

Malaysia
Venture
Capital
Roadmap
2024-2030



KEMENTERIAN SAINS,
TEKNOLOGI DAN INOVASI
MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION

Malaysia: The Future of Venture Capital



MALAYSIA VENTURE CAPITAL ROADMAP 2024-2030

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FOREWORD

Minister of Science, Technology and Innovation (MOSTI)



It is with great enthusiasm that I present the Malaysia Venture Capital Roadmap Report (MVCR), a pivotal document charting the course for Malaysia's venture capital (VC) ecosystem in the coming years. This report, crafted with insights and contributions from industry leaders and experts, stands as a testament to the nation's commitment to nurturing and expanding its innovation-driven economy.

The Ministry is aware of the critical role VC plays in the ecosystem of technological advancement and entrepreneurship. The dynamism and resilience of our startup environment depend heavily on the strategic allocation and efficient management of VC. This MVCR, therefore, serves not just as a guide but as a visionary blueprint for propelling Malaysia to the forefront of the global innovation landscape.

In the formulation of this comprehensive MVCR, we engaged in a meticulous process that encompassed three intensive phases and collaborative co-creation workshops. These phases were thoughtfully designed to synchronise our strategic roadmap with pivotal national agendas, incorporating recent key initiatives such as the Madani Economy, the Digital Economy and the Fourth Industrial Revolution (MED4IRN), the National Entrepreneurship Policy (NEP) 2030, and the Malaysia Startup Ecosystem Roadmap (SUPER) 2021-2030.

This report also underscores our dedication to fostering a more inclusive and diverse VC ecosystem. We believe in the power of diverse perspectives and ideas, and it is imperative that our strategies reflect this belief. I extend my heartfelt gratitude to all those who contributed their expertise and insights to this vital report. Together, we are paving the way for a brighter, more innovative future for Malaysia.

YB TUAN CHANG LIH KANG

Minister of Science, Technology and Innovation (MOSTI)

FOREWORD

Secretary General, Ministry of Science, Technology and Innovation (MOSTI)



In the ever-evolving landscape of technology and innovation, venture capital (VC) stands as a cornerstone, pivotal to the nurturing and development of groundbreaking ideas and enterprises. The MVCR, a comprehensive document that I am proud to introduce, is a strategic initiative by the Ministry of Science, Technology, and Innovation (MOSTI) to foster a robust and thriving VC ecosystem in Malaysia.

This MVCR is the culmination of rigorous research, thoughtful analysis, and extensive consultations with industry stakeholders. It aims to chart a clear and pragmatic course for VC in Malaysia, addressing current challenges and leveraging emerging opportunities in the global innovation economy. Its vision aligns with the Ministry's goal of transforming Malaysia into a dynamic hub of technological innovation and entrepreneurship. The vision and goals of the MVCR are ensured to align with key national policies to foster the growth of the VC ecosystem by focusing on the enhancement of the domestic investment environment, regulatory mandates, innovation, and talent development capabilities. I would like to express my gratitude to everyone who contributed their time, expertise, and insights to the development of this important report for Malaysia.

The MVCR articulates strategic priorities and actions that are essential for the development of a healthy VC environment in Malaysia. It emphasises the importance of creating synergies between government policies, private sector initiatives, and the unique needs of startups and innovators. Through these coordinated efforts, we aim to stimulate growth, attract international investments, and enhance the competitiveness of Malaysian enterprises on the global stage. Together, let us work towards realising the promise of a more innovative, prosperous, and sustainable future for Malaysia.

YBHG. DATO' TS. DR. HJ. AMINUDDIN BIN HASSIM

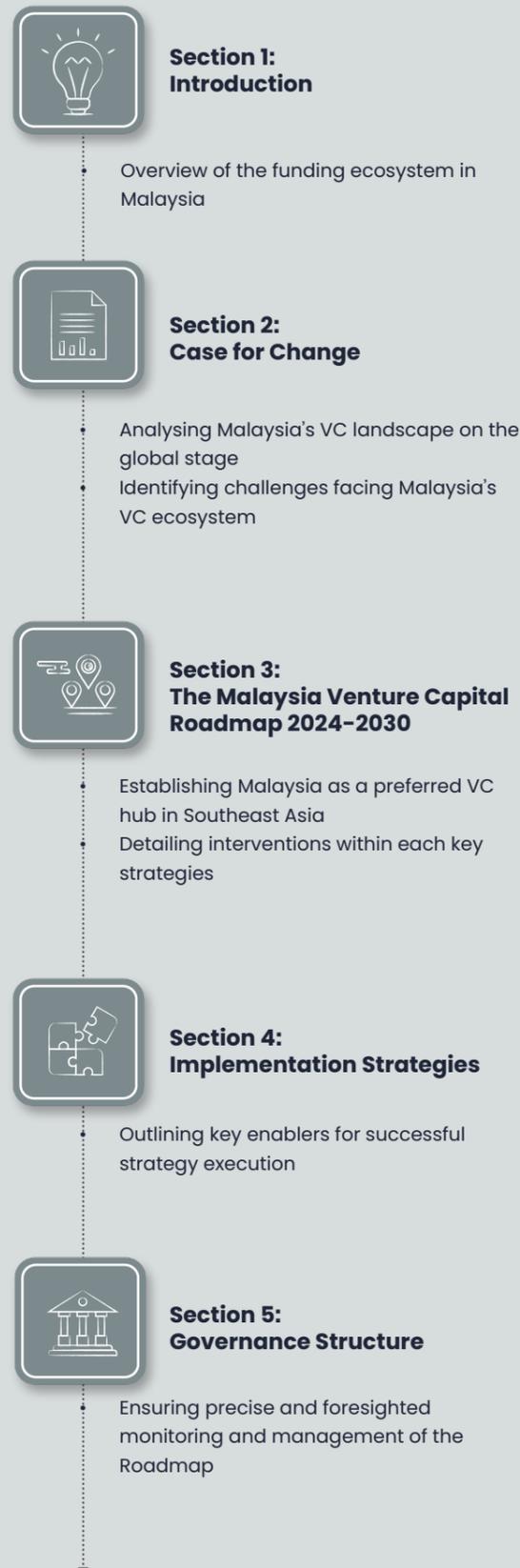
Secretary General,
Ministry of Science, Technology and Innovation (MOSTI)

Executive Summary

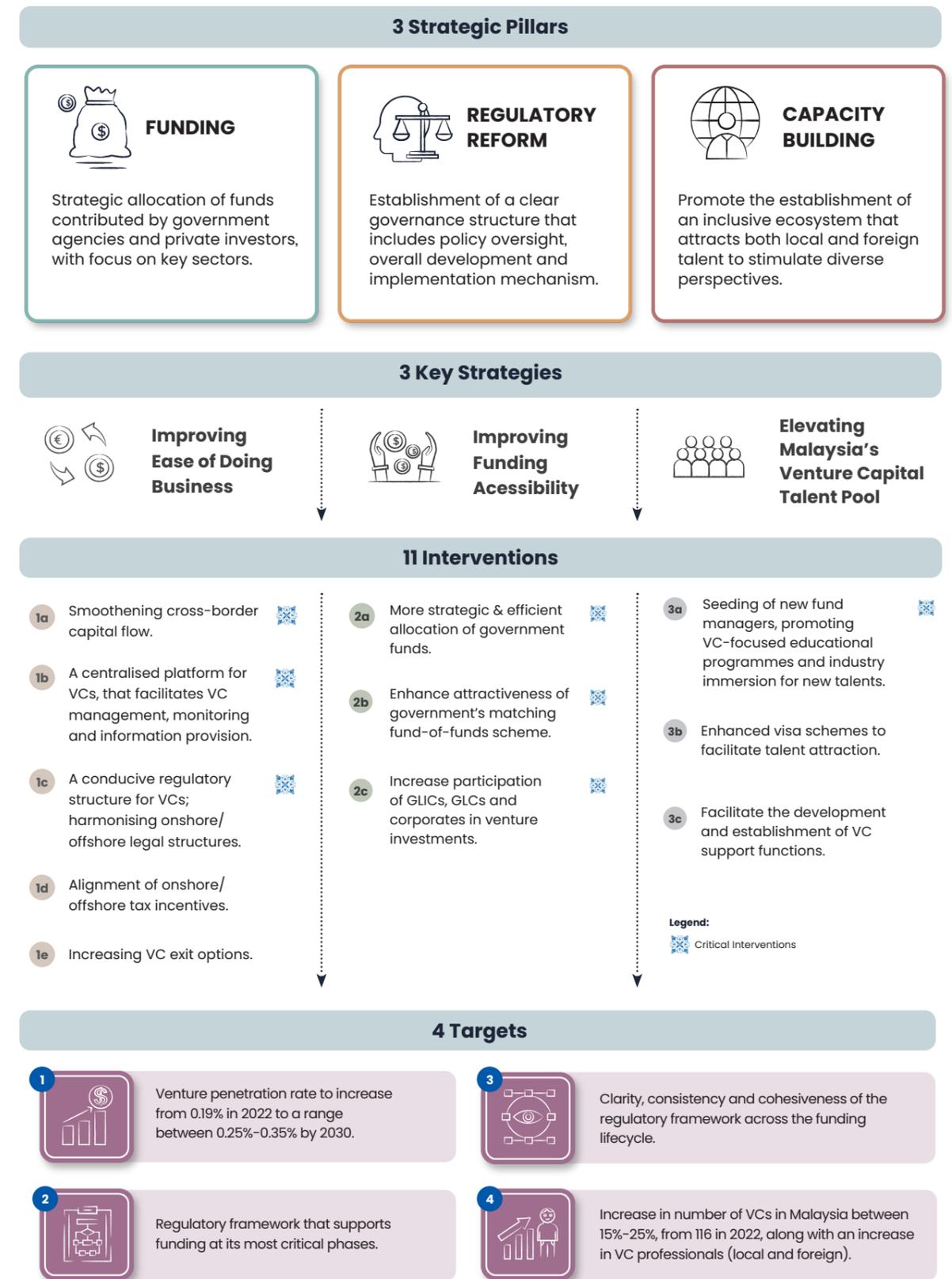
Malaysia stands at a pivotal moment in its economic evolution, with the venture capital (VC) sector poised to play a crucial role in shaping the nation's future. The Malaysia Venture Capital Roadmap (MVCR) for 2024-2030 positions Malaysia as an emerging VC hub in Southeast Asia, with the vision of making it a preferred destination for VC within the region.

The Roadmap aims to enhance the VC ecosystem through three core strategies. This report presents a detailed analysis and strategic approach to catalyse the growth and effectiveness of VC in the country.

These sections in the MVCR report collectively outline a strategic approach to elevate Malaysia's position in the VC sector by 2030, emphasising innovation-driven economic growth.



