



MALAYSIAN BIOTECHNOLOGY CORPORATION SDN BHD
(Company No. 691431-D)

GUIDELINES ON BIOTECHNOLOGY COMMERCIALISATION FUND CREDIT FACILITY APPLICATIONS

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1 OBJECTIVE

The objective of this paper is to provide applicants with an explanation of the process and procedures involved in relation to an application for a Biotechnology Commercialisation Fund (“BCF”) Facility as well as the general criteria used in evaluating such applications.

Generally, the BCF Facility managed by BiotechCorp, is granted for the following objectives:

- a. to facilitate on-going commercialisation of biotechnology products and services; and
- b. to facilitate expansion of existing biotechnology business.

2 TYPE AND SCOPE OF FINANCING

The BCF Facility is a term loan/financing facility that will be offered based on conventional principles primarily for the financing of working capital and capital expenditure.

3 ELIGIBILITY CRITERIA

To apply for the BCF Facility, applicants must first meet the following criteria:

- a. the applicant must be a BioNexus Status company;
- b. is majority Malaysian owned i.e. at least 51% of the equity is owned by Malaysians; and
- c. minimum paid-up capital of RM250,000.

4 EXPENDITURE COVERED BY THE BIOTECHNOLOGY COMMERCIALISATION FUND FACILITY

The BCF Facility shall cover expenditure in relation to the commercialisation of activities (within the ambit of the BioNexus Status Qualifying Activities) by the applicant company which may include the following:

- a. Commercialisation expansion project;
- b. Commercialisation or Expansion of existing biotechnology products or services;
- c. Commercialisation or Expansion of new biotechnology products or services; and
- d. Activities for commercialisation or expansion into new markets (geographical or segmental).

The typical expenditure for the Biotechnology Commercialisation Fund includes:

- a. Project/Machinery
 - i. Cost of expansion of production, research and service related facilities
 - ii. Procurement of production or laboratory equipment
- b. Working Capital
 - i. Intellectual property filing and registration
 - ii. Clinical or field trial costs
 - iii. Raw materials, consumable or livestock
 - iv. Compliance and regulatory costs
 - v. Expenses directly related to R&D activities towards improving:
 - Existing products/services with the exception of payroll/human capital emolument expenses
 - vi. Expenses directly related to business expansion activities to introduce products/services into the global market with exception of payroll/human capital emolument expenses.

5 QUANTUM OF FINANCING

BiotechCorp may grant approved applicants a credit facility from a minimum of RM500,000 to a maximum of RM3,000,000.

6 MARGIN OF FINANCING

BiotechCorp may grant the BCF facility of up to a maximum margin of 90% of the total project cost.

7 INTEREST / PROFIT RATE

Interest / profit rate of between 5.00% - 6.25% will be charged on monthly rest basis on all BCF facilities.

8 DRAWDOWN / DISBURSEMENT

All approved BCF facilities will be released in stages in accordance with the schedule of payments as set out in the Facility Agreement. BiotechCorp reserves the right to release the facility to any party it deems appropriate.

The approved BCF recipient, subject to full compliance with the conditions precedent, from time to time, will draw and utilise the BCF facility in the manner stipulated in the Facility Agreement.

9 FACILITY TENURE AND REPAYMENT PERIOD

The BCF facility tenure will be up to a maximum period of 6 years (excluding the grace period of up to 1 year). The repayment to commence in one (1) month after full disbursement or one (1) year after the execution of BCF Facility Agreement, whichever is earlier.

10 ACCEPTABLE SECURITY

BiotechCorp shall accept security such as Guarantees, Fixed Deposit Receipts, Cash, Quoted Shares, Listed Unit Trusts, Property, Plant, Equipment and Machinery.

11 FEES

- a. A processing fee of 0.25% of the approved facility amount is payable for each approved applicant.
- b. Stamp duties, legal fees and related facility documentation expenses to be borne by the approved applicant.
- c. General insurance premium on assets purchased for the BCF project and for all assets provided to BiotechCorp as collateral/security to be borne by the approved applicant.

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12 BIOTECHNOLOGY COMMERCIALISATION FUND APPLICATION PROCESS

12.1 Information Required in the BCF Facility Application

The applicant is required to fill in **ALL** the information within the BCF Facility Application form which is outlined below:

- a. Particulars of the applicant, which should include the following:

The name of the applicant company, company's registration number, company BioNexus number, biotechnology sub-sector the company is in, date of incorporation, company's phone address, telephone number, facsimile number, website address and name, designation, telephone number, mobile number and email of a contact person within the applicant's organisation;

- b. Business details, which should include the following:

The authorised, paid-up capital and shareholding of the company, organisation structure, manpower structure and revenue breakdown by major customers.

- c. All applications must be attached with the project proposal paper for the BCF application which should include the following:

i. Project Overview

Proposed project title, commencement date, timeline, details of the working capital and / or capital expenditures to be financed with the BCF Facility and the proposed drawdown schedule.

The project summary shall encompass the following:

- Description of the proposed project
- Purpose of financing
- Key milestones and deliverables
- Team structure
- Brief description on biotechnology employed
- Total project cost
- Financial forecast and projections for the entire facility tenure

ii. Proposed Project Start Date

Applicant is required to provide a proposed commencement date for the said Project.

iii. Project Timeline

Applicant is required to chart out the individual activities in accordance with their corresponding milestones and timeline of the overall project (preferably in the form of a Gantt chart)

iv. Financing Component

Applicant is required to provide details of the relevant expenditures including value in RM that will be incurred for example, machinery, Intellectual Property (IP) filing and registration, clinical / field trial costs, raw materials or consumable / livestock etc.

v. Proposed Drawdown

Applicant is required to provide a detailed list of the proposed drawdown schedule. The drawdown schedule shall include the proposed date(s), amount (in RM) and drawdown purpose from the initial up to the final drawdown.

vi. Project Value Proposition

The applicant is required to provide information on the value proposition of how the applicant's operations and proposed activities will benefit the country and the biotechnology/life sciences industry.

vii. Project Funding

Applicants will be required to provide a brief description on how they intend to finance the equity portion of the project cost (e.g. through shareholders fund, utilisation of retained profits etc.)

viii. Other Forms of Funding Assistance

Applicants will be required to disclose the receipt of any financial assistance from external parties other than BiotechCorp Malaysia (if any).

