



Simplifying investments in promising Malaysian companies

info@leet.capital

We are Leet Capital

Simplifying investments in promising Malaysian companies



One of 10 **Licensed ECF Operators** by Securities Commission



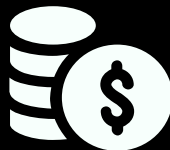
Committed to **helping promising SMEs** that have the scope to scale via fund raise



Bridge the gap between high-potential companies to passionate investors



Hands on support and coaching through the entire ECF process



All deals listed on our site have gone through strict due diligence



Part of the 1337 Ventures ecosystem that has accelerated **over 1K companies from 5 different countries**

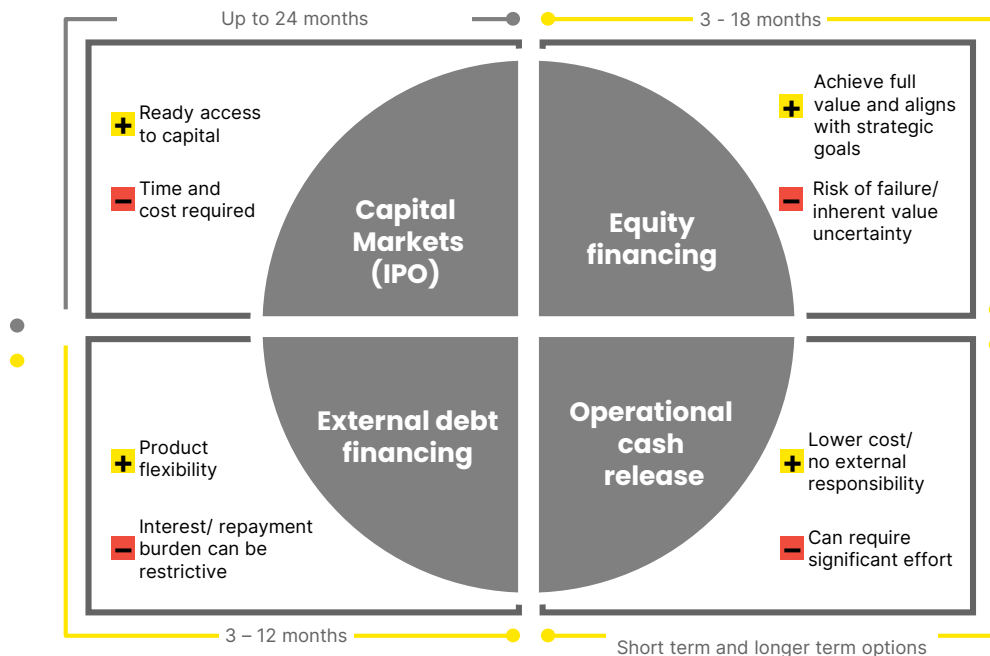
A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, creating a sense of height and scale. The buildings are dark and detailed with window patterns. The sky is a uniform dark grey.

STAGES **OF A COMPANY** **FUNDRAISING**

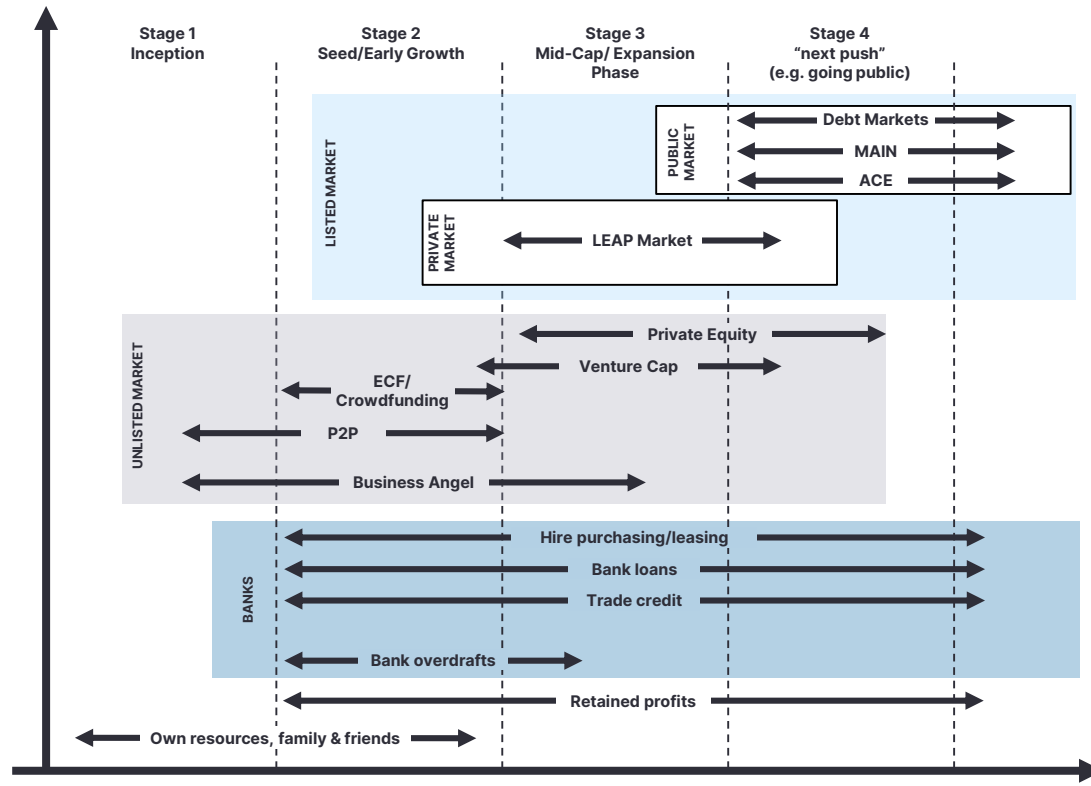
Understanding your fundraising needs and options