Strategic Pillars and Interventions for Impact in Malaysia's VC Ecosystem



SECTION 1:

Introduction

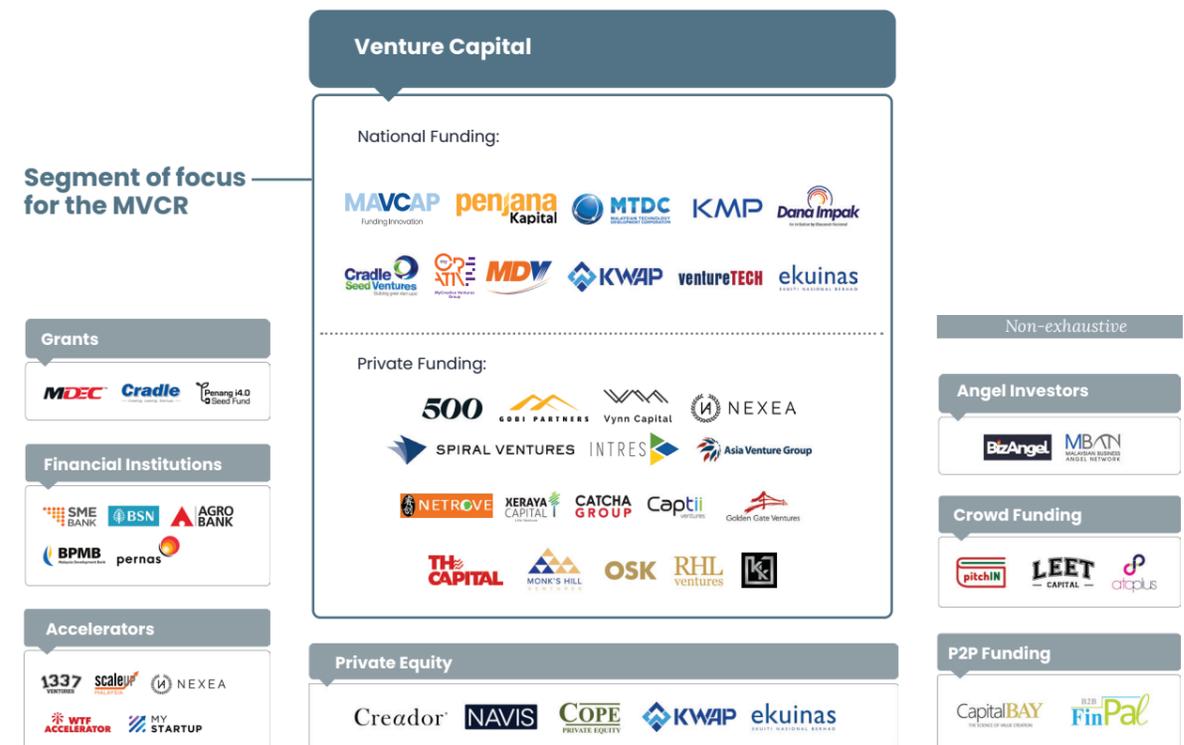
Navigating through Malaysia's dynamic and varied economic landscape, the path from the early days of funding to the heights of venture success is both exciting and challenging. Malaysia, with its reputation for entrepreneurial energy and a knack for innovation, hold potential and opportunity for startups, particularly at that crucial jump from Series A funding to the bigger league of business growth.

Envision Malaysia's VC ecosystem as large spread of green. Every stakeholder in this ecosystem is a reflection of the growth and vitality of Malaysia's VC scene. Whether as investors, entrepreneurs, regulators, or supporters, each of us contributes to the delicate balance and intricate interplay of Malaysia's VC ecosystem.

At a Glance: Overview of the Funding Ecosystem for Startups in Malaysia

A multi-channel funding system is in place in Malaysia, centred around venture capital (VC), driving funds from investors to startups across the funding lifecycles. VC refers to a form of private equity and a type of financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential. VC is vital to the startup ecosystem as it provides not only the financial resources needed for startups to grow and succeed but also the strategic support, mentorship, and network access that are crucial during the early stages of a company's development.

Figure 1.1: Overview Funding Ecosystem for Startups in Malaysia



The Malaysian startup ecosystem is bolstered by a diverse and multi-dimensional funding framework, central to which is an array of VC options. This rich tapestry of financial support is designed to propel startups through various stages of their growth lifecycle.

VC is typically involved in funding from Series A and beyond, representing a pivotal phase in a startup's growth where strategic financial support is crucial. This section of the MVCR delves into the progression of funding stages, underscoring the roles of various investors from angel networks to large-scale venture capitalists.

While acknowledging the significance of seed capital, our focus sharpens on Series A onwards, where the scalability and innovation of ventures are rigorously tested and nurtured. Through this Roadmap, we aim to provide a comprehensive guide for navigating the venture funding landscape, from early growth to potential exit strategies.

Figure 1.2: Stages of Startup Funding from Series A and Beyond

		The targeted segments of the MVCR encompass VCs that offers funding from Series A & beyond				
		Early Stage		Growth Stage		Exit Stage
		Series A	Series B	Series C	IPO/ Acquired	
Global Funding Amount (USD)	150 k to 1.5 mil	1 mil to 15 mil	5 mil to 35 mil	>20 mil	N/A	
Local Funding Amount (USD)	250 k to 500 k	>1 mil	>5 mil	>10 mil	N/A	
Participants	<ul style="list-style-type: none"> • Angel investors • Accelerators • Family & friends 	<ul style="list-style-type: none"> • VCs • Crowdfunding • Super-angel investors 	<ul style="list-style-type: none"> • Large-scale VCs focus in later-stage 	<ul style="list-style-type: none"> • Large-scale VCs focus in later-stage • Private equity • Hedge fund • Investment banks 	<ul style="list-style-type: none"> • General public 	
Purpose of Funding	<ul style="list-style-type: none"> • Product development & market fit • Hire early stage team members 	<ul style="list-style-type: none"> • Execute business strategy to generate revenue and long term profit • New sales and marketing processes 	<ul style="list-style-type: none"> • Expand into different market segment • Scale-up existing business 	<ul style="list-style-type: none"> • New product development • Expand international market • Acquire new companies 	<ul style="list-style-type: none"> • Exit plan for existing investors • Continue business operation as public company 	



SECTION 2:

Case for Change

Global Competitiveness through Local Innovation

The MVCR is a realistic ambition aimed at leveraging growth in key sectors by overcoming existing challenges. Our analysis integrates local insights with global benchmarks to identify significant development opportunities.

1. Malaysia's Venture Capital Landscape draws comparisons with established VC giants like Singapore and South Korea, unveiling growth, challenges, the role of government, and the importance of developing Malaysia's VC talent pool.

2. Current Challenges in the VC Ecosystem illuminates key challenges that need attention and key findings for the ecosystem.

Right at the core of Malaysia's VC ambitions is a strong focus on diversity, equity, and inclusion (DEI) by:



1. Spotlighting women entrepreneurs.

According to the report by the Malaysian Venture Capital & Private Equity Association in 2020, only 14% of decision-makers in Malaysian venture capital firms are women and women-led startups in Malaysia raised only 1% of the total venture capital funding. Globally, there are only 4.9% of female VC partners, with only 2% of venture funding going to female founded startups.



2. Creating further impact to the Bumiputera and minority communities.

Bumiputera, comprising roughly 63.9% of Malaysia's 33.4 million people in 2023, significantly impact the nation's economy. With a push for 30% of Bumiputeras towards equity and corporate stock ownership, there's a notable potential for investment in startups, particularly those owned by Bumiputeras and minorities. Such investments are key to fostering wealth creation in these communities, where there is an incidence of poverty of 7.9% in 2022.



3. Embracing diverse voices and talents.

SECTION 2.1

Malaysia's Venture Capital Landscape

Our deep understanding of our capabilities, along with insights into adjacent markets, informs our strategic growth areas. This report invites you to view Malaysia's venture capital (VC) ecosystem through a global lens.

In our introspective journey into the VC ecosystem, which highlights both the unique challenges and opportunities we face, we underscore the lessons learned from our neighbours.

This exploration is a collaborative effort that engages investors, entrepreneurs, regulators, and supporters in shaping Malaysia's VC landscape. It is a journey of not just financial growth but of collective learning and adaptation, aimed at enhancing our global VC stance. Together, we endeavour to create a dynamic and resilient VC environment, leveraging diverse experiences and insights to advance our ecosystem.

Although relatively nascent, Malaysia's VC industry has experienced notable growth, with total funding increasing at a CAGR of 44% from 2018 to 2022.

Malaysia's VC industry, despite its relative infancy, has seen a remarkable uptick, charting a 44% compound annual growth rate in total funding from 2018 to 2022. This growth underscores the rising trajectory of Malaysia's VC sector within the Southeast Asian landscape, highlighting an increase in both the volume of deals and the penetration rate of venture funding. Such momentum signals a flourishing ecosystem ripe with opportunities for scalable startups and discerning investors. The data presents a clear signal of Malaysia's strengthening position in the regional VC market.

Despite recording strong growth, Malaysia's VC industry is still significantly behind that of matured VC ecosystems such as Singapore and South Korea.

While Malaysia's VC industry has experienced robust growth, it remains in a stage of catching up to the more mature VC ecosystems of its regional counterparts, such as Singapore and South Korea. The comparative analysis reflects Malaysia's increasing total funding value and deal count, yet highlights a venture penetration rate that trails behind these developed markets. The data from 2018 to 2022 showcases not only the strides Malaysia has taken in nurturing its VC landscape but also the potential for further development to reach the levels of established VC hubs. This context sets the stage for strategic initiatives to bolster Malaysia's VC sector and bridge the gap with leading global ecosystems.

Figure 2.1: Total Funding Value, Deal Count and Venture Penetration Rate of SEA Countries 2018 to 2022 (USD mil, # and %)

