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KEYNOTE ADDRESS
BY

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MINISTER OF FINANCE MALAYSIA

PENJANA KAPITAL LETTER OF AWARD HANDOVER CEREMONY

MONDAY, 14 NOVEMBER 2020
8:30 – 9. 30 AM

Yang Berbahagia Dato' Asri bin Hamidon,
Secretary General of Ministry of Finance

Yang Berbahagia Dato' Shahrul Nazri bin Abdul Rahim,
Chairman of Penjana Kapital

Members of the Board, the Investment Panel and management of Penjana Kapital

The representatives of the foreign Venture Capital fund managers, and their local partners

Members of the Media, Distinguished Guests, Ladies and Gentlemen

Assalamualaikum warahmatullahi wabarakatuh and a very good morning to everyone

INTRODUCTION

1. I am pleased to be here today at the Penjana Kapital Letter of Award Ceremony, which marks a -up and venture capital sectors.

2. Just four months ago, I had the opportunity to launch the Dana Penjana Nasional Programme, where I reflected on position among the top 15 VC destinations among 125 countries ranked globally, as per the 2018 Venture Capital and Private Equity Country Attractiveness Index. I also reflected on why it is important to support this ever-growing sector as a catalyst for our economic growth.

3. Today, I am proud to witness Penjana Kapital first key milestone in connecting Malaysian start-ups with international VCs, and in facilitating a growth path and a vibrant ecosystem for these high-potential firms to thrive.

4. Dana Penjana was introduced as stimulus package to weather the impact of the COVID-19 pandemic. It was envisioned as a much-needed -ups that have persevered in this new norm.

5. This is not just another start-up fund. With a focus on sectors like agritech, fintech, edutech, agritech, mobility, and artificial intelligence, the plan was to set up a 1.2 billion ringgit fund that is effectively allocated to high-growth firms with a clear set of goals to achieve.

6. Today, it is my pleasure to welcome eight VC fund managers that have helped Penjana Kapital exceed this target, with an indicative fund size of 1.57 billion ringgit combined under the Programme, or 370 million ringgit more than the initial projected allocation.

7. These eight VCs were carefully selected among 51 applicants from around the world, including the US, China, Korea, Indonesia and Singapore. To ensure compatibility with domestic players, a rigorous evaluation process was employed, and we are happy to say that the setup is ready to achieve our objectives, and more.

8. I would like to thank Penjana Kapital, their board and Investment Panel, as well as everyone who has contributed to ensure the success of this initiative. Such encouraging participation also indicates strong confidence from the international community towards Malaysia investment-friendly policies, as well as the and start- up industry growth prospects.

MALAYSIA'S EFFORTS TO ENCOURAGE INVESTMENTS

Ladies and gentlemen,

9. Investment is key to long-term economic growth and productivity. Looking at the bigger picture, this VC boost is part of the Government efforts to enhance our start-up enabling environment and generate more business opportunities, particularly in sectors with high multiplier effects for the economy.

10. Setups like Penjana Capital empower our start-ups, through knowledge transfer, as well as exponential growth through the ensuing network effect. It goes beyond providing the short-term funding needs of these companies. For the long term, Penjana Kapital has established Knowledge Transfer Plans, or KTPs, to set a clear goal for the players involved.

11. These KTPs and there are 91 under Penjana Capital alone will eventually lead to the creation of at least 1,800 high-skilled jobs, through investee companies or knowledge transfers. This is in line with objective to become a knowledge-based economy with high value-added products and services.

12. Looking back, Malaysia has long had its place among investors, being blessed with a robust ecosystem comprising a diverse human capital base, key physical and digital infrastructure, supportive policies by the Government, and a multi-ethnic and diverse market that is deemed by many as a good, cost-effective base for venturing into the Asean region.

13. Beyond the private investment space, Malaysia has demonstrated its resilience on the investment front despite Covid-19 s challenge to growth, with total approved investments exceeding 100 billion ringgit in the first 9 months of 2020 alone.