Key questions:

- How much capital does the business need to raise and for what use?
- How urgent is the need to raise new, additional or replacement financing?
- Have you exploited opportunities to generate more cash from the business operations?
- What capacity does the business have to raise capital?
- Does the business have a strong underlying value / growth story?
- Have you considered dual / multi-tracking? How can you best use optionality to maximize value?

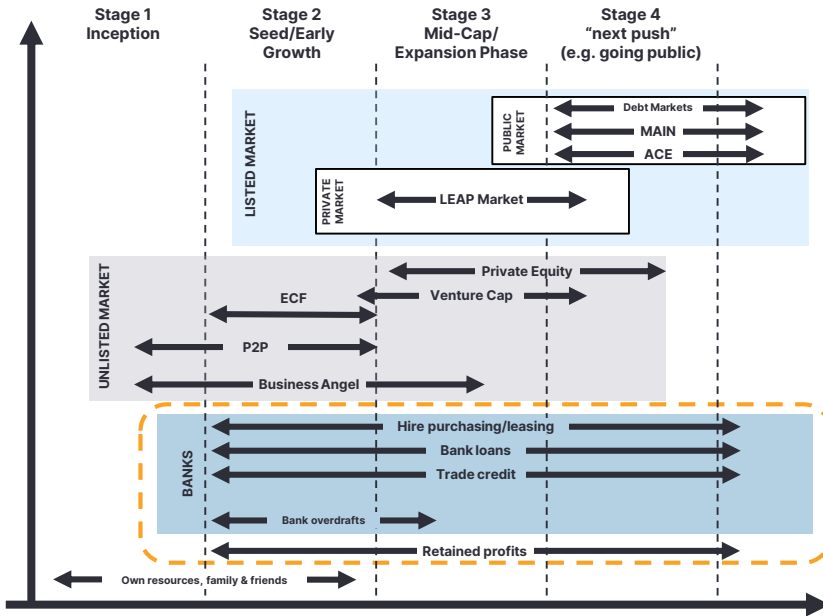


Typical fundraising ecosystem in Malaysia



Source: Bursa Malaysia

Conventional Financing: Each fundraising option has its own benefits and challenges and SMEs will need to assess which best suits the business



Source: Bursa Malaysia

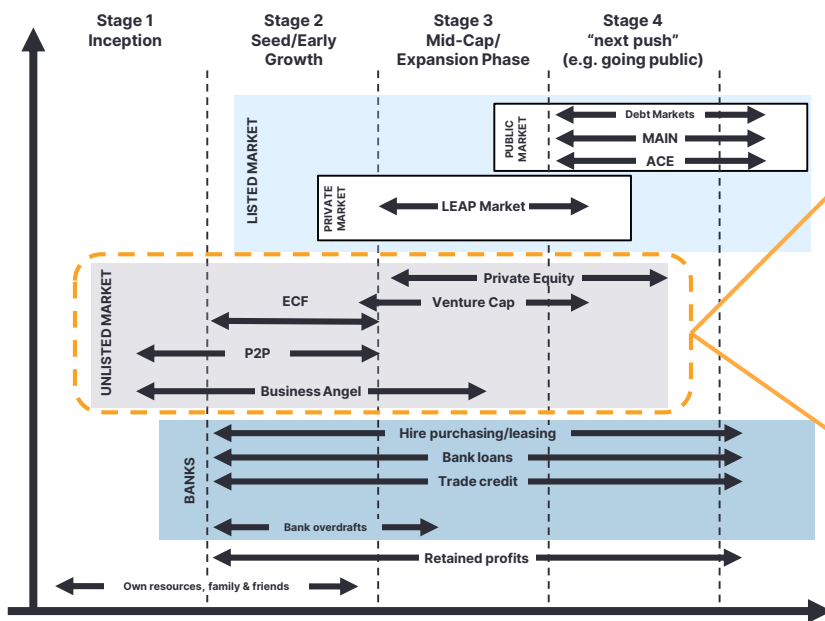
Benefits

- ▶ Continues to represent the **main source of external funding** for companies
- ▶ Can be **structured according to business needs** and operations (working capital, short term, long term)
- ▶ Borrowers **maintain control** and ownership
- ▶ **May be 'cheaper' source of financing** in the long run and a useful source of finance and the company has healthy cash flows
- ▶ Relatively **quick to obtain**

Challenges

- ▶ Typically bankers do not take high risk, **requires 'security' of repayment** and will impact cash flows no matter how well you are doing, or not
- ▶ Too much debt, over-gearing will **impact profitability**, needs right capital structure
- ▶ If the business fails, the lender generally has the **first call on the company's assets** If the business appears likely to fail, the lender could put your business into receivership in order to safeguard its loan
- ▶ Typically banks are **purely 'financiers'** and not partners