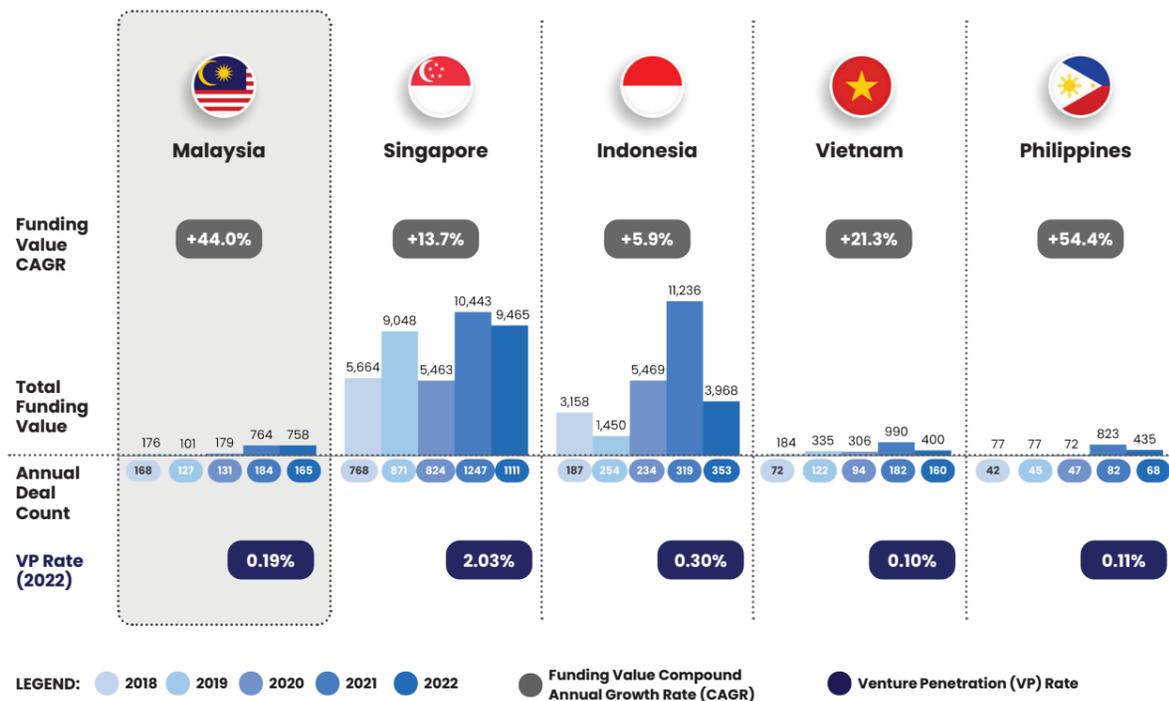
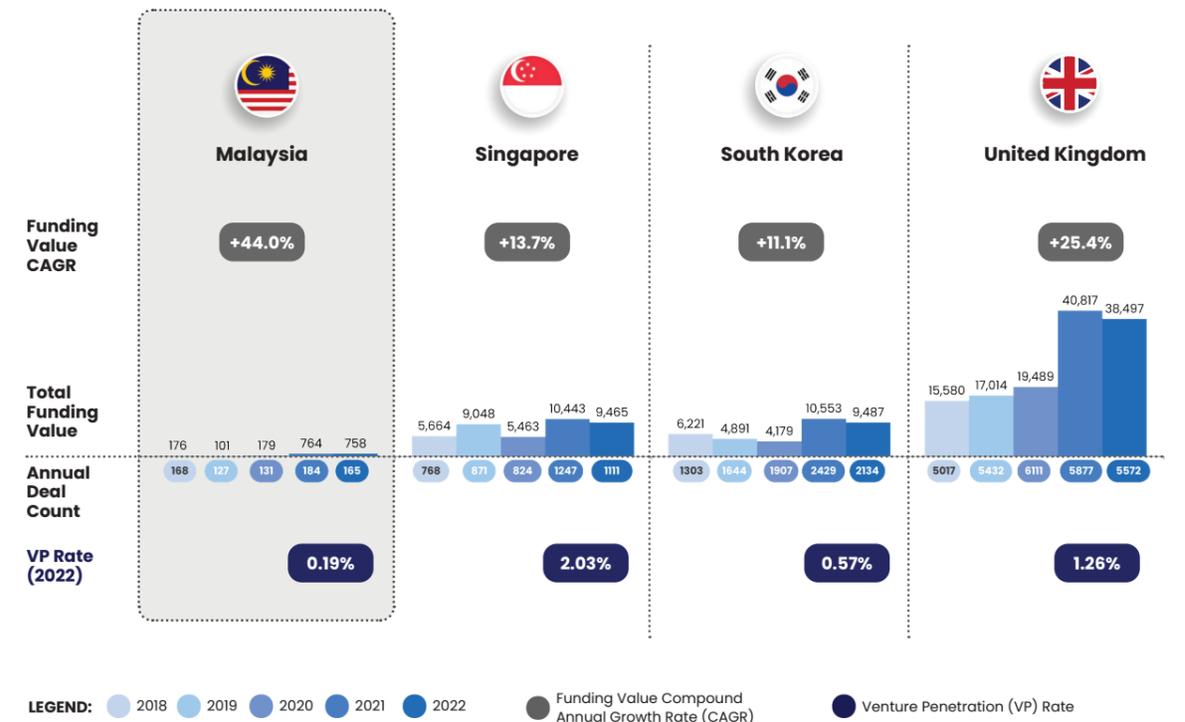


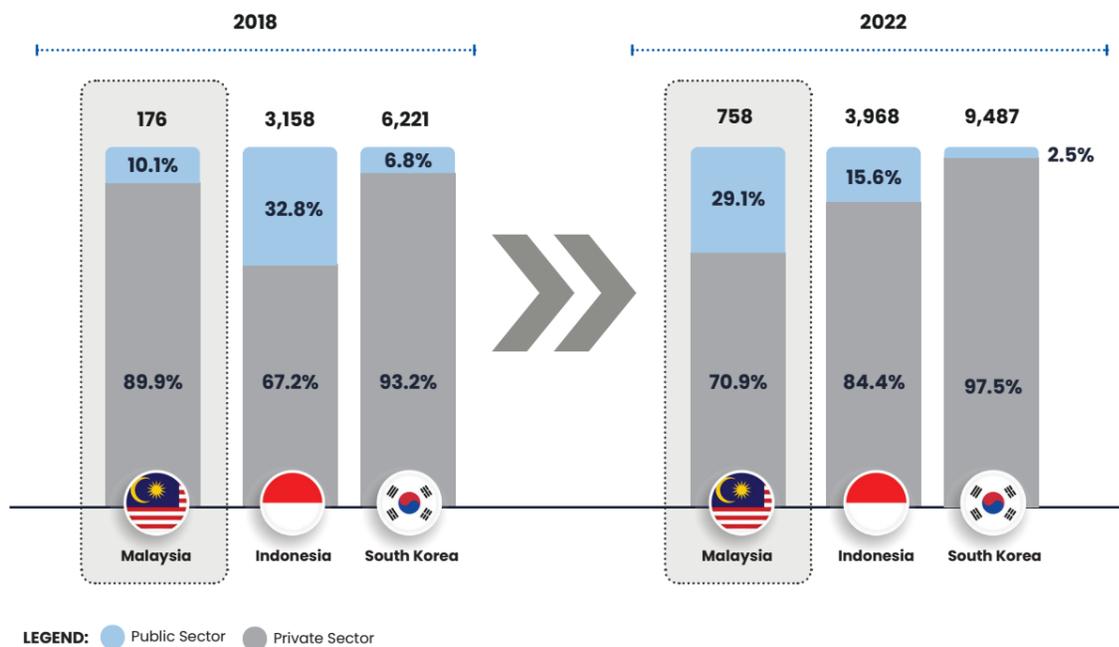
Figure 2.2: Total Funding Value, Deal Count and Venture Penetration Rate of Developed Countries 2018 to 2022 (USD mil, # and %)



Reliance on government funding for VC funds has also increased across the years, in contrast with other benchmark countries.

The evolution of the country's VC landscape is marked by a significant rise in government involvement, with its contribution to total VC funding tripling since 2018. This trend towards greater reliance on government support contrasts with benchmark countries.

Figure 2.3: Total Funding Value by Breakdown of Public and Private 2018 to 2022 (USD mil, # and %)



Key Insights



Malaysia's dependency on government funding in proportion has increased by almost threefold and by c.12x in value since 2018.

- Over the years, the government has prioritised late-stage funding, with an increase in investment proportion of c.4x from 2018 to 2022.



Nonetheless, the private sector funding value in Malaysia has increased, with a CAGR of 35.8% from 2018 to 2022, in part due to the **introduction of government fund matching scheme** (e.g. Dana Penjana Nasional) that has successfully attracted private funding into the Malaysian VC ecosystem.

...and to enable the growth of Malaysia's VC industry, there is also a critical need to invest in developing Malaysia's VC talent pool.

Concurrently, the private sector has also amplified its engagement, as evidenced by the compound annual growth rate (CAGR) of 35.8% from 2018 to 2022. This is partly attributable to the successful implementation of the Dana Penjana Nasional programme, which has been instrumental in attracting private investments and diversifying the funding base for Malaysia's VC sector.

The current number of VC professionals in Malaysia is considerably less than that in established ecosystems like Singapore and South Korea. With capacity-building initiatives still in nascent stages, Malaysia must prioritise the development of VC talent. This includes expanding educational programmes, enhancing on-the-job training, and encouraging the establishment of support services vital to a flourishing VC ecosystem.

Figure 2.4: Estimated Number of VC Professionals, and Number of VCs in SEA Countries

	Est. number of VC professionals (#)	Number of VCs (#)
Malaysia	c.300	c.100
Singapore	c.2,100	c.800
Indonesia	c.380	c.130
Vietnam	c.260	c.120
Philippines	c.140	c.50
Taiwan	c.280	c.160
South Korea	c.2,100	c.700
United Kingdom	c.6,200	c.1,700

LEGEND: ○ Southeast Asian Countries

SECTION 2.2

Challenges Facing Malaysia's VC Ecosystem

Addressing these challenges is not just imperative for mitigating immediate concerns but also for laying a robust foundation for future-proofing Malaysia's venture capital landscape. This section outlines the key challenges within the VC ecosystem, centred around three strategic pillars: **Funding, Regulatory Reform, and Capacity Building**. These pillars cover a range of key findings, from the allocation of funding and regulatory barriers to the development of a skilled VC workforce.

Each step forward in addressing these challenges not only impacts financial success but also highlights the need for continuous learning, flexibility, and collaborative progress within the dynamic economic landscape of Malaysia.

Figure 2.5: Key Challenges within Malaysia's Venture Capital Ecosystem

Key challenges within Malaysia's VC ecosystem can be grouped into 3 strategic pillars:



KEY FINDINGS		
<p>1 Limited participation of private sector funding, leading to a greater dependency on government funding.</p>	<p>4 Restrictions surrounding cross-border movement of capital.</p>	<p>9 Limited growth in number of local VC professionals.</p>
<p>2 Need for more strategic allocation of public funding amongst various government funding agencies.</p>	<p>5 Absence of holistic, up-to-date VC information and collaboration between agencies, increasing administrative burden for investors.</p>	<p>10 Nascent capabilities of VC support functions (i.e. fund administrators, valuers, tax services and accounts services).</p>
<p>3 While not unique to Malaysia, VCs commonly face exit challenges.</p>	<p>6 Absence of a unified legal framework catering to VC fund structures.</p>	
	<p>7 Variations in tax incentive frameworks for onshore and offshore entities.</p>	
	<p>8 Visa schemes available for talent and investors have eligibility criteria that are comparatively more stringent than those offered in other countries.</p>	

Addressing some of the critical challenges faced by Malaysia's VC ecosystem will be key in positioning Malaysia as a regional VC hub - which will support the country's vision of being amongst the Top 20 Global Startup Ecosystem by 2030.



SECTION 3

The Malaysia Venture Capital Roadmap 2024-2030

Envision Malaysia in 2030, emerging as a preferred venture capital region in Southeast Asia. This Roadmap outlines an audacious yet achievable trajectory.

This document is far more than a mere guideline – it is a commitment to a transformative journey in the global VC ecosystem in Malaysia, charting a clear, strategic path, and having the vision to leap ahead.

SECTION 3.1

Vision & Mission

In this section, we're setting out the plans and core values that will fuel Malaysia's venture capital (VC) industry.

We envision Malaysia as a preferred VC hub, these guiding principles aren't just words; they're our compass, guiding us through the VC Landscape. The MVCR recognises the dynamic nature of the VC sector and positions Malaysia to adapt and thrive amidst global economic shifts and technological advancements. By aligning its strategies with Malaysia's broader economic vision, the Roadmap promises not only to elevate the VC industry but also to contribute significantly to the nation's overall economic growth and innovation landscape.

Figure 3.1: What will Malaysia's VC ecosystem look like in 2030?

Malaysia: A Preferred Regional Venture Capital Hub

Cohesive Public and Private Funding Initiatives

Government resources to be deployed efficiently to drive an increase in private sector funding, in a commercial and sustainable manner.

Talent

An increasing pipeline of domestic and international high skilled fund managers.

