



MEDIA RELEASE

MDV ROLLS OUT TECHNOLOGY START-UPS FUNDING RELIEF FACILITY (TSFRF) FOR TECHNOLOGY START-UPS IMPACTED BY THE COVID-19 OUTBREAK

- **TSFRF aims to provide immediate and targeted cash flow support for VC or Government agency-backed technology start-ups to sustain their business operations**
- **RM100.00 million in funds to benefit between 40 to 60 technology start-ups under the new relief facility**
- **Simplified application process under the TSFRF to expedite disbursements to affected companies**

KUALA LUMPUR, 11 MAY 2020: Following the recent announcement by the Minister of Science, Technology and Innovation, Yang Berhormat Khairy Jamaluddin, on a new funding relief facility for technology start-ups, **Malaysia Debt Ventures Berhad (MDV)** today announced the detailed framework, eligibility requirements and application processes of the RM100.00 million Technology Start-Ups Funding Relief Facility (TSFRF). The facility, which is targeted to benefit between 40 to 60 technology start-ups, will be available for applications for the first start-ups cohort beginning 18 May 2020 until 31 May 2020. Subsequent application windows will be opened until the entire fund of RM100.00 million is fully committed. The TSFRF will be funded via a soft-loan from the Government to MDV.

The TSFRF is open to all Malaysian technology start-ups that are either backed by VC companies or any Government agencies. The start-ups companies must fulfil one of the following criteria: the majority of the company's equity is owned by Malaysian(s); the majority of its staff are Malaysians; or the majority of revenues are generated in Malaysia.

The TSFRF was developed following a series of engagement sessions with technology start-ups; Venture Capital (VC) firms; MDV's stakeholders i.e. the Ministry of Science, Technology and Innovation (MOSTI), and the Ministry of Finance (MOF); as well as key enablers in the technology sector namely Cradle Fund Sdn Bhd (Cradle); Malaysia Venture Capital Management Berhad (MAVCAP); the Malaysian Global Innovation and Creativity Centre (MaGIC); and Malaysia Digital Economy Corporation (MDEC).

Cradle, MAVCAP, MaGIC and MDEC in particular, had provided requirements of their constituent companies and facilitated the development of the TSFRF. Each agency will also provide access to the tech start-ups within its purview for application of the programme.

MDV's Chief Executive Officer (CEO) Nizam Mohamed Nadzri said, "As a dedicated technology financier, MDV has responded to the Government's call for the private sector, particularly Government-Linked Companies (GLCs), to share the responsibility of stimulating the economy through measures that support the operating and financial needs of businesses, which is what the TSFRF intends to address."

The TSFRF, which is offered in the form of working capital and business expansion requirements, aims to provide immediate, affordable and targeted cashflow support for VC or Government Agency- backed technology start-ups companies that are impacted by the current adverse economic conditions and funding disruptions. This is to ensure that they are able to sustain their business operations during this difficult time. The TSFRF facility will be offered at an interest rate of 3.50% per annum on the amount outstanding.

“The TSFRF is meant to address liquidity challenges faced by tech start-ups in this current period by having on-hand working capital facilities to mitigate cashflow issues going forward. It is also meant to shorten time-to-money with lesser application requirements; shorter due diligence and credit assessment processes; minimal legal documentation requirements; and quick disbursement processes. Tech start-ups will also not have to bear any additional fees and charges for the facility,” said Nizam.

“Most importantly, no hard collateral is needed under the TSFRF. As part of our risk mitigation measure, applicants are only required to provide personal guarantee and debenture,” added Nizam.

He further elaborated that the TSFRF is similar to a revolving credit facility, which means that disbursement can be requested on demand or based on a 6 month rolling cash flow requirements per applicant. Outstanding balances of the principal can be rolled-over semi-annually, providing flexibility in managing repayment.

“What this means is that applicants would have the option to service the financing interest while principal repayment can be brought forward to the next 6 months and so on until the expiry of the facility tenure,” explained Nizam.

Since the outbreak of the COVID-19 pandemic, which has had a significant impact on a global scale, including to the Malaysian economy, MDV has rolled out a series of measures to alleviate the burdens faced by tech companies -- particularly SMEs and start-ups. These include expediting evaluation process on existing products to ensure timely availability of funds and accelerating disbursements for customers to enable capacity building, as well as offering a moratorium on loan repayments to support the companies through tough times and to help bridge their cash flow gap. MDV has also provided options to existing customers (on case-by-case basis) to reschedule or restructure their financing facilities to help them manage their cashflows.

“MDV is committed to continue supporting the Government, particularly MOSTI and the MOF, in their efforts to ease the financial burdens of Malaysian technology companies and to help the economy recover. Therefore, it is our hope that eligible technology companies will seize this opportunity and submit their applications for the TSFRF to MDV, to ensure their continued resilience, recovery and growth,” concluded Nizam.

For further information on the TSFRF, please visit MDV’s website at www.mdv.com.my.

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About MDV – The Nation's Technology Financier

Malaysia Debt Ventures Berhad (MDV) is a wholly-owned subsidiary of the Minister of Finance Incorporated established in 2002 with the objective of providing flexible and innovative financing to develop high-impact and technology-driven sectors of the economy, identified and prioritised by the Government as future engines of growth. MDV's strategic role in the technology financing ecosystem in Malaysia is defined by its approach to funding which is different from other financial institutions. MDV's niche is helping to fund young technology-based companies or start-ups that are unable to secure financing from commercial financial institutions due to their novel business model, lack of proven operating track record and lack of collaterals. With the rapid rate of technological and digital advance, and Malaysia's continued push towards becoming an advanced nation, MDV will continue to have a significant role to play particularly in financing emerging technology areas and in achieving its vision of becoming the Nation's Technology Financier.

For more information on MDV, visit <http://www.mdv.com.my/>

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