Unlisted Equity Financing: Each fundraising option has its own benefits and challenges and SMEs will need to assess which best suits the business



Source: Bursa Malaysia

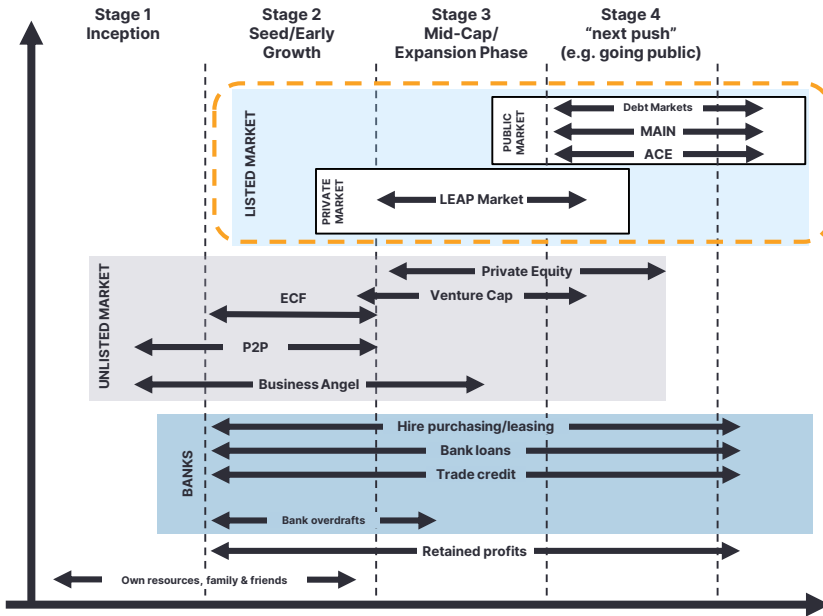
Benefits

- ▶ **Good for cash flow**, as capital repayment, dividend and interest costs (if relevant) are typically tailored to the company's needs and what it can afford
- ▶ Investor and partner, **sharing in your risks and rewards**, with practical advice and expertise (as required) to **assist your business success**
- ▶ May take **greater risks** with a medium to long term horizon
- ▶ Entry of the right investors may **improve prospects** and help business grow for a more **valuable exit**

Challenges

- ▶ **Giving up (some) control** and ownership and profits
- ▶ Valuing the company
- ▶ Finding the **right partner**
- ▶ May **take relatively longer** than conventional financing

IPO: Each fundraising option has its own benefits and challenges and SMEs will need to assess which best suits the business



Benefits

- ▶ Able to raise a **significant amount** on listing
- ▶ Able to further raise from the market (Rights issue. Placements, etc.)
- ▶ **Increased profile** for possibly better debt financing
- ▶ **No longer personally guaranteed**

Challenges

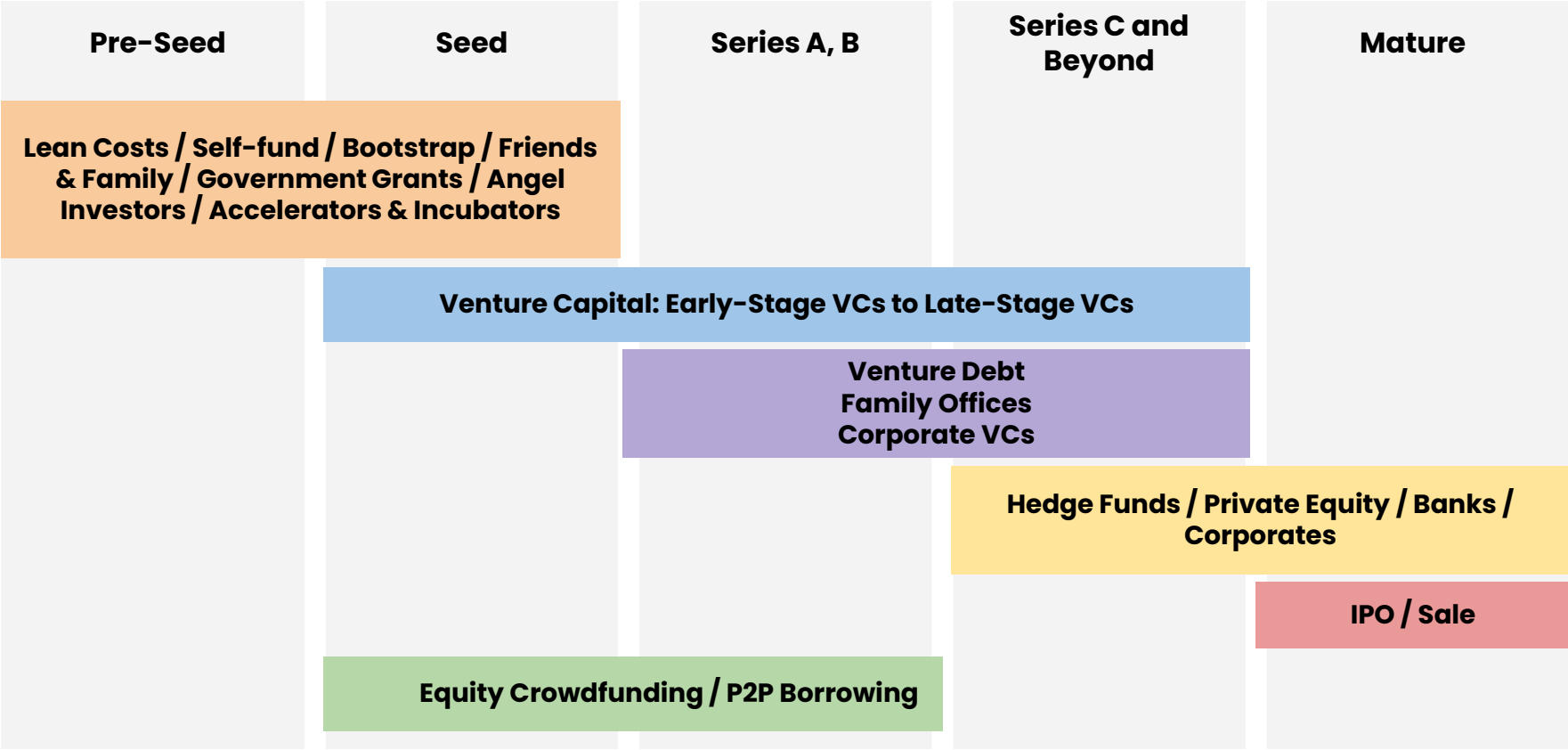
- ▶ **Giving up (some) control** and ownership and profits
- ▶ **Cost and timing** of listing
- ▶ Valuations
- ▶ Post listing **obligations**