Robust Market Environment

Regionally connected VC ecosystem which is supported by private and corporate VCs, supporting the creation of a vibrant startup ecosystem.

Policies & Regulations

VC ecosystem and investment friendly policies, making it easier for foreign players to set up, operate and invest in local startups.



VISION

Malaysia: A Preferred Regional Venture Capital Hub by 2030

MISSION

- 01 **Unlocking capital for innovation**
- 02 **A supportive regulatory framework for growth**
- 03 **Building capacity to accelerate ecosystem development**

TARGETS

- 01  **Venture penetration to increase from 0.19% (USD758 mil) in 2022 to a range between 0.25%-0.35% by 2030**
- 02  **Regulatory framework that supports funding at its most critical phases**
- 03  **Clarity, consistency & cohesiveness of the regulatory framework across the funding lifecycle**
- 04  **Increase in number of VCs in Malaysia between 15%-25%, from 116 in 2022, along with an increase in VC professionals (local and foreign)**

GUIDING PRINCIPLES

Integrate sustainable practices into VC related activities, ensuring commitment to environmental stewardship, social responsibility and transparent regulatory framework and governance.

Strategic allocation of funds contributed by government agencies and private investors, with focus on key sectors (e.g. strategic sectors, deals with ESG elements).

Establishment of a clear governance structure that includes policy oversight, overall development and implementation mechanism.

Promote the establishment of an inclusive ecosystem that attracts both local and foreign talent to stimulate diverse perspectives.

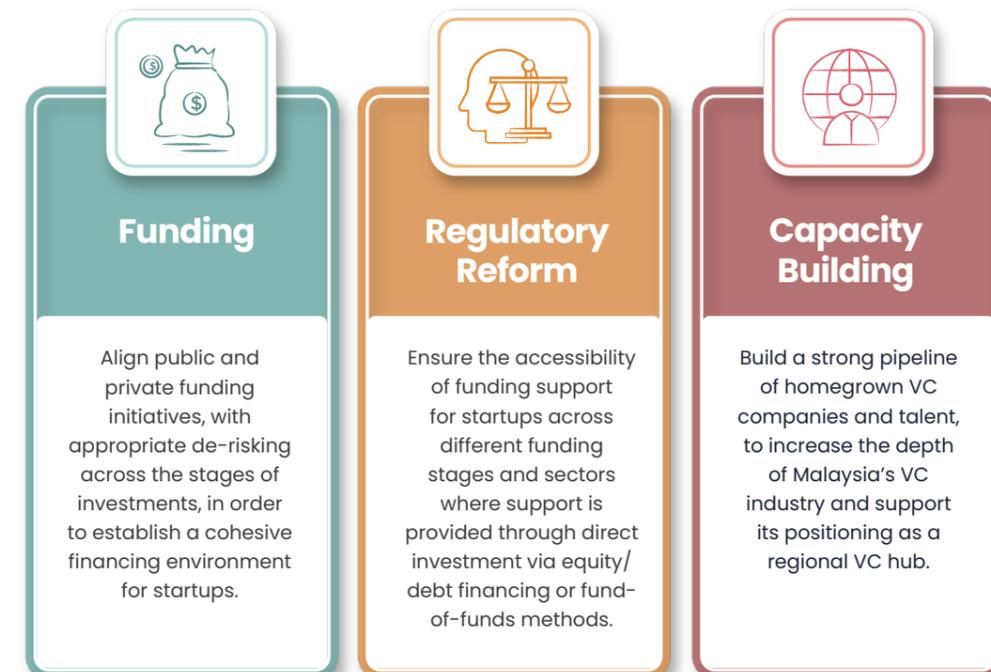
Malaysia's position as a regional VC hub will also align with and support the realisation of SUPER's vision - to be a Top 20 Global Startup Ecosystem by 2030.

Figure 3.2: Collaborative Stakeholder Engagement in Malaysia's VC Ecosystem Development

Stakeholders:

- 01  **Government Agencies**
Ensure the accessibility of funding support for startups across different funding stages and sectors where support is provided through direct investment via equity/debt financing or fund-of-funds methods.
- 02  **Regulatory Bodies**
Establish legal frameworks and regulatory measures to create a favourable regulatory environment for VCs, ensuring a conducive operational landscape.
- 03  **Industry Players**
Promote greater participation of private investors, regardless of local or foreign, to increase funding within Malaysia's VC ecosystem.
- 04  **Venture Capital Associations**
Cultivate a favourable environment for the local VC ecosystem by facilitating networking opportunities, promoting industry-specific programmes and advocating for new policy recommendations.

Strategic Pillars:



SECTION 3.2

Key Strategies and Interventions

Building from the vision to position Malaysia as a preferred regional venture capital (VC) hub by 2030, the subsequent section navigates the key strategies and interventions necessary to bring this vision to fruition. This transition from a broad, aspirational goal to concrete, actionable steps is essential in transforming Malaysia into a nexus for VC activity in the region.

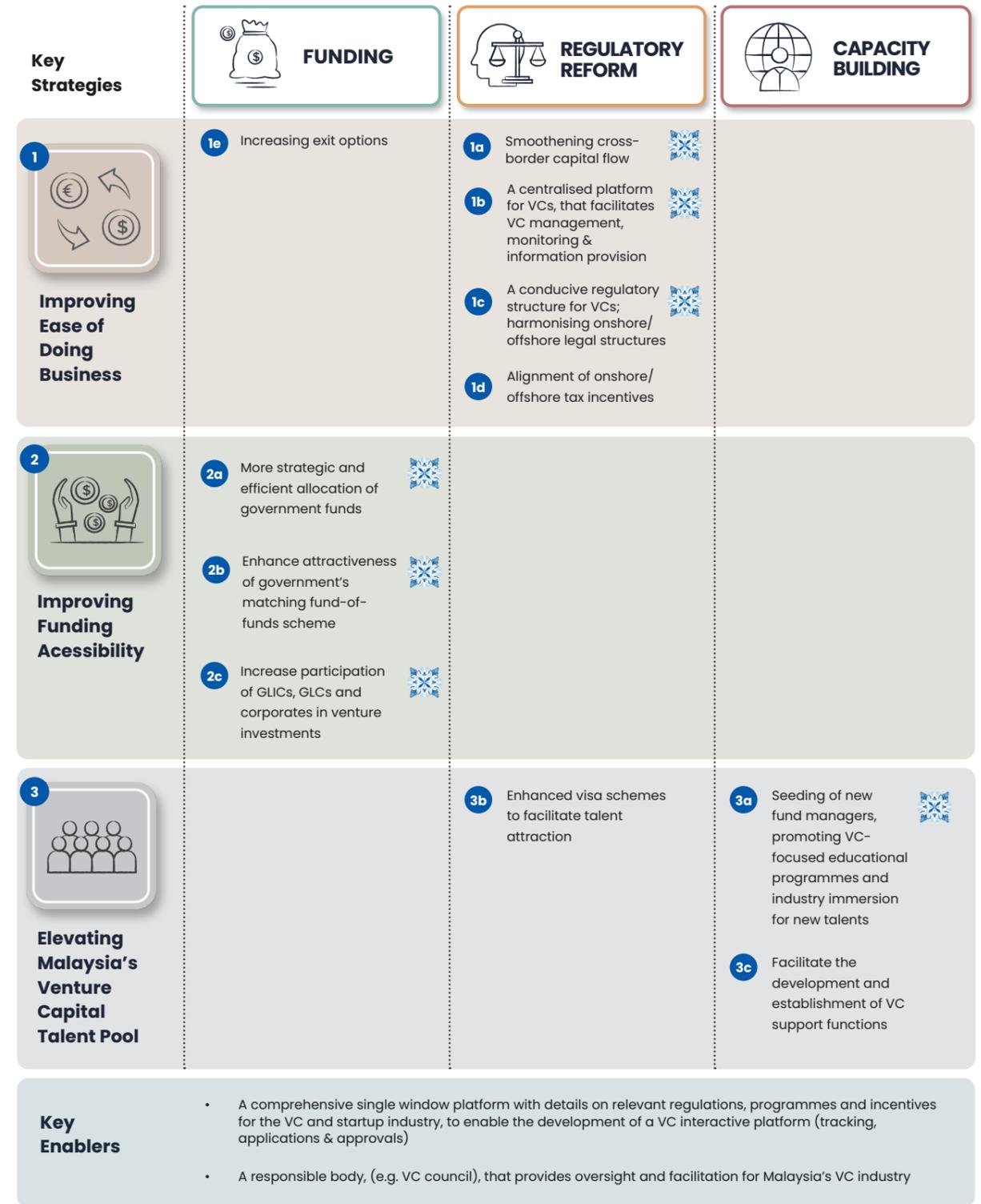
The envisioned transformation hinges on three strategic pillars, each with its own set of targeted interventions. These pillars are designed to address the existing challenges head-on, laying down a systematic framework that will streamline business processes, increase funding avenues, and nurture a rich pool of VC talent.

As we move forward, the following sections will dissect these strategies, outlining the meticulous planning and coordinated effort involved in achieving the integration of global best practices within the local VC landscape. This will underscore Malaysia's commitment to not only participating in but also shaping the future of VC in the region.



Figure 3.3: Strategic Framework for Advancing Malaysia's VC Ecosystem

In order to address key problem statements in Malaysia's VC ecosystem, interventions will be identified based on 3 key strategies:



LEGEND:  Critical Interventions



Key Strategy 1

Improving Ease of Doing Business

To strengthen Malaysia's position as an attractive destination for venture capital (VC), it's crucial to establish a business-friendly environment. This approach is central to the Roadmap's targeted interventions, which aim to enhance the ease of doing business in the country. By improving the operating conditions for both local and foreign VCs, Malaysia can bolster investor confidence and attract more VC operations.

The Roadmap outlines strategic interventions designed to create a conducive landscape for VC activities. These interventions focus on fostering an environment that is not only appealing to foreign VCs but also supports a vibrant ecosystem for both local and international investors.

Effective implementation of these strategies is expected to lead to a significant increase in the number of local and foreign VCs in Malaysia. This growth in VC presence will correspondingly increase funding availability, catalysing the development of a robust VC ecosystem in the country.



Alignment with Roadmap Target:

Towards achieving:

A regulatory framework that provides clarity, consistency and cohesiveness across the funding lifecycle

Potential Measures:

- 1 Overall country attractiveness index through the measurement of sub-indices:
 - Tax incentives and administrative burden
 - Investor protection and corporate governance
- 2 Number of VC-backed exits and exit value
- 3 Number of local & foreign VCs with presence in Malaysia, including the number of VC professionals

Proposed Interventions:

- 1a Smoothing cross-border capital flow
- 1b A centralised platform for VCs, that facilitates VC management, monitoring and information provision
- 1c A conducive regulatory structure for VCs; harmonising onshore/offshore legal structures
- 1d Alignment of onshore/offshore tax incentives
- 1e Increasing VC exit options

Intervention 1a

Smoothing Cross-border Capital Flow

The objective of the intervention is to streamline the process for cross-border capital flow for VCs investing in startups and during repatriation of funds by VCs, making the process more efficient, straightforward and investor-friendly. This initiative aims to strengthen investor confidence and facilitate capital mobility, which will ultimately be a key factor in attracting new VC funds to be established in Malaysia.