14. This is a commendable effort, considering the global economic uncertainties. This is also fully supported by the Government ecosystem ready to spur bigger and more sustainable growth ahead. Since the PENJANA economic recovery plan was launched in June 2020, up until Budget 2021 was tabled, the Government has pushed for numerous measures to encourage local and foreign investments including:

a. Ten- to 15-year tax relief for eligible companies relocating to Malaysia for the first time;
b. Three-year investment tax allowance for relocation by companies with existing operations here,
c. Reinvestment allowance for manufacturers and agriculture players,
d. One billion ringgit special incentive package for high value-added technology,
e. Five hundred million ringgit high-tech fund by Bank Negara to drive innovation, and
f. Tax incentives for R&D product commercialisation.

15. Moving forward, I am optimistic to see more foreign and domestic investor participation, and I give my personal assurance that the Government will continue to support high-impact investments for the nation.

GREEN AGENDA IN BUSINESS, TECHNOLOGY AND FINANCE

Ladies and gentlemen,

16. Today, the business sector has increasingly adopted the tenets of sustainability as part of the global movement towards a cleaner, more sustainable and more resilient community. This is reflected by the rising interest and investments in Sustainable and Responsible Investments (SRI) in the private sector.

17. SRI is all about sustainable finance, sustainable operations and achieving the people-planet-profit balance in pursuing business interests.

18. In this regard, the Government has also reached a new milestone in aligning for the first time ever many of its national budget measures with the 17 UN s Sustainable Development Goals. As part of Budget 2021, we are proud to strengthen our sustainability agenda, including the 2 billion ringgit Green Technology Financing Scheme 3.0 to encourage the issuance of SRI sukuk, and a tentative plan to issue our first sustainability bond next year.

19. We are also committed to ensure the sustainability and continuity of our SMEs and Micro Enterprises during this COVID-19 episode, with aid amounting to RM24 billion for over 1.4 million businesses. These include the SME Soft Loans Funds, the Wage Subsidy Programme, as well as the Prihatin Special Grant, to name a few.

20. On the start-up front, Malaysia is slowly but surely seeing the emergence of the green tech industry, from waste management to renewable energy and manufacturing of products that minimizes carbon footprint.

21. In promoting this green agenda, we hope our entrepreneurs will also leverage the private investment ecosystem, as well as venture into more and more green technology to achieve the people-planet-profit triple bottom line.

22. -up sector certainly has the capabilities and potential to achieve this, having grown from strength to strength over the years. At least 200 or so fintech start-ups have made Malaysia its home as of April 2019 -- representing of the fastest growing sub-sectors in our economy.

23. We also encourage collaborations with multiple agencies that have been mobilised to support this segment, including MaGIC, MDEC, MTDC and the likes of Cradle, Malaysian Debt Ventures, as well as multiple equity crowdfunding (ECF) platforms to facilitate investments from retail and angel investors alike.

24. And yet, the Malaysian start-up space still has room to grow to compete with its regional peers, with a sizeable portion of available Government funds still available. This is where Penjana Kapital and other funds dedicated to encouraging and supporting start-ups will continue to play their role in developing and growing the private capital investment space.

CLOSING

Ladies and gentlemen,

25. I firmly believe in Malaysia as an attractive investment destination for Asian start-ups. As risk capital catches on to chase better yields in what appears to be a prolonged low interest-rate environment, such next- generation and future growth engines.

26. Concurrently, this will catalyse the VC industry in terms of talent development, and developing appropriate risk- and reward-sharing mechanisms for investors and investees. It is also about providing viable fundraising options for SMEs and micro SMEs.

27. These efforts will lead to the growth of Malaysian start-ups by enabling expertise and know-how. In turn, it will enhance employment opportunities and sets Malaysia on the right track towards economic recovery and becoming a high-income nation.

28. To everyone who has been selected under Dana Penjana Programme, I would like to welcome you on-board this initiative, and I am confident you will fulfil the mandated roles. Our sincere appreciation for your trust and confidence in Malaysia, and I wish you all a great journey ahead.

29. And to Penjana Kapital, again, congratulations for making this first big stride, and I am confident you will be able to deliver more successes in the future. Thank you.