Source: Bursa Malaysia

Terminology – Financing rounds

Stage	Purpose	Amount Raised*

SUMMARY OF FUNDING OPTIONS





What is Equity Crowdfunding (ECF)

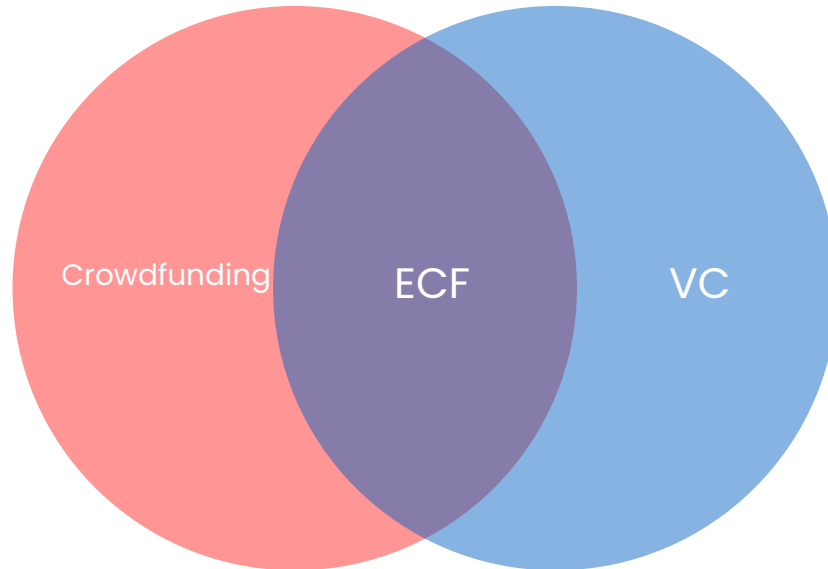
and how does it work?

EQUITY CROWDFUNDING

Getting financing for your company can be tough. Options from VCs may be limited and each VC has their own **preference and restrictions** – to mitigate risk and maximise profit.

Equity crowdfunding (ECF) is, therefore, a great alternative for companies looking for funding. ECF combines the Indiegogo / Kickstarter model with the VC model.

Through ECF, you can get fans and believers of your company to invest in you and also benefit from the potential capital gains as your company appreciated in value.