The intervention could include:

- **Increase provision and transparency of Capital Flow Information.** Ensure that information is widely available and accessible to VCs, including clarity around the approval application process (e.g. documentation required, timelines), to aid decision making and increase investor confidence.
- **Establishment of a VC & Startup Specific FEP Framework.** As part of the Foreign Exchange Policy (FEP), to develop a dedicated application & approval framework tailored to the operations for VC and startups industry, ensuring seamless facilitation of cross-border capital flow.
- **Introduction of a Greenlane Approval Process for VCs.** Leveraging the dedicated framework, to streamline and enhance the efficiency of application and approval processes, reducing capital flow hurdles (e.g. through a one-off application for eligible VCs). Once approved, VCs will only need to comply and provide notification to BNM for subsequent cross-border transactions.



A centralised tracking, applications and approvals platform can be supported via the VC interactive platform. In addition, clarity of information and processes can be provided via the platform, further facilitated by the VC liaison officer.

**Refer to Intervention 1b for more information*

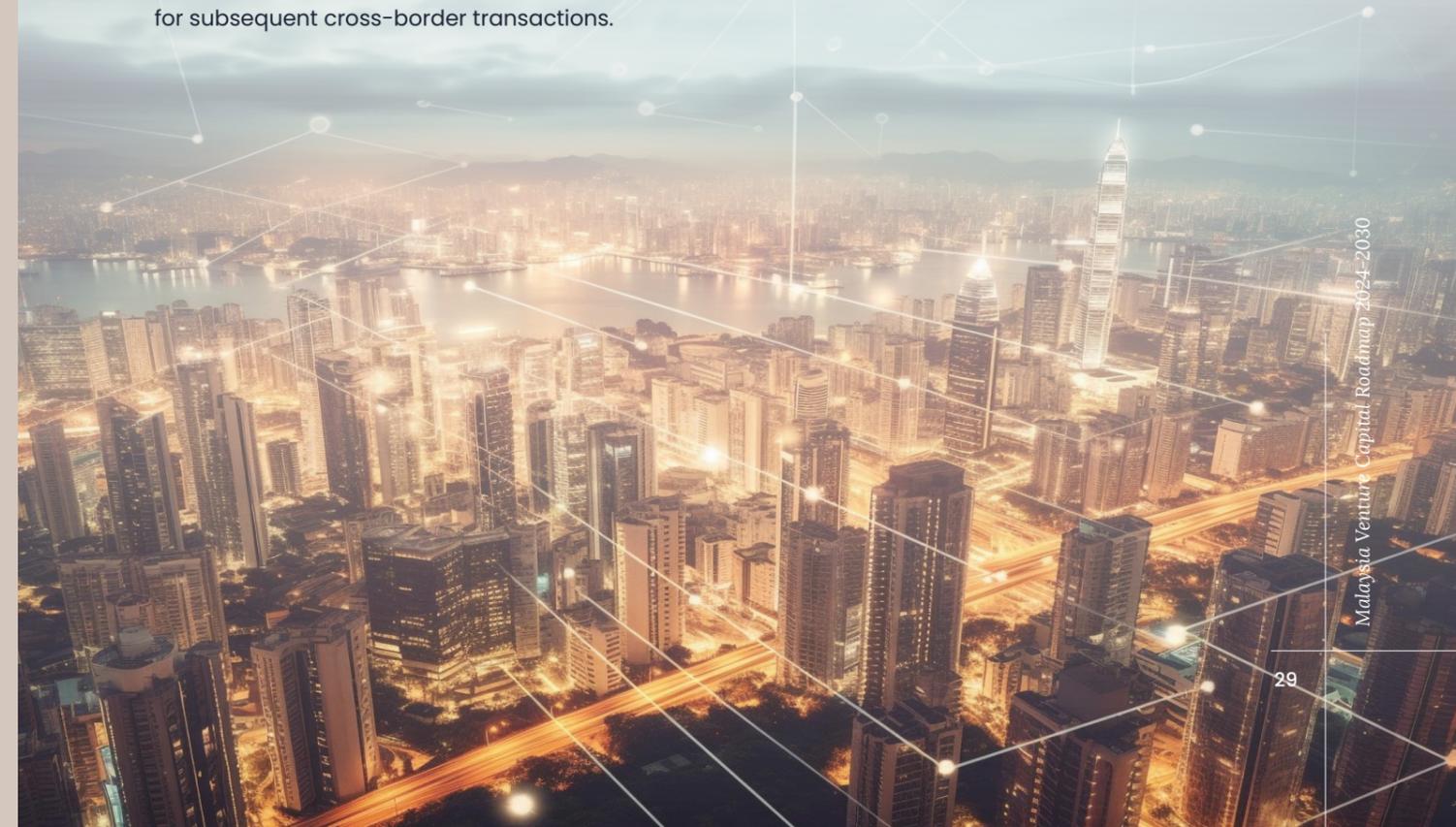
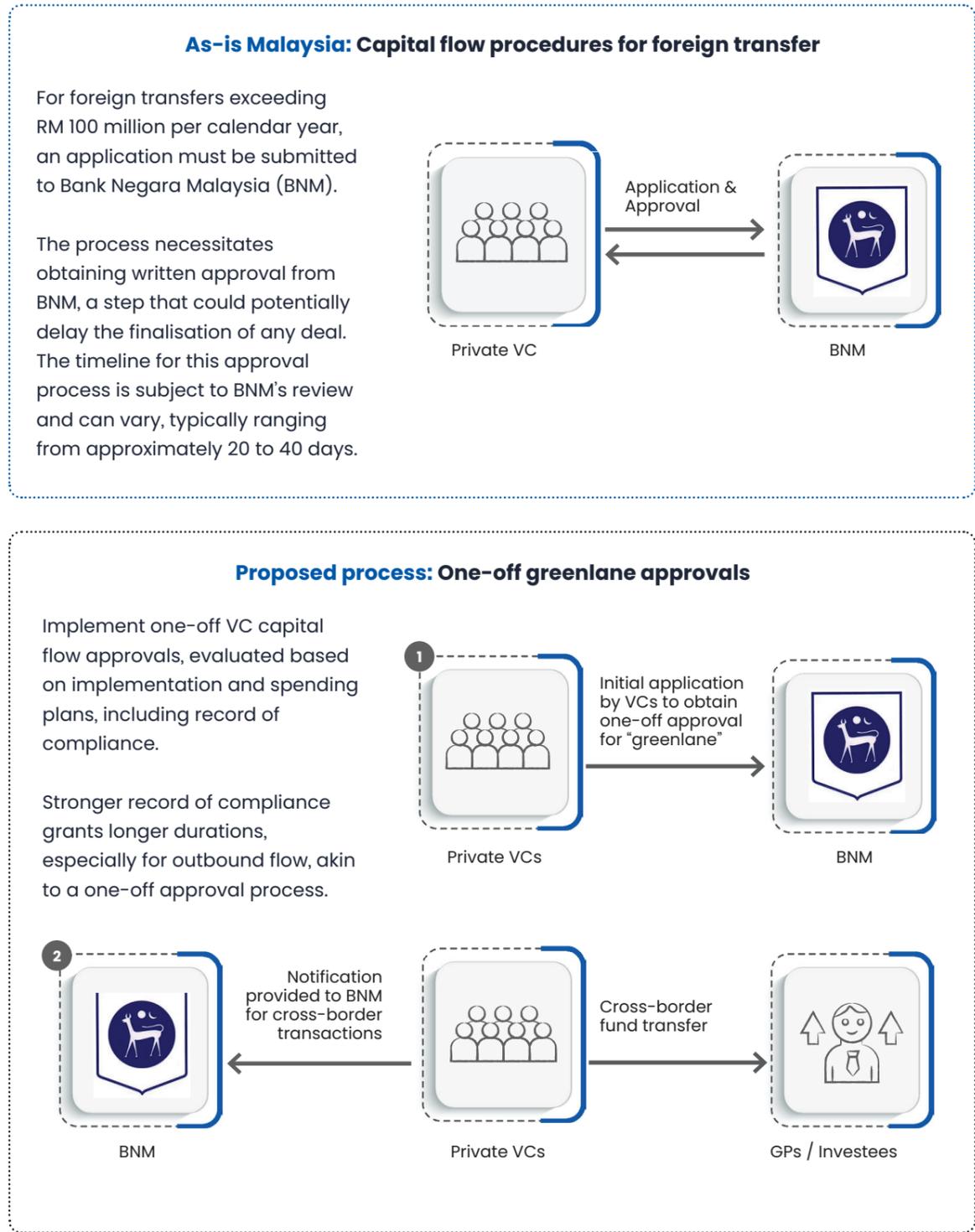


Figure 3.4: Enhanced Procedures for Efficient Cross-Border Capital Flow for VC in Malaysia



Intervention 1b

A Centralised Platform for VCs, that Facilitates VC Management, Monitoring and Information Provision

The objective of this intervention is to build a centralised online platform that connects key stakeholders involved in the provision of funding (i.e. local and foreign VCs, regulatory agencies), to interact, communicate, facilitate information sharing and carry out supervision in a streamlined manner.

This intervention could take the form of establishing a centralised, interactive platform dedicated to the VC sector. This platform is designed to facilitate:

VC firms and investors (Local & Foreign)

It will offer complete access to:

- (i) Comprehensive information about VCs, and
- (ii) Detailed guidance on the entire range of regulatory procedures, including VC registration with the Securities Commission (SC), VC incorporation with the Companies Commission of Malaysia (SSM), processes for taxation registration, visa applications, and foreign exchange policies tailored to the VC industry.

Regulators

The platform will enable:

- (i) The monitoring of approval processes,
- (ii) The consolidation of data and information related to VCs,
- (iii) The oversight and monitoring of capital movement control.

Additionally, there will be an **assignment of a dedicated relationship liaison officer** to work closely with VCs, which will be managed by the SC. This officer will have the responsibility of assisting VCs in navigating through administrative challenges.

