

First Cohort of Elevate Participants Begin their 12-month Journey

After a delayed start due to CMCO rules, CMM is very excited to have our first cohort of participants embark on the 12-month programme!

The Elevate Programme was launched earlier this year with the intention of helping companies within the Mid-Tier segment of the Malaysian economy to professionalise their business operations and become investment-ready for future growth and expansion. As the title suggests, the programme is intended for these already successful companies to raise their game to ensure that they continue on an upward trajectory and are sufficiently funded to do so.

“Historically the primary source of funding has been the banking sector but the relevance of the capital market has grown over the last few decades. The Elevate programme will provide Malaysian businesses with the tools and training to professionalise their business and become investment ready for fund raising through the capital market.” said Zalina Shamsudin, General Manager for Capital Markets Malaysia (CMM).

Mid-Tier companies are defined by MATRADE as manufacturing sector enterprises with annual revenues of RM 50 million to RM 500 million, and service sector enterprises with annual revenues of RM 20 million to RM 200 million. These companies, according to the Malaysian Consortium of Mid Tier Companies (MCMTC), while constituting only 1% of businesses registered in Malaysia, employ 22% of the workforce and contribute 30% to the Malaysian GDP.

Commenting on the Elevate programme ahead of its pioneer intake on 17 December 2020, President of the MCMTC Callum Chen said, “Many mid-tier companies are working their way towards listing, but without proper knowledge about the Listing Process, Valuation of their Company, Options on Funding, SC Compliance, Investor’s Expectations etc, which many companies subsequently regret not having prior knowledge of before embarking on their Listing Exercise. The Elevate programme provided by CMM is indeed very timely

and looking back many listed company bosses probably wished that the Elevate program was around when they were thinking of listing.”

Beyond supporting companies in reinforcing their internal controls and financial structure, the programme will provide companies with an understanding of the entire fundraising landscape, alongside strengthening their capabilities in marketing, branding (or rebranding) and redesigning their processes.

Elevate participants attended an online onboarding session earlier this month. The Group of 20 C-level executives, ranging from owners of large scale plastic manufacturers and precious metal companies to enterprises offering technology solutions will begin the programme on 17th December with a two-day course on Design Thinking. Every participant of the Elevate Programme has one thing in common: A burning ambition to bring their family-run enterprises to the next level of growth.

 CAPE EMS MANUFACTURING SDN BHD	 CC INTERNATIONAL SDN BHD	 CLOUD IOT SDN BHD	 DD ANIMATION SDN BHD	 G.B INDUSTRIES SDN BHD	 GEMAS PRECIOUS METALS INDUSTRIES SDN BHD	 ICT ZONE SDN BHD	 IFORTE INTELLIGENCE SDN BHD
 KAT TECHNOLOGIES SDN BHD	 LH PLUS SDN BHD	 ORPHEUS CAPITAL SDN BHD	 SB TAPE GROUP SDN BHD	 SEE HAU GLOBAL SDN BHD	 SKY RESOURCES SDN BHD	 SNS NETWORK SERVICES SDN BHD	 THUMBPRINTS UTD SDN BHD
 IX TELECOM SDN BHD	 IPAY 88 SDN BHD	 RAISE YOUR GAME					



ECF SPOTLIGHT:
pitchIN

In early November, pitchIN, a pioneering Malaysian-based Equity Crowdfunding Platform (ECF), announced that it had hit total funds raised of RM 100 million since its inception in 2012 – an astounding achievement given that SC data as of end September 2020 indicates that total amount raised by ECF platforms in Malaysia stands at nearly RM 130 million. Indeed, pitchIN holds the record for the highest amount of investment raised and number of successful ECF campaigns in Malaysia.

We sit down with pitchIN Co-Founder Sam Shafie to understand how it all began (there was *roti canai* involved) and what the future holds for this very promising platform operator.

Now in your 9th year, how have you seen fundraising evolve in Malaysia?

pitchIN started as a Reward Crowdfunding (RCF) platform in 2012 and was the first to offer such a platform in Malaysia. It was only in June 2015 that pitchIN, together with 5 other companies that were later registered and recognised

by the Securities Commission of Malaysia to offer an Equity Crowdfunding (ECF) platform. pitchIN went live with its first deal in June 2016, raising RM260,000. Fast forward to Dec 1, 2020, pitchIN has assisted 76 companies to raise more than RM105 million from more than 4500+ investors.