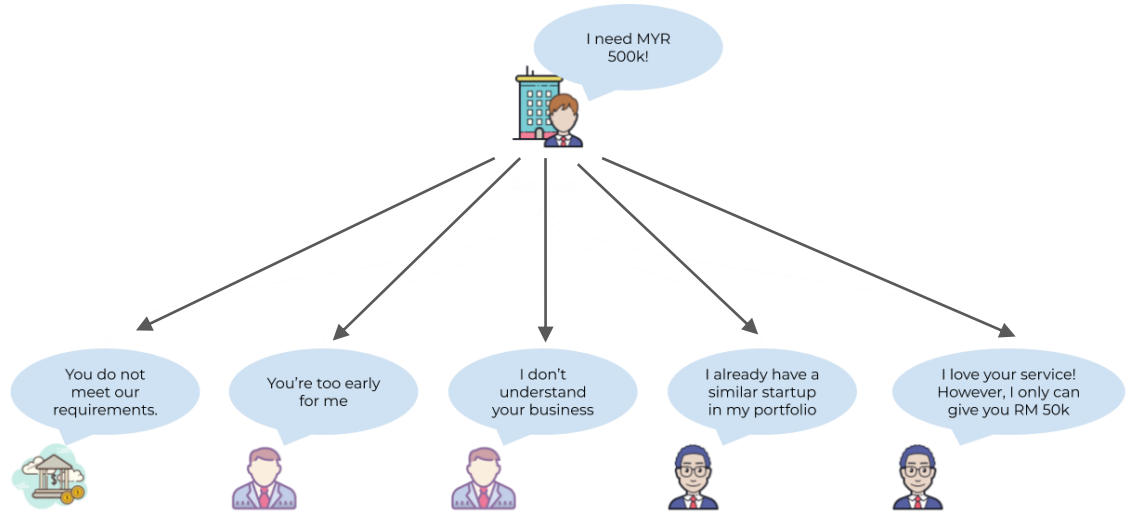


BEFORE EQUITY CROWDFUNDING

TRADITIONAL INVESTMENTS

Prior to Equity Crowdfunding, getting financing for your business is tough. Not only are options limited, each option has their own preference and restrictions – to mitigate risk and maximise profit.

If it is already hard to receive financing for their day-to-day business, there's no way they'll receive funding for a transformational idea!



- Cash flow has always been a problem for businesses of all sizes.
- Even if businesses manage to convince one angel, they still have to reach out and find more similar angels!

WITH EQUITY CROWDFUNDING

DEMOCRATISING FUNDRAISING

Now, through Equity Crowdfunding, not only are we democratising the funding scene by giving the public the chance to invest, we're also flipping the model!

- Instead of a business going to an investor, now they can list for all to see on the platform
- Through Equity Crowdfunding, a business' loyal fans can contribute to the business



THERE IS NO BETTER OR WORSE...

ECF vs. Traditional route

Equity Crowdfunding should not be considered a lesser alternative to traditional financing. Each method has its pros and cons, and are each better suited for different sort of ventures

- When businesses go through VCs and Angels, they get to leverage off their network & mentorship
- Through ECF, businesses can convert loyal customers into shareholders



STATE OF EQUITY CROWDFUNDING (2017 – 2021)