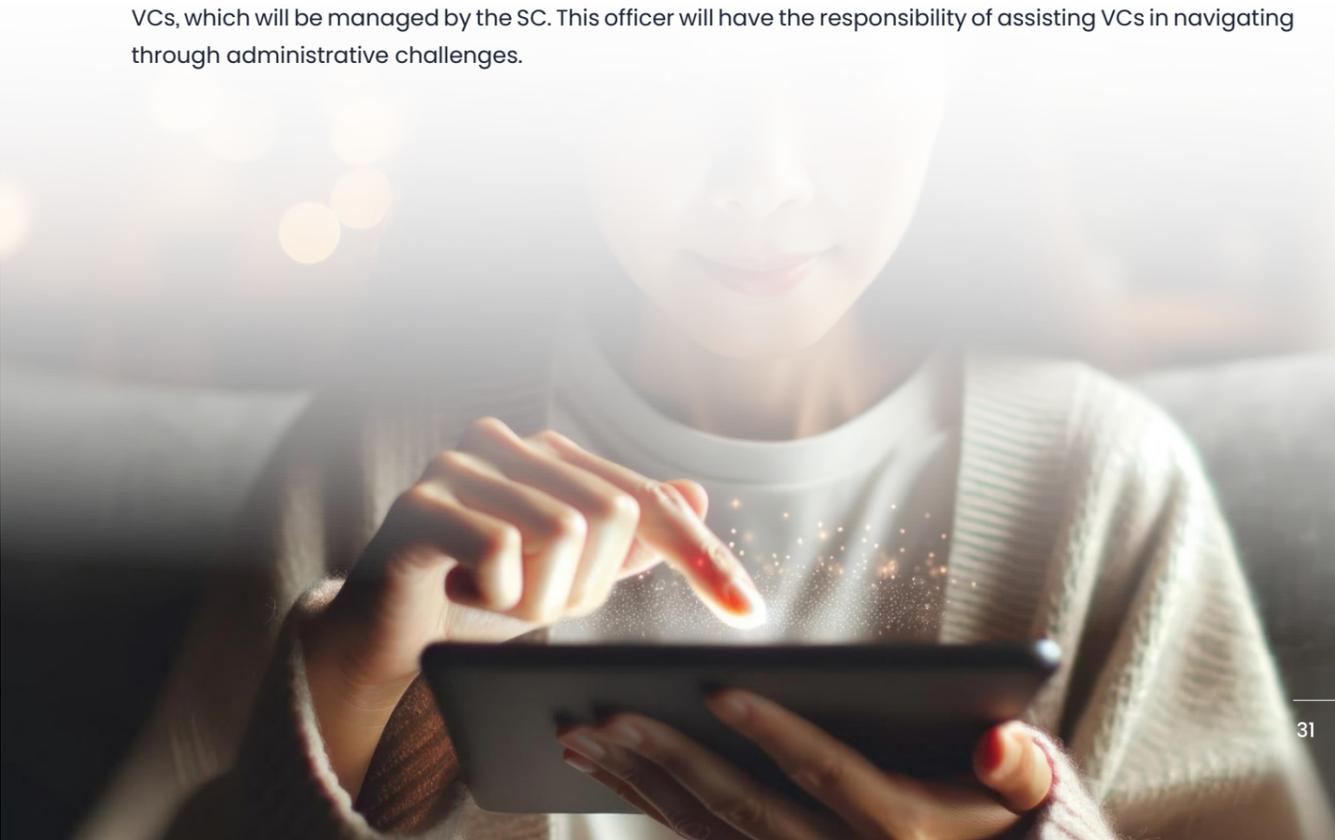


Figure 3.5: Proposed Development of a Centralised VC Management, Monitoring and Information Provision Platform

The VC interactive platform will be a central facilitation platform for all VCs, to be led by Cradle, with technical input from National Fund of Fund and supported by SC and BNM.



Intervention 1c

A Conducive Regulatory Structure for VCs; Harmonising Onshore/Offshore Legal Structures

The objective of this intervention is to establish a legal framework that governs all VC funds in Malaysia, including both onshore and offshore entities. This framework will be tailored to suit the operational structures commonly used by VC funds, such as the General Partner/Limited Partner (GP/LP) model. The ultimate goal is to foster a uniform and transparent operating environment for VCs, enhancing Malaysia's attractiveness as a destination for investment to VC firms from within the country and abroad.

Building on this initiative, the intervention could include **implementing a VC structure that is applicable to both onshore and offshore VC funds in Malaysia**. For instance, by adopting Labuan's Limited Partner (LP) structure within Malaysia's onshore VC sector, specifically tailored for the VC industry.

- The LP structure is already a well-established and widely recognised format in the VC sector, which simplifies the process of fundraising. This familiarity can attract additional investors from overseas who are accustomed to this structure.
- Adjusting the VC structure to meet industry-specific needs, while ensuring international alignment. This approach aims to develop a VC framework in Malaysia that is globally recognised, further boosting the nation's attractiveness to foreign investors.

Intervention 1d

Alignment of Onshore/Offshore Tax Incentives

The objective of this intervention is to align onshore/offshore tax incentives, extending their availability & enhancing tax incentives to VCs established in Malaysia. The intervention aims to curate an appealing business environment, enhancing Malaysia's appeal as a regional investment hub for both local and foreign VCs through attractive tax incentive schemes.

This intervention could include:

- **Aligning tax incentives for both onshore and offshore VC funds in Malaysia.**
- **Improving tax deductions and exemption incentives** to stimulate the VC funding landscape.
- **Exempting VCs from Capital Gains Tax (CGT).** The implementation of CGT could negatively affect the returns for VCs, thereby hindering growth and investments in the sector.



For example, within SC's VC tax incentives:

- Extending existing tax benefits period to accommodate the full life span of VC funds (e.g. 5 years to 8-10 years)
- Address uncertainties faced by potential new funds established beyond 2023 by lifting existing deadline constraints. This adjustment aims to create a more conducive environment for the establishment and growth of new VC funds.
- Removing qualifying venture companies criteria, given the opportunistic nature of VC investments and the nascency of the local startup ecosystem.



Intervention 1e

Increasing VC Exit Options

The objective of the intervention is to optimise exit opportunities and address the liquidity needs of various LPs by broadening the array of exit options and providing support in identifying startups with potential for listing.

This intervention could include:

- **Promote collaboration amongst relevant stakeholders to facilitate exit options.**
 - Establish alliances between accelerators and private corporations to explore potential exits of startups (e.g. secondary sales).
- **Improve accessibility to the LEAP Market to deepen market liquidity.**
 - Relaxing listing requirements and associated costs for startups.
 - Increasing participation and deepening liquidity within public markets by extending the definition of sophisticated investors.



How does this intervention address existing gaps within the ecosystem?

Building upon existing initiatives aimed at facilitating more listings in Malaysia's capital market, this intervention aims to encourage diverse stakeholders to actively promote more exits within the startup ecosystem through facilitating efforts and easing of requirements for listing.





Key Strategy 2

Improving Funding Accessibility

The Roadmap aims to establish a more diverse and robust VC funding ecosystem. This would necessitate a more strategic and efficient allocation of government funds to effectively spur and attract greater participation of private capital, promoting a robust and diverse venture funding environment that is sustainable.

Given the finite availability of government funds, public funding efforts should be streamlined through:

1. Centralisation of all government FOFs into a national FOF to catalyse VC investments across all funding stages.
2. Centralised coordination or consolidation of government agencies involved indirect investments.

To further enhance the attractiveness of Malaysia as a potential venture investment location and attract a greater number of private VCs, principles-based (versus criteria-based) criteria can be adopted for the government's matching fund-of-funds schemes, which has proven thus far to be an effective method of attracting private capital. Success factors include increasing Malaysia's total VC funding and venture penetration rate by 2030.

To operationalise this vision, three strategic interventions are recommended. These interventions are designed to facilitate a more vibrant and attractive VC landscape, by encouraging greater participation from different stakeholders and depth of funding available for startups.



Alignment with Roadmap Target:

Towards achieving:

Venture penetration to increase from 0.19% in 2022 to a range between 0.25%-0.35% by 2030

Potential Measures:

1. Venture penetration rate
2. Total funding contributed by:
 - (i) public and private
 - (ii) funding stages
3. Number of local and foreign VCs with presence in Malaysia, including CVCs

Proposed Interventions:

- 2a. More strategic and efficient allocation of government funds
- 2b. Enhance attractiveness of government matching fund-of-funds scheme
- 2c. Increase participation of GLICs, GLCs and corporates in venture investments

Intervention 2a

More Strategic and Efficient Allocation of Government Funds

The objective of the intervention is to ensure more strategic allocation of government funds by clearly defining the focus areas and disbursement strategies, to maximise the positive impact on Malaysia's VC ecosystem.

The intervention could reduce overlaps of government funding agencies and increase the funding multiplier impact through:

- **Centralisation of all government FOFs into a national FOF**, to catalyse VC investments across all stages and reduce overlaps within Malaysia's VC ecosystem. This is envisioned to promote a more efficient allocation of government funds that will support and catalyse the growth of Malaysia's VC ecosystem as a whole through:
 - (i) increasing private sector participation,
 - (ii) enhancing deal flow of startups, and
 - (iii) increasing access to capital.
- **Centralised coordination or consolidation of government funding agencies involved in direct equity investments.**

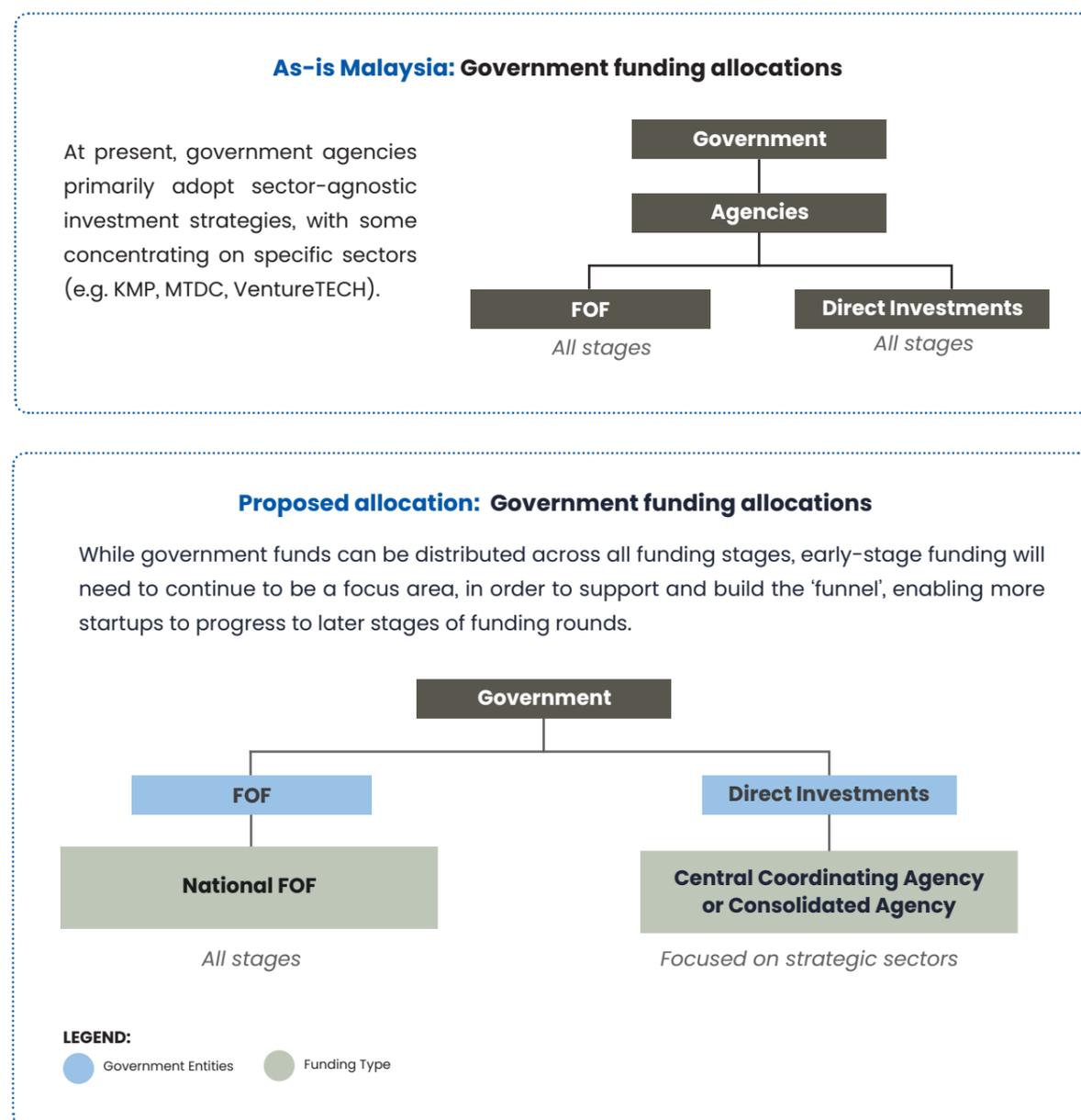


How does this intervention address existing gaps within the ecosystem?

