

GUIDELINES FOR MALAYSIA-SINGAPORE THIRD COUNTRY BUSINESS DEVELOPMENT FUND (MSBDF)

INTRODUCTION

The purpose of the fund is to strengthen cooperation between the private sectors of Malaysia and Singapore by exploring business and investment opportunities in third countries following the improvement for provisions of the Malaysia-Singapore Business Development Fund (MSBDF) agreement for third countries made in 2023.

DEFINITION

- i. Applicant: Refers to either a Business Association or a Company from either Malaysia or Singapore applying for the MSBDF.
- ii. Participant: Refers to Business Association(s) and/or Company(s) from Malaysia and Singapore participating in the prescribed activities of the MSBDF.
- iii. Implementing Agencies: Refers to Enterprise Singapore (EnterpriseSG) and Malaysian Investment Development Authority (MIDA).
- iv. Lead Agency: Refers to Agency that receives application and claims, and evaluates and disburses claims (either EnterpriseSG or MIDA, depending on the country of origin of the applicant).
- v. Third Country: Refers to other countries, besides Malaysia and Singapore.

QUALIFYING CRITERIA

The Fund is available only for local companies and business associations of both countries as defined below:

- a. Entity that is registered in Malaysia or Singapore under the relevant laws:
 - Registration of Business Act / Business Names Registration Act
 - Societies Act
 - Companies Act

- b. A local company is defined in the respective countries as:

MALAYSIA	SINGAPORE
At least 51% equity owned by Citizen(s) of Malaysia	At least 30% equity owned by Citizen(s) / Permanent Resident(s) of Singapore

- c. A business association is defined as those local business associations established either in Singapore or Malaysia as jointly approved by the Implementing Agencies.

FORMS OF ASSISTANCE

- a. The Fund shall be used for eligible expenses incurred in:
- [Joint Trade Missions]** Organising and participating in joint missions to third countries to identify business and investment opportunities;
 - [Joint Feasibility Studies]** Commissioning of independent investment bankers, management consultants, accountants and lawyers in carrying out the following activities in third countries: (1) target-specific due diligence studies; and (2) market feasibility studies.
 - [Joint Pilots]** Conducting pilots or test-bedding activities, in but not limited to the areas of digital and green economy. Pilots conducted in Singapore and Malaysia to be reviewed on a case-by-case basis by Implementing Agencies.
- b. The types of investments which qualify for consideration under this Fund are those which will:
- Provide access to new technologies or established and commercialised technologies;
 - Provide access to overseas marketing through establishing new marketing channels or acquiring existing marketing channels.
 - Provide access to overseas resources which are costly or not easily available in support of the joint venture expansion or diversification plans.

- c. The key consideration in providing this incentive is the extent to which the investment in third countries would create joint economic spin-offs for both countries. Some of the benefits that would merit favorable consideration are:
- i. Technology. The investment enables companies of both countries to have access to or own research and design (R&D), design and engineering capabilities such that there is some enhancement of their existing capabilities. Such capabilities include R&D facilities, engineering and scientific personnel, patents and other forms of specialised knowledge applications.
 - ii. Market/Resource. To provide better access to resources and/or marketing channels overseas such that there is some enhancement of operations of the companies of both countries. Such enhancement would result in increased production, export sales and services from both countries.
- d. The Fund supports activities **in but is not limited to** the following sectors: manufacturing, tourism, infrastructure development, construction, information technology, trading and services, green technology, and digital economy which are deemed suitable by Implementing Agencies.

QUANTUM & TERMS OF GRANT

The Fund covers **up to 50%** of eligible expenses, with a **maximum grant cap of RM 200,000 per activity**

Joint Missions	Organising and participating in joint missions to third countries to identify business and investment opportunities.	<ul style="list-style-type: none"> • Missions organised by business associations must consist of <u>at least one (1) business association from Malaysia and at least one (1) business association from Singapore.</u> • Missions organised by local companies must consist of at least a 	<u>Travel-related expenses, capped to cover the expenses for two (2) participants per business association/company:</u> <ul style="list-style-type: none"> • Fare (Economy Class) • Accommodation (Standard Room) <u>Common costs:</u> <ul style="list-style-type: none"> • Logistics • Publicity • Networking
-----------------------	--	--	---

		total of three (3) companies, of which there should be at least one (1) Malaysian company and at least one (1) Singapore company.	<ul style="list-style-type: none"> • Consultancy fees
Joint Feasibility Studies	Target-Specific Due Diligence Studies Commissioning of professional services firm to conduct target-specific due diligence on potential business leads in third countries.	<ul style="list-style-type: none"> • Studies commissioned must consist of <u>at least one (1) business association and/or local company from Malaysia and at least one (1) business association and/or local company from Singapore.</u> 	<u>Third-party consultancy fees (excluding success fees) for:</u> <ul style="list-style-type: none"> • Performing a thorough and comprehensive due diligence search/investigation • Counselling for valuation • Structuring the investment • Providing tax, financial and legal advice on the investment • Assisting in negotiations related to the investment. <u>Other third-party fees</u> <ul style="list-style-type: none"> • Patent search and information fees
	Market Feasibility Studies Commissioning of professional services firm to conduct exploratory analysis on business environment and identify opportunities in third countries.	<ul style="list-style-type: none"> • Studies commissioned must consist of <u>at least one (1) business association and/or local company from Malaysia and at least one (1) business association and/or local company from Singapore.</u> 	<u>Third-party consultancy fees for:</u> <ul style="list-style-type: none"> • Providing details on business environment, market segmentation, value-chain analysis, competitor analysis, gap analysis, etc • Providing recommendations on opportunities and potential next steps for companies Fees should show the:

			<ul style="list-style-type: none"> • Number of phases / modules done for the study • Number of man-hours and total man-hour cost for each phase / module • Grand total cost for entire study
Joint Pilots	<p>Conducting pilots or test-bedding activities to demonstrate viability and scalability of solution and/or innovate new solutions or products or services for clients.</p>	<ul style="list-style-type: none"> • Pilots and test-bedding activities commissioned must consist of <u>at least one (1) business association and/or local company from Malaysia and at least one (1) business association and/or local company from Singapore.</u> • Activity <u>must not</u> generate revenue. • Activity proposed to take place in Singapore or Malaysia can be reviewed and approved on a case-by-case basis if it provides access to new technologies or new market segments, as concurred by Implementing Agencies. 	<p><u>Activity-related expenses:</u></p> <ul style="list-style-type: none"> • Applicant's staff basic salary (capped at RM12,000 per staff per activity month, capped at one staff per company per activity) • Purchase of critical hardware/equipment and software for activity implementation • Materials and consumables such as physical components for development work and fabrication of prototypes

OPERATING PROCEDURES

- i. Applications to be submitted to the Lead Agency at least 45 working days before the commencement of activity, via the prescribed form.
- ii. The implementing agencies reserve the right to reject any applications that do not meet the specified requirements.
- iii. Activity must not have commenced at the time of application.
- iv. The expenses listed under Forms of Assistance are eligible expenses except;
 - a. Taxes imposed by any country are not supportable.
 - b. Fees charged by independent third-party auditors for verification of claims are not supportable.
- v. Claims to be submitted to the Lead Agency for evaluation within 90 working days of the completion of the activity, via the prescribed form for disbursement of claim.

For enquiries and clarification, please contact: -

Mr. Nazuki Abdullah
Director of Cross Border Investment Division (CBI)
Malaysian Investment Development Authority (MIDA)
Email: nazuki@mida.gov.my / cbi@mida.gov.my
DL: +603-2267 6688
GL: +603-2267 3633