Campaigns

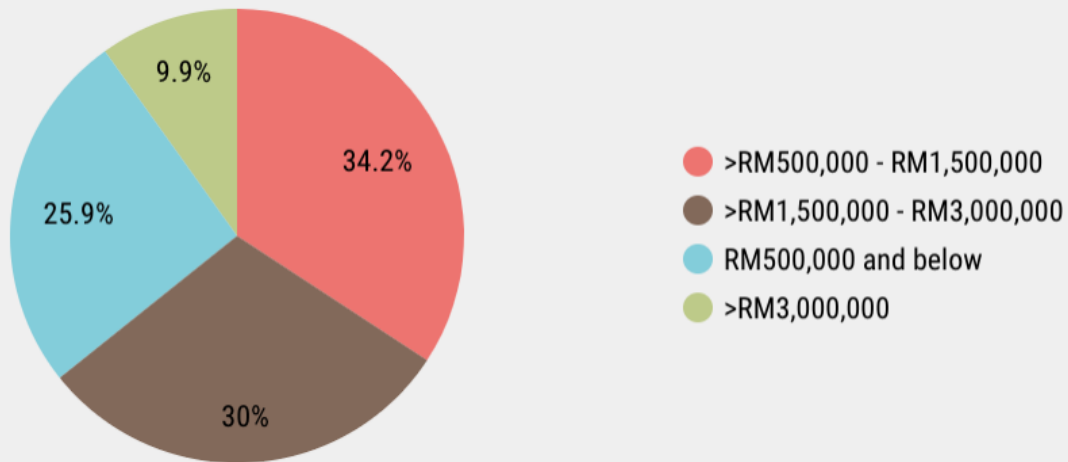
263

Amount Raised

RM420.86M

Issuers

248



STATE OF EQUITY CROWDFUNDING IN 2021

Highlights

Fundraising Sizes

Average
RM2.13M

Minimum
RM190.82K

Maximum
RM18.89M

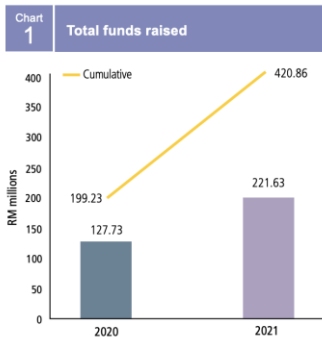
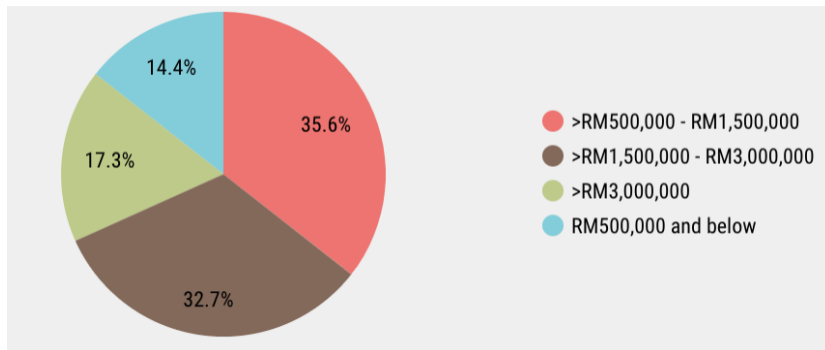
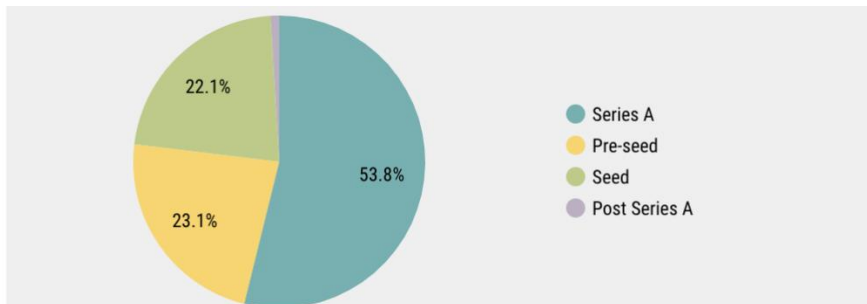
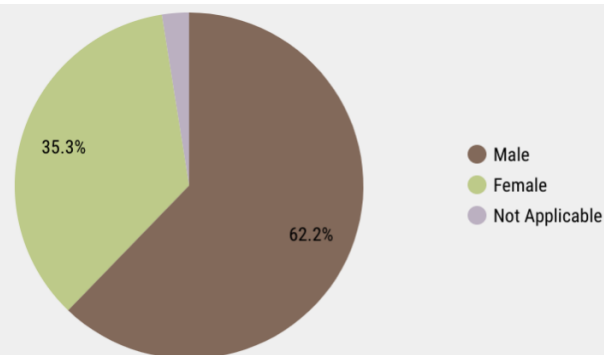
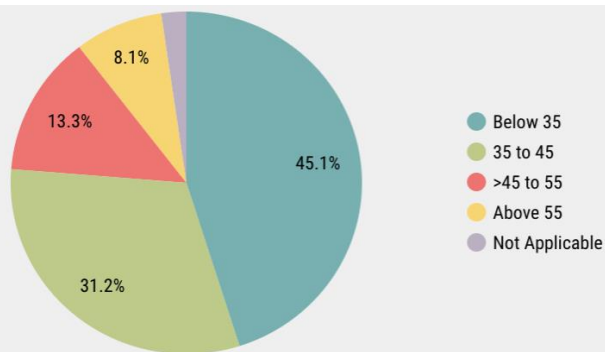
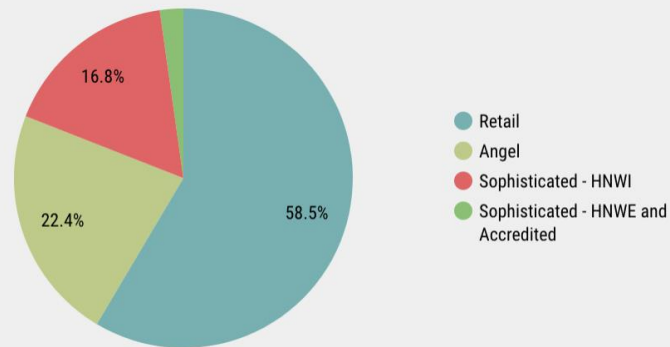
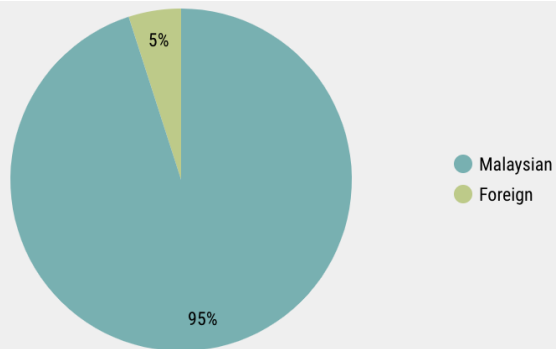


Chart 2-4:

Percentage of campaigns by various dimensions:
fundraising purposes / stages and sizes