Expanding upon the government's ongoing initiatives to allocate public funding through various agencies, this intervention aims to enhance efficiency by assigning specific roles to each agency, mitigating the risk of overlapping investment strategies.



Figure 3.6: Framework for Enhanced Government Funding Strategies in the VC Industry



Intervention 2b

Enhance Attractiveness of Government's Matching Fund-of-Funds Scheme

The intervention seeks to increase the attractiveness of the matching FOF scheme by ensuring that the criteria in place are not overly restrictive, to avoid discouraging new VCs from establishing operations in Malaysia.

The intervention could:

- **Adopt principles-based (vs strict criteria-based) qualifying requirements.**

The current matching requirements and investment criteria can serve as a foundation, with flexibility provided to private VCs in the following ways:

- Allow for a lower matching ratio of government to private VC funding (e.g. 7:3) for investments in startups whose sectors are strategically aligned with the government's overall investment direction.
- Allow for a lower investment portion in Malaysia-based businesses (e.g. less than 50%), provided that the investment contributes tangible economic benefits to the local economy.

- **Offer enhanced upside incentives to VCs that fulfill specific investment criteria.**

While private VCs are given the flexibility to adopt principles-based qualifying requirements, those adhering to existing fund-of-funds criteria could receive additional incentives. For example, VCs could be granted a 5-year call option to buy out government shares at cost plus hurdle rate.



How does this intervention address existing gaps within the ecosystem?

This intervention will elevate the existing initiatives by introducing principle-based investment requirements. This approach ensures that VCs are not bound by a fixed set of criteria. Instead, exemptions can be made on a merit basis.

Intervention 2c

Increase Participation of GLICs, GLCs and Corporates in Venture Investments

The objective of the intervention is to unlock the untapped liquidity of GLICs, GLCs and corporate entities and increase the depth of funding pool within the VC ecosystem, with the aim of ultimately reducing the dependency on government funds for startups, particularly beyond the early stages.

The intervention could:

- **Encourage greater participation of GLICs, GLCs, and corporates within the VC ecosystem through education and facilitation.**
 - Create awareness of VC as an investment class to unlock an alternative source of capital and leverage the untapped liquidity from GLICs, GLCs, and private corporations.
- **Consider providing additional incentives to attract a wider pool of participants (GLICs, GLCs, and corporates) within the VC industry.** Potential mechanisms for consideration can include co-funding between the government and GLICs/GLCs/corporates where:
 - The government matches investments up to a predefined percentage of total funding by GLICs/GLCs/private corporations within a predefined amount of years, the GLICs/GLCs/private corporations can buy over the government's equity stake in the startup invested.
 - For investments into startups by private corporations, regular guidance and mentoring can be provided to startups to facilitate knowledge transfer.



How does this intervention address existing gaps within the ecosystem?

This intervention will encourage greater participation of GLICs, GLCs and corporate entities, expanding the investor's funding base and capital availability within the local VC ecosystem.



Key Strategy 3

Elevating Malaysia's Venture Capital Talent Pool

The Roadmap seeks to ensure that Malaysia's VC talent pool possesses the necessary depth and expertise to support and drive the growth of the broader VC ecosystem. This involves the targeted implementation of strategic interventions designed to attract, develop, and retain skilled VC professionals. By promoting a dynamic and knowledgeable talent base, these measures seek alignment with the evolving demands of the VC industry.

Moreover, to further strengthen Malaysia's VC talent pool, it is essential to enhance the country's value proposition for attracting talent. This could involve improved visa schemes to facilitate and encourage the transfer of knowledge from seasoned VC professionals globally.

Three strategic interventions are proposed to develop the pool of VC investment professionals and those providing VC support services. These interventions include the encouragement of new and emerging local VC fund managers and the prioritisation of hands-on educational programs. Through these efforts, Malaysia aims to cultivate a cadre of professionals equipped to support the ambitious development of the country's VC industry.



Alignment with Roadmap Target:

Towards achieving: **Increase in number of VCs in Malaysia between 15%-25%, from 116 in 2022, along with an increase in VC professionals (local and foreign)**

Potential Measures:

- 1 Number of local and foreign VC professionals
- 2 Number of VC-focused industry programmes and students enrolled
- 3 Number of fund administrators with operations established in Malaysia

Proposed Interventions:

- 3a Seeding of new fund managers, promoting VC-focused educational programmes and industry immersion for new talents
- 3b Enhanced visa schemes to facilitate talent attraction
- 3c Facilitate the development and establishment of VC support functions

Intervention 3a

Seeding of New Fund Managers, Promoting VC-focused Educational Programmes and Industry Immersion for New Talents

This intervention aims to further support the development of homegrown talent by increasing awareness and building capacity of the country's VC talent pool, through seeding of new/emerging local VC fund managers by the government and the introduction of educational programmes to support the overall development of the VC industry. It also aims to promote a more diverse and inclusive VC talent pool (i.e. increase in women participation).

This interventions could include:

- **Encourage seeding of new/emerging local VC fund managers** by the government through initial funding backing for local VCs to establish an investment track record, expand the network, and strengthen capacities to run their own funds in the medium to long term.
- **Encourage collaboration between universities and VCs to elevate the capabilities of homegrown investors and ensure a consistent pipeline of VC talent.**
To achieve this, universities and VCs should work together to:
 - Develop talent development programmes targeted at graduates and aspiring entrepreneurs. These programmes should provide participants with practical industry experience, such as opportunities to shadow investment analysts or work with experienced investors.
 - Promote internship programmes that enable students to gain experience in a VC environment, thereby enhancing their networking opportunities and producing graduates who are ready for employment.
- **Introduce incubator programmes specific to the VC industry to develop new homegrown fund managers.**
 - Incubator programmes can be led by experienced investors and VC professionals, to equip new homegrown VC fund managers with the right skills and competencies to grow.
- **Create awareness amongst corporates about VC as an investment class.**
 - Active outreach programmes for corporates to educate and create awareness of VC as an investment class through partnerships (e.g. with SC, SIDC, ICDM), to unlock an alternative source of capital.
 - Leveraging the single window platform to provide information on industry developments, promote awareness and market investment benefits to corporations.



How does this intervention address existing gaps within the ecosystem?

This intervention will increase overall awareness of the VC industry and promote collaborations among VCs, providing avenues for students, graduates and professionals to further deepen their knowledge and expertise within the VC ecosystem.

- **Create a diversified and inclusive VC talent pool.**
 - Encourage partnerships between VCs and diversity programmes (e.g. 30% Club Malaysia) to promote the increase of female fund managers.
 - Female fund managers are twice as likely to invest in female-founded startups (e.g. Dropee and PolicyStreet). As such, encouraging the participation of female fund managers will further support the development of successful startups whilst furthering the diversity agenda.



Globally, there are only 4.9% of female VC partners, with only 2% of venture funding going to female founded startups.



Intervention 3b

Enhanced Visa Schemes to Facilitate Talent Attraction

The objective of the intervention is to enhance the flexibility and processing efficiency of schemes that are available for VC talent, to indicate the country's openness to welcoming skilled foreign VC talent, which will support the efforts in enlarging the pool of VC talent in Malaysia.

This intervention could include:

- Extending the eligibility of visa applicants to allow application by stakeholders beyond investors and VC professionals only.**
 Broadening the eligibility to apply for visa schemes to encompass a wider array of ecosystem stakeholders such as experienced VC professionals (beyond just founders/co-founders) and those providing VC fund administration services.
- Allowing flexibility in the eligibility criteria of visa schemes.**
 Introduce multiple investment options as evaluation criteria for visa schemes to offer investors/founders the flexibility to choose their preferred investment route for entry into Malaysia. These options should vary in terms of:
 - minimum investment amount,
 - investment types (e.g. Malaysia-based startups, indirect investments into VC funds).
- Accelerating the processing timeline to facilitate the entry of investors and foreign VC professionals.**
 - Establish clear and publicly accessible guidelines on the visa application procedures, including clear timelines for each step and a comprehensive fee structure.
 - Promote collaboration amongst relevant government agencies to ensure smooth coordination in visa approval processes, avoiding repetitive administrative checks and overlapping functions.
 - Evaluate the possibility of implementing a priority system for accelerated visa processing, particularly for applicants who are investors within strategic sectors (e.g. focus sectors aligned to the government's overall investment strategy).



How does this intervention address existing gaps within the ecosystem?

Building upon the government's diverse effort to attract foreign talent through the introduction of different visa schemes, this intervention aims to further enhance the ease of entry of investors and foreign VC talent.

Intervention 3c

Facilitate the Development and Establishment of VC Support Functions

The objective of this intervention is to promote Malaysia's VC ecosystem by facilitating the establishment and development of VC support functions, paving the way for a more self-sufficient and economically efficient VC industry in Malaysia.

This intervention could include:

- Extend incentives and benefits to attract foreign VC fund support functions.**
 - Incentives should be tailored to the characteristics of the VC support functions, such as knowledge transfer, employment generation, or scale of operations in Malaysia. In addition, incentives introduced should encourage long-term commitments and investment in the local VC ecosystem.
- Introduce upskilling programmes tailored to support services providers serving within the VC industry.**
 - To encourage existing traditional support service providers to serve VC as an asset class, funding support can be provided to these providers to attend upskilling courses specific to the VC support functions (e.g. subsidising 30% of the course fees).
- Establish a Malaysia Fund Administrators Association to encourage knowledge transfer amongst support services providers with operations in Malaysia.**
 - To enhance cooperation among key players in the ecosystem, such as support service providers, regulators, and VCs, the Malaysia Fund Administrators Association could form long-term partnerships with the Malaysian Venture Capital & Private Equity Association (MVCA). This collaboration would focus on identifying the main challenges faced by VCs and play a significant role in advancing Malaysia's position as a central investment hub within Southeast Asia, capitalising on its business-friendly environment.