Applicant is required to furnish and attach the relevant document(s) (e.g. approval letter/ contract, letter of offer etc.) as evidence of funding assistance secured.

ix. Market Overview

Applicant is required to produce a summarised market report and / or assessment on the product the company is producing. The summary shall include but not limited to the following:

- Feasibility of applicant's proposed activities against the current market environment
- Target market analysis including potential demand for the activities being proposed and the projected market share that applicant will be able to acquire
- Factors that contribute towards the supply and demand of the proposed project/product
- Level of competition within industry
- Key players in the industry (if any)

d. Particulars of security/collateral pledged.

Applicants are required to provide details of the owner, type and value in RM of the related collateral and / or security pledged to BiotechCorp.

12.2 Information Required in the Financial Performance and Projection

Applicants will be provided with BiotechCorp's Financial Performance and Projection Template. The applicant is required to complete the said template and **no other format is accepted**. The financial template includes:

a. Historical Performance

- Balance Sheet
- Income Statement
- Cash flow analysis

b. Projection for the Proposed Project

- Income Statement
- Cashflow Forecast and Projection

12.3 BiotechCorp reserves the right to request for clarification or any other information from the applicant regarding its application.

12.4 BiotechCorp reserves the right not to accept applications which are incomplete in this respect.

12.5 The evaluation process will only commence once complete information is received from the applicant. A Letter of Acknowledgement for Complete Submission will be sent by BiotechCorp to the applicant once complete information has been received. BiotechCorp will take 60 days to evaluate the application upon issuance of the letter.

13 EVALUATION PROCESS AND CRITERIA

13.1 BiotechCorp and the Appointed Financial Institution will consider the application together with the accompanying information based on its strengths and merits. Each application will be evaluated against a set of criteria which may include, but is not limited to the following:

- a. The viability of the project and technology employed, and whether the returns proposed would enable the Applicant to repay the BCF facility.
- b. The ability of the applicant company to deliver the product/ services/ project to its customers, including the technical expertise to carry out the proposed project.
- c. The applicant's financial strength in terms of its equity or net worth in order to assess the sustainability of the company.
- d. The appropriateness and adequacy of security provided by the applicant.
- e. Track record and background of the applicant, including the business, market, industry regulations and requirements as well as applicant's Management's integrity and reputation.

Approved applications will receive a Letter of Offer and subsequently the Facility Agreement.

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14 DOCUMENTS REQUIRED

14.1 Applicants shall submit the following:

- a. Completed Biotechnology Commercialisation Fund Application Form
- b. Completed Biotechnology Commercialisation Fund Particular of Guarantor / Partners / Proprietor Form
- c. Detailed project or proposed business plan which include the following:
 - i. Project description
 - ii. Purpose of financing
 - iii. Project milestones and deliverables
 - iv. Team structure – brief CV of each team member
 - v. Technology employed
 - vi. Total project cost
 - vii. Financial projections for the entire facility tenure based on the assumption that the Applicant has received the BCF Facility.
- d. Relevant security documents
- e. Latest certified true copies of SSM's Form 9, Form 13 (if applicable), all of Forms 24, Form 44 and Form 49
- f. Certificate of Charter/Statute or Memorandum & Articles of Association or other similar instrument defining its constitution
- g. Latest Company Profile - history of company, background of the directors and management
- h. Types of products and services produced by the company
- i. List of Customers and Suppliers
- j. Corporate investors/shareholders audited accounts (if any)
- k. Recent 3 years audited financial statements
- l. Breakdown of revenue according to customers for the past 3 years (if any)
- m. Latest company's management accounts
- n. List of Borrowings - name of lender, type of facilities, limit, outstanding amount, repayment terms and security pledged
- o. Bank Statements for the last 6 months
- p. Market reports on product, solutions and/or services provided by the company, in relation to the application
- q. Letter of Award or contract or conditional contract secured from customers (if any)
- r. Contract secured from suppliers (if any)
- s. Reports on economy and market outlook, industry the company is in
- t. Collaboration / joint venture agreement with other project partner(s), authorization letter from technology provider (if any)
- u. Certified Copies of Licenses or Registration (if any)
- v. IP Application form (if any); or Copies of patent certificate
- w. Independent reports by financial advisors, accountants, consulting engineers and the like, for project financing applications

- 14.2 The applicant may submit any other information not specified above which may be considered helpful for evaluation of the application.
- 14.3 All the above mentioned documents should be submitted in both hardcopy (2 copies) and softcopy format (where possible);
- 14.4 The Project Proposal must be written in English; and
- 14.5 All photocopies of the company statutory documents and any agreements must be certified by the Company Commission of Malaysia (CCM). Photocopy submission of any agreement must be certified by a Director or the Company Secretary.

For further information or clarification, please contact:

Vice President
BioNexus Development Division
Malaysian Biotechnology Corporation Sdn Bhd
Level 23 Menara Atlan
161 Jalan Ampang
50450 Kuala Lumpur
T: 03 2116 5588
F: 03 2116 5528
E: info@biotechcorp.com.my