF FINANCE

Financing Schemes



**Machinery/Equipment/
Motor Vehicle**

Term Financing-i for Machinery/
Equipment/ Motor Vehicle – up to
RM5.0mil;



**Advertising &
Promotional Cost**

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);



ICT Hardware/ Software

Term Financing-i for ICT
Hardware/software – up to RM1.0mil
limit;



Purchase & Sales

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).



Soft Financing Scheme for Service 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:



other scheme funds

SFSSE-i



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

Up to RM2.0 million

- Costs for preparation of project proposals for overseas projects

Up to RM5.0 million

- Expenses related to raising bank guarantee or performance bond to execute overseas project

Up to RM5.0 million

- Collateral in issuance of bank guarantee or performance bond

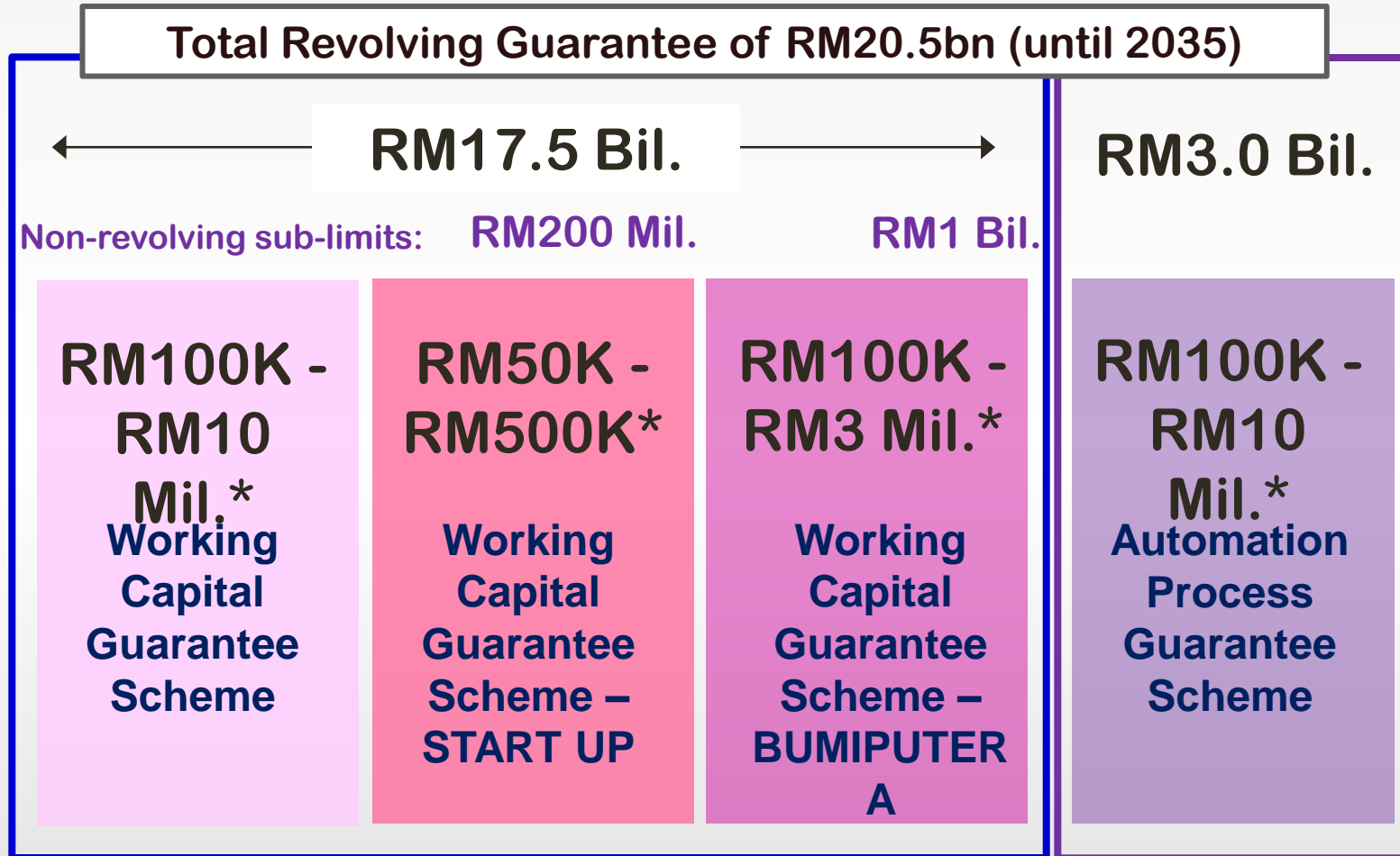
Up to RM150,000

- Eligible expenses for setting up office overseas Company which has been approved 50% grant on eligible expenses for setting up office overseas for twelve (12) months under SEF grant is eligible for the remaining 50% under soft loan. & granted

Up to RM5.0 million

- Mobilization costs

Guarantee Schemes for 2019 onwards



2% Rebate on Interest / Profit Rates for export oriented SMEs

Note: * A maximum of RM10.0 Mil per borrower, where multiple schemes are utilised

Scheme Features and Eligibility

Salient Features

Purpose of financing

- ❖ Working Capital
- ❖ Capital Expenditure

Guarantee Fees (payable upfront)

1% p.a. WCGS, APGS

0.75% p.a. WCGS-SU, WCGS-B

Guarantee Coverage

70% of total financing facilities from participating financial institutions

Type of facilities

Term Loan/Term Financing, Overdraft/ Cash Line-i, Trade Facilities & Commercial Card

Others

2% rebate incentive (companies with >50% export turnover)

Eligibility

SME Companies

- ❖ Manufacturing: <RM 50M revenue OR 200 employees
- ❖ Non-Manufacturing: <RM 20M revenue OR 75 employees

Incorporation

- ❖ SSM: Companies Act 1965/ 2016, Registration of Business Act 1956, Limited Liability Partnership Act 2012
- ❖ Sabah or Sarawak local authorities or district offices
- ❖ Statutory bodies that provide professional services

Ownership

- ❖ >51% Malaysian Owned
- ❖ Bumi status companies (WCGS-B only)

Others

Start-ups: 6 months – 2 years in operations

WHY MIDF



Established in 1960, MIDF is the 1st development financial institution in Malaysia.



59 years involvement & experience in industrial development and SMEs.



Proven successful management of government funds since its introduction in 2001 with high utilization rate and low impairment ratio.



Already established in the industry for providing financing assistance to SMEs. This offers faster and readily reach to the industries.



Relatively low cost of doing business allows cheaper rate of financing.

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REGIONAL OFFICES

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THANK YOU