We think there has been a steady growth in Equity Crowdfunding (ECF). We have been growing year to year, in not only seeing more companies coming to ECF platforms to raise funding but also a steady in flow of new investors. In the beginning, the majority of companies that were using and contemplating their fundraise on ECF were more technology startups. Now we have seen even businesses such as cafes, restaurants, those in the agriculture sector fundraising on an ECF platform including on pitchIN.

We've also seen many young professional using ECF platforms to do their investments as well as HNW investors. All in all, there has been a steady growth of investor base across all categories, retail, angel and sophisticated investors. We think this will continue to grow as we

focus on curating good companies on the platform.

What we would like to see more of is the involvement of institutional investors like VCs to also co-invest with the crowd. There are plus points in seeing this. VCs bring expertise to the table but the crowd brings customers and fans. Combine them both together, it's a win for companies.

You're a leader in ECF fundraising not just in Malaysia, but also in Asia – what plans are on the horizon for pitchIN?

Our aspiration has always to be a hub for companies to raise their capital via various products including ECF. We feel that being able to offer various options for companies is important for their growth. And for investors, to invest in these various products that these companies are offering to raise their capital. We see ourselves as part of the WealthTech sector of FinTech.

What has been your most gratifying fundraising campaign thus far?

The first ever deal to be done on pitchIN, the campaign by KRU Academy will always be something special. And there are many memorable fundraising campaigns that have broken records like Oxwhite who raised more than RM5 million from 485 people, the largest base of investors to date in an ECF campaign. Or Policy Street who to date raised RM5,280,000, the most funding on an ECF platform in Malaysia. Then there is Kakitangan, an early ECF success story that raised RM1.5 million within 24 hours. Their campaign received a lot of attention and was covered widely by the mainstream press. We're also proud of BabyDash, one of the earliest campaign on pitchIN. The company is led by 2 women founders who at the time when they were fundraising, raised the highest amount on ECF.

But if I were to single out a campaign that was gratifying, it is because it ticked all the boxes of why ECF is a great platform

for growth stage companies to raise their growth capital. And that is in reference to Signature Market who raised RM1.5 million, essentially from their own database of customers. Their growth after the fundraising has been tremendous. A lot of that has to do with the support investors are giving in terms of marketing the service and product of Signature Market to those that may have not been aware of their product before this.

What's a little-known fact about pitchIN?

Both the founders of pitchIN are mad football fans. Unfortunately, that's where the similarity ends. I am a massive supporter of Liverpool while my co-founder, Kash is a fan of Manchester United. Both teams are fierce rivals! It goes to show that despite that, one could still put aside their differences and build a company.

The other fact that many may not be aware is that prior to starting pitchIN, Kash and I did not know each other. The first time we met, Kash was running

GoMobile, one of Malaysia's early mobile tech magazine while I was a Director of Network Security in the Malaysian Communications and Multimedia Commission (MCMC). The corporate affairs department at MCMC contracted Kash and his company to write about the Network Security Centre that my Department built. We kept in touch and after I left MCMC, we had roti canai at Pelita in Jalan Ampang and after several rounds of the tarik and roti canai, that's where we decided to start a company that later gave birth to pitchIN.

The Way Forward

pitchIN had indicated in interviews given earlier this year that it would apply to operate a secondary market and potentially an Initial Exchange Offering (IEO) platform once this becomes possible. As the platform operator grows from strength to strength all eyes are on their continued trajectory forward!

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SC Seeks Feedback on Plan to Amend Unit Trust Guidelines

The SC is seeking feedback from the public on proposed amendments to the Guidelines on Unit Trust Funds which it says will facilitate greater competitiveness in the industry and provide investors access to a wider range of products. It is considering enhancements to operational requirements, including dealing in and valuation of a fund. To ensure consistency in policy with unit trust funds, the SC is also considering making some of the proposals applicable to exchange-traded funds (ETF) and private retirement schemes (PRS). Unit trust funds are the largest component of the Malaysian Collective Investment Scheme industry. As on Sept 30, 2020, there are 39 locally-incorporated management companies approved to offer 693 unit trust funds with a total net asset value of RM490.3 billion.

More Stocks Earn Shariah-compliant Status SC's November Review

The latest Shariah-compliant securities list which came into effect on November 27 saw a pick-up with 39 new inclusions while another 16 have been excluded. All-in, there are now 715 Shariah-compliant securities traded on Bursa Malaysia. Of the 39 new inclusions, eight are initial public offerings with the most notable being Mr D.I.Y. Group (M) Bhd, Advance Synergy and Cycle & Carriage Bintang. The LEAP market saw seven additional securities classified as Shariah-compliant, thus bringing the total to 28. In classifying these securities, the SAC received input and support from the SC. In related news, Mr. DIY Group (M) Bhd shares rose as much as 5.65% or 14 sen to RM2.62 after it was added to the list.