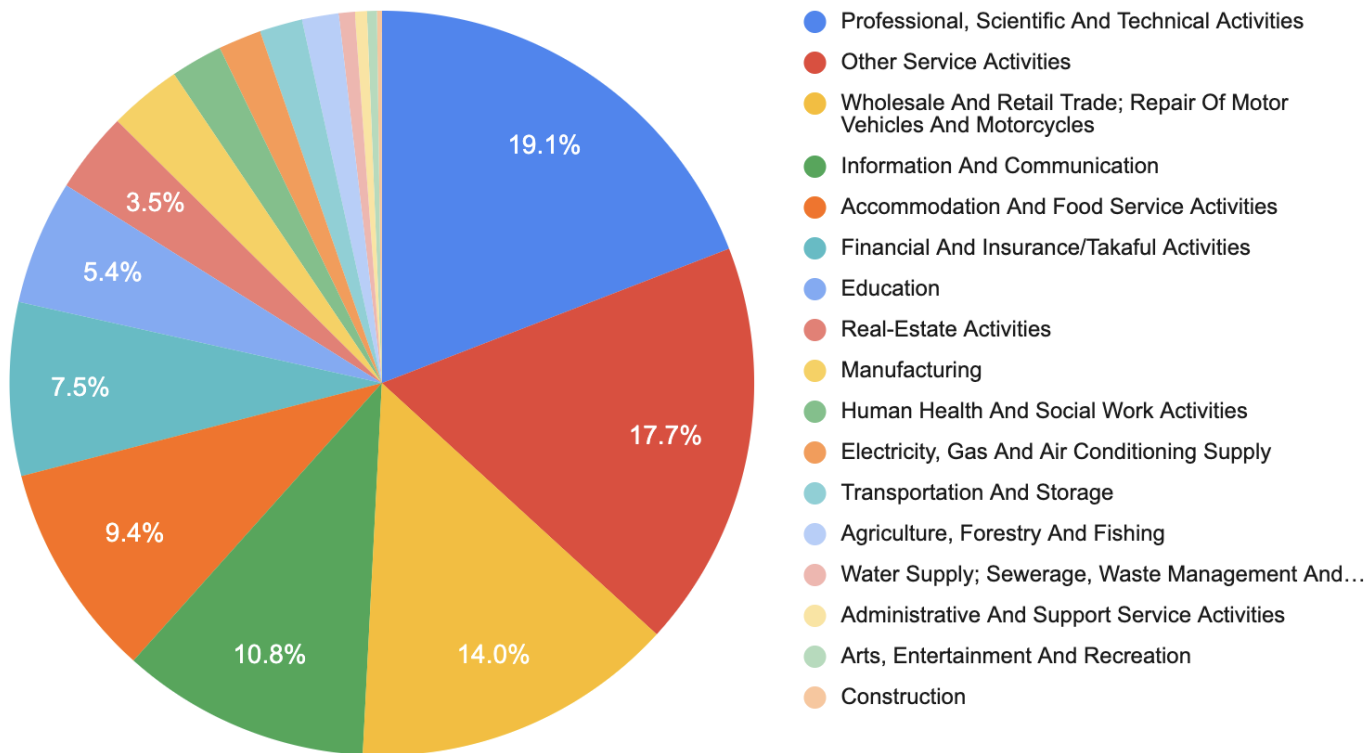


STATE OF EQUITY CROWDFUNDING – INVESTORS



STATE OF EQUITY CROWDFUNDING – ISSUERS

Campaign Sectors

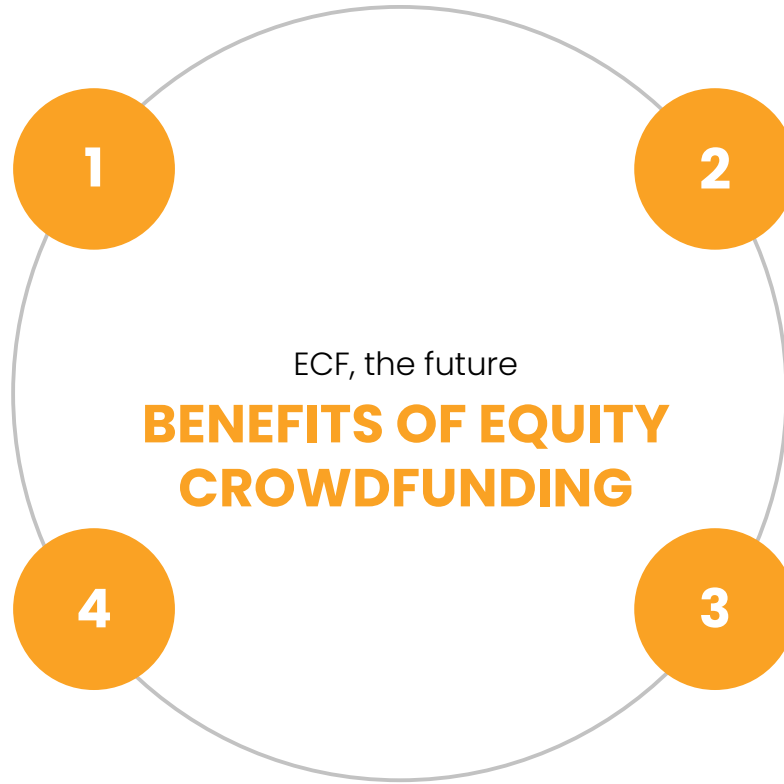


Flexible terms

Unlike traditional funding from institutions, ECF allows you to **set terms that are beneficial to your business needs**

Eye-to-eye

Some investors might not understand the business as well as your customers. Through ECF, you're able to appeal to **people who understand your product well.**



Strategic

Equity Crowdfunding is not just a mean for fundraising, but can be used as a **strategic way** to grow your business such as locking down partners, and clients

Marketing

ECF can be used as a marketing tool for the business. Not only will you get new customers, you're giving your customers the opportunity to invest, thus being your **loyal advocates.**

BUT WAIT, THERE'S MORE!

ADDITIONAL BENEFITS



Co-Investment

Right now, the government has launched a Malaysia Co-Investment Fund (MyCIF) to fund ECF projects together with the public



Tax Incentives

ECF Tax Incentive is an initiative to encourage more early stage investments by the private sector. This incentive hopes to reduce the risks of ECF by giving back in the form of tax exemption to the investors.



Potential Perks

Some campaigns may provide its investors with perks in the form of vouchers, discounts on products, or even bonus shares.