Sime Darby Property Revises RM4.5b Sukuk Programme

SIME Darby Property Bhd has revised its RM4.5 billion sukuk musharakah programme to incorporate terms for the potential issuance of its ASEAN Sustainable and Responsible Investment (SRI) sukuk. The sukuk musharakah programme was given a credit rating of AA-IS and a "Stable" outlook by the Malaysian Rating Corp Bhd (MARC). MARC had also assigned a "gold" sustainability sukuk assessment to the group's sustainability sukuk framework, which sets out the guidelines for any future issuance of ASEAN SRI sukuk musharakah under the programme.

SC Introduces New Framework To Facilitate Offering of Islamic Funds With Waqf Features

The SC has launched a new framework to facilitate the offering of Islamic funds with waqf features to enable the growth of the Islamic social finance segment. The development of waqf was identified as one area of significant potential for social development, greater public good and wealth distribution, in the SC's Islamic Fund and Wealth Management Blueprint, launched in 2017. The Waqf-Featured Fund Framework will broaden the range of innovative Islamic capital market products and provide the public access to Islamic funds that allocate whole or part of the fund's returns towards socially impactful activities via waqf. The framework is applicable to existing and newly launched unit trust and wholesale funds. It sets out eligible waqf recipients and disclosure requirements in order to promote transparency of investors' investments and the waqf distribution.

EPF Encourages Brokerages to Prioritize ESG Considerations

THE Employees Provident Fund (EPF), the country's largest pension fund has asked brokerage firms in Malaysia to incorporate environmental, social and governance (ESG) considerations into their research process alongside traditional financial metrics, starting 2021. Failure to do so may result in them being dropped from its panel of brokers. According to The Edge, the expanded focus by EPF comes as it includes the input from its sustainable investment unit in its evaluation of panel brokers from January 2021. The Sustainable Investment Centre (SIC) was established in February with the primary role of formalising the fund's framework and policy for sustainable investments, slated to be launched next month. While the new requirement is not mandatory many may be compelled to comply to remain on EPF's panel of brokers.



Landmark Transaction by Hibiscus Petroleum

Hibiscus Petroleum has raised RM 203.6 million via the issuance of Islamic convertible redeemable preference shares (CPRS) issuance. This transaction is significant for a couple of reasons: Apart from being the largest CPRS issuance in 2020, the company also took steps to ensure that the issuance was in accordance to Shariah principles in order to remain as a Shariah-compliant counter on the main market.

Hibiscus, an independent oil and gas exploration and production company, said it had opted for an Islamic CPRS to provide an avenue for its existing and new shareholders, both Islamic and conventional funds, to participate. It added that the subscription of the Islamic CPRS by both types of funds was testimony to the vibrancy and the diversity of the Islamic capital markets in Malaysia.

The CPRS tranches were sized to minimise dilutive effects to existing shareholders, taking into account the requirements of financial institutions that are supporting the debt component of various bids being contemplated for submission by the company.

Commenting on the development, Hibiscus Petroleum's chairman Zainul Rahim Mohd Zain said, "We are a Shariah counter and recognise the importance of ensuring that we remain Shariah compliant. We understood early on in the process that we were in a position to meet the requirements for

the CPRS to be Shariah-compliant, and management were determined to obtain the necessary endorsement from the Securities Commission, with the guidance of our Shariah Adviser, CIMB Islamic Bank Berhad."

Joint bookrunners for the deal included CIMB Investment Bank, Affin Hwang Capital and Hong Leong Investment Bank. Commenting on this transaction, Lee Jim Leng, Group Managing Director and CEO of Hong Leong Investment Bank commented that raising RM 203.6 million despite the challenging external environment marks a strong vote of confidence from the investment community towards the company. She added, "We are also pleased to highlight that this Islamic CPRS is just the first step towards providing the company with a platform to tap into the Islamic equity capital markets for its future business expansion."

CEO of CIMB Investment Bank, Jeffri Hisham said the bank that the CPRS offering represented a unique and landmark Islamic preference share offering in the Malaysian capital market. "We are hopeful that the success of this significantly important transaction will cap a major milestone in the development of the Islamic equity capital market in particular and at the same time reinforce Malaysia's dominant position as a leader in Islamic finance globally", he added.