Nominee Structure

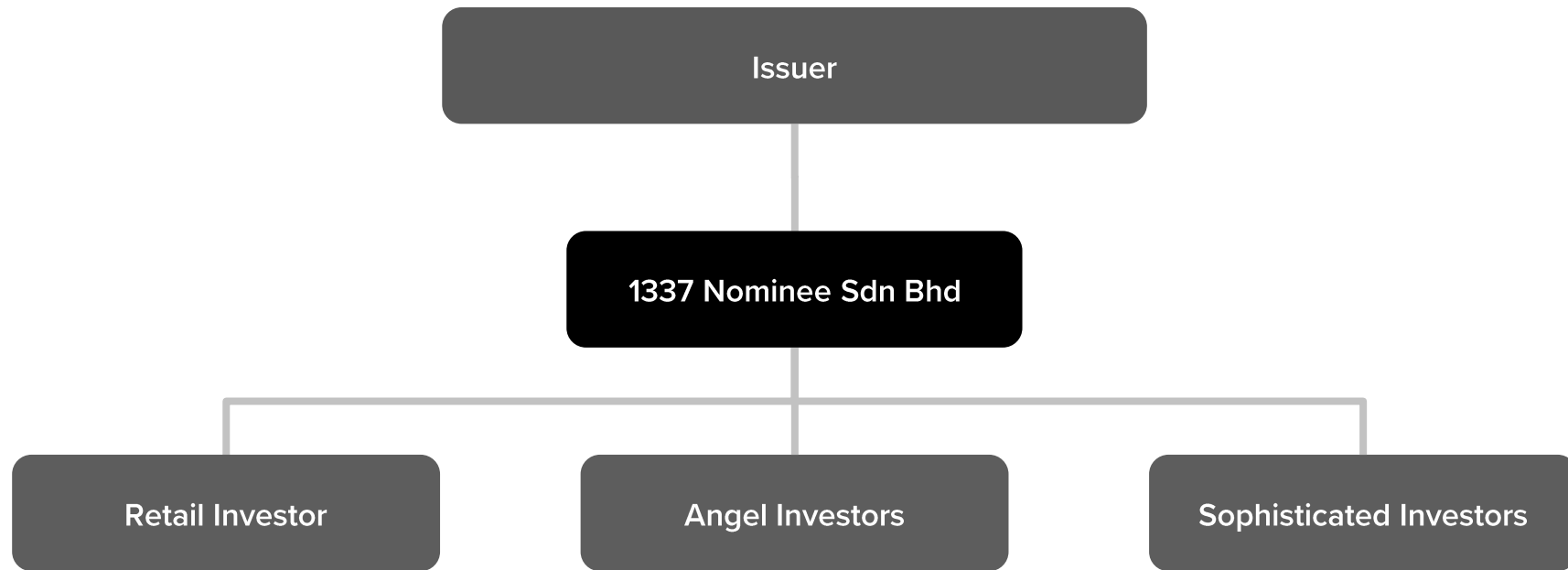


CHART 1
Capital raised in RM millions

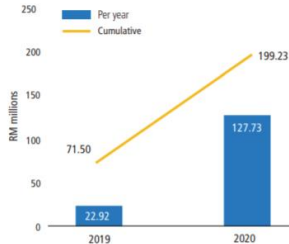


CHART 2
Distribution of fundraising amount



SUSTAINING MSME FUNDRAISING VIA ECF AND P2P FINANCING MARKETS

2020



1,403 issuers have raised funding on ECF and P2P financing platforms amounting to **RM631.04 million** (2019: RM441.56 million)



60% of ECF issuers and **36% of P2P financing issuers** are technology-focused



57% of ECF issuers fundraised for business expansion and **97% of P2P financing issuers** fundraised for working capital

While there was an initial reduction in retail investors' participation in the first quarter of 2020, retail investors have since returned to the market with the easing of lockdowns in April – May 2020. More encouragingly, there was an increase in the participation from angel and sophisticated investors during the year.

ECF and P2P financing markets had initially experienced a decline in fundraising activities during the MCO, in line with a slowdown in economic activities. As businesses resumed operations, both markets have subsequently recovered, with ECF platforms experiencing steady growth. As for P2P financing platforms, due to their proactive restructuring and rescheduling (R&R) strategies, they have helped issuers remain afloat during this challenging period and limited any significant increase in defaults.

Key takeaways:

60% of Issuers are **technology-enabled**

Majority raised for **business expansion** reasons

Retail investors accounted for **66% of all ECF deals**

Seed stage funding dropped significantly but **Series A raises** have grown



**What are the requirements
to ECF?**

Issuer & Investor Requirements

- **Requirements:**

- Malaysian registered company
- Raising >RM500k requires company to have an audit

- **Charges:**

- Between 4-8% of funds successfully raised
- Onboarding Fee, Nominee Maintenance fee
- Total possible to raise: RM20M. Issuer must set a target Min and Max amount

- **Investor types:**

- Retail: No min income, soft cap 5k per company, RM50k in 1 yr
- Angel: Income min 180k annually, soft cap 50k per company, RM500k in 1 yr
- Sophisticated: Over RM3M in net assets, No investment cap

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