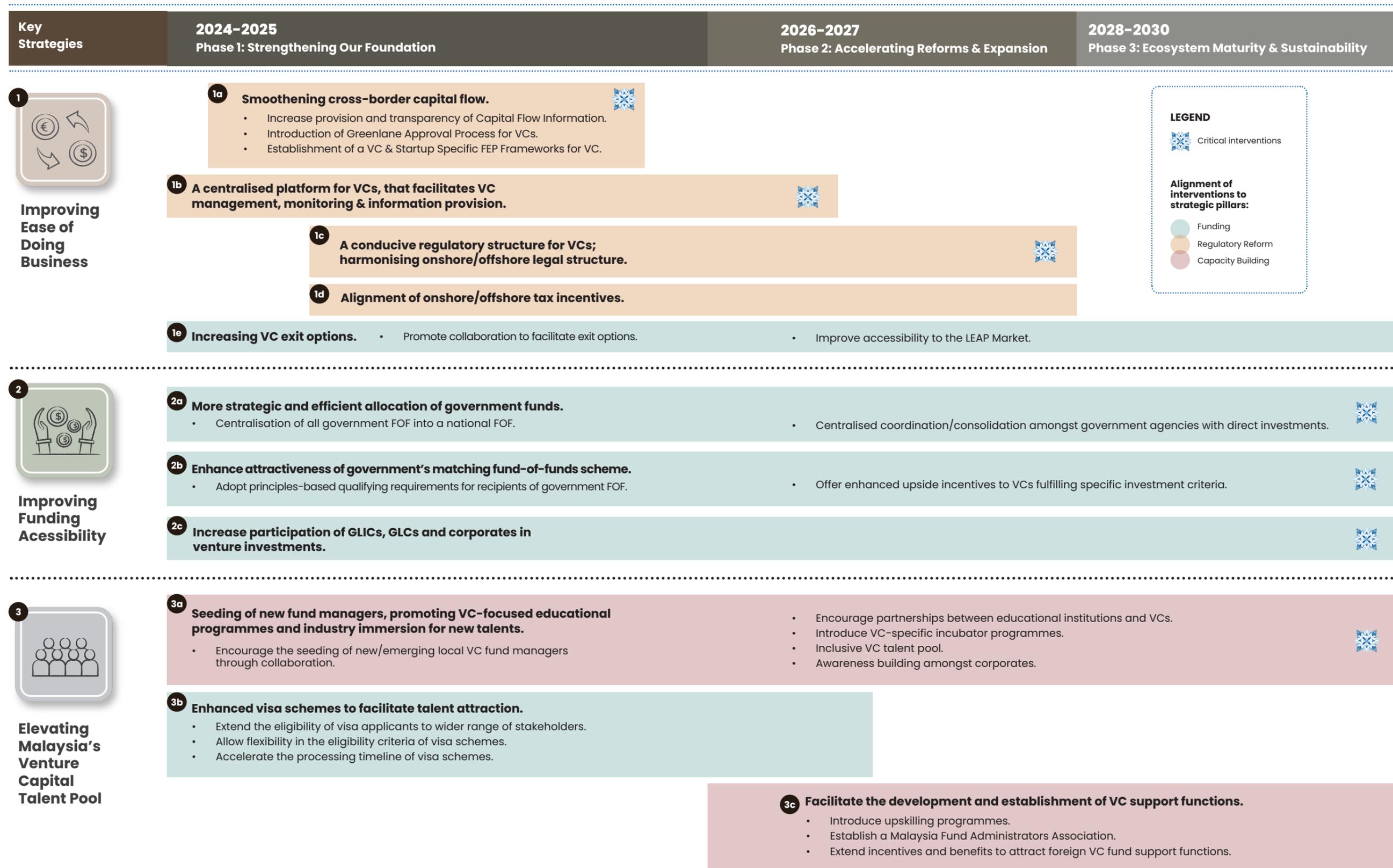


Specifically, grants and tax incentives available to VC firms, could be tailored and extended to VC fund support functions where eligibility criteria of grants and tax incentives can include the following: (non-exhaustive)

- Operations of VC support functions set up in Malaysia.
- Receiving a minimum percentage of revenue (e.g. 80%) from VCs based in Malaysia.

Figure 3.6: Phased Intervention Plan for Malaysia's VC Ecosystem Development by 2030

The proposed interventions will be implemented across 3 phases leading up to 2030.



LEGEND

 Critical interventions

Alignment of interventions to strategic pillars:

-  Funding
-  Regulatory Reform
-  Capacity Building

SECTION 4:

MVCR Implementation Strategies

Once we've taken flight, a delicate balance is required to keep a kite soaring in the sky. The key enablers, outlined in this section of the MVCR, are about taking control and steering a path forward towards our desired outcomes for the VC ecosystem.

Following the strategic interventions outlined in the previous chapter, the focus now shifts to the mechanisms essential for their effective execution. Collectively, these enablers are instrumental in shaping the structural and operational evolution of Malaysia's VC ecosystem. By addressing the informational and organisational needs within the VC sphere, they set the stage for an era of innovation and investment that is poised to energise Malaysia's vibrant startup ecosystem.

SECTION 4.1:

Key Enablers for Successful Implementation of Interventions

Central to this phase are two key enablers, pivotal for honing operational workflows, fostering innovation, and ensuring that the VC ecosystem is in harmony with Malaysia's broader developmental goals. These enablers play a vital role in translating strategic visions into tangible results, promoting cooperation, boosting efficiency, and catalysing growth within the VC sector.

The first enabler, **the establishment of a single-window platform**, marks a significant stride towards consolidating and simplifying access to vital VC information. This platform emerges as a fundamental element for bolstering transparency and support throughout the VC landscape. Much like launching a Wau Bulan into the sky, startups thrive in an environment where various components of the VC landscape and the startup and innovation landscape are harmoniously aligned.

Subsequently, **the establishment of a VC council**, chaired by the Ministry of Finance, represents a deliberate move towards establishing a unified framework aimed at directing the VC ecosystem towards enhanced cohesion and impact. This initiative highlights a deep-seated commitment to nurturing partnerships and aligning VC initiatives with the sails of Malaysia's broader technological and innovation strategies.

Establishment of a Single Window Platform

To further enhance ecosystem collaboration, the MYStartup portal can also be leveraged to incorporate information pertaining to the VC ecosystem.

How can the existing efforts be further enhanced to support the VC ecosystem?

The MYStartup portal is poised to be a transformative asset for strengthening Malaysia's VC ecosystem, meticulously structured around three pillars: **Funding, Regulatory Reform, and Capacity Building.**

By incorporating detailed insights about funding sources, regulatory pathways, and capacity enhancement measures, it aims to foster a collaborative spirit among ecosystem participants. To further enhance ecosystem collaboration, the MYStartup portal can also be leveraged to incorporate information pertaining to the VC ecosystem. Moreover, an enhanced MYStartup, providing a single source of information, will complement the VC interactive platform to facilitate activities of diverse target VC groups, making it an indispensable conduit for both domestic and global stakeholders looking to delve into and contribute to Malaysia's VC landscape.



What is the MYSTARTUP Platform?

The MYStartup platform is a national project initiated by the Ministry of Science, Technology and Innovation (MOSTI) and developed by Cradle Fund Sdn Bhd. The platform is an interactive environment where all startup ecosystem partners can share information, procure services, and stimulate meaningful partnerships.

The platform serves as a directory of Malaysia's startups, investors, service providers and other ecosystem partners. Also, the platform provides a list of startup ecosystem programmes, talent sourcing and access to community-curated content.



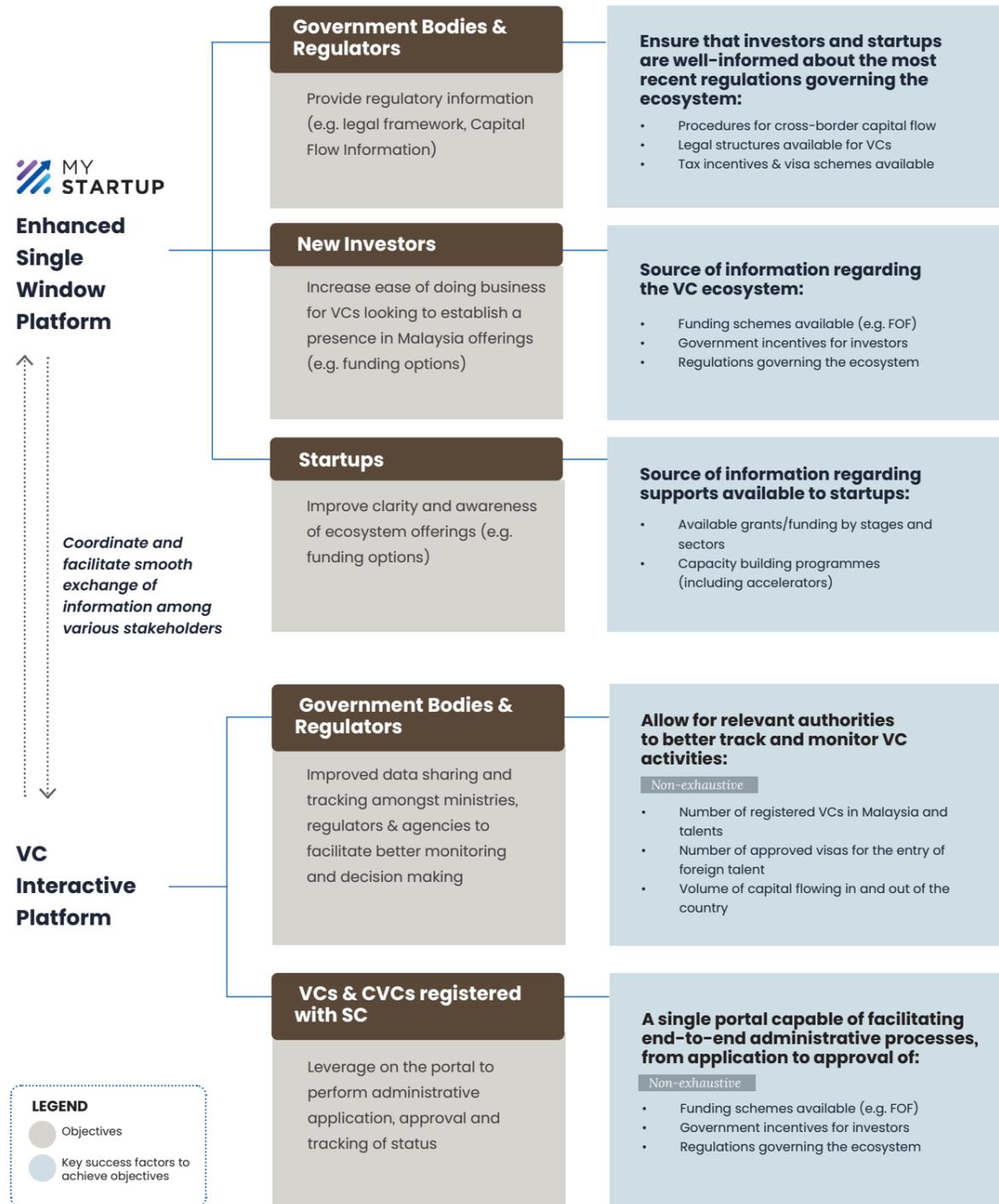
Figure 4.1: Framework for Integrating VC Ecosystem Information into MYSTARTUP

Specifically, information on the VC ecosystem to be integrated within the existing MYStartup portal can be categorised into three key pillars as follows:



Figure 4.2: Optimising the MYStartup Platform to Support Diverse Stakeholders in the VC Ecosystem

An enhanced MYStartup, providing a single source of information will complement the VC interactive platform to facilitate activities of diverse target VC groups.



Key Enabler 2

Establishment of a Venture Capital Council

A VC council will need to be in place, as the central facilitator of the VC ecosystem.

Key Benefits & Risk Mitigation

Moving forward, a **VC council, chaired by the Ministry of Finance (MOF)**, is poised to act as a central facilitator and champion of the VC ecosystem. It will ensure effective coordination of initiatives and efforts amongst all stakeholders. The council's primary role will be to enhance the ecosystem's overall scale and impact through such coordination.

The MOF's leadership is integral due to its substantial role in the implementation of numerous MVCR initiatives. This centralised leadership not only streamlines operations but also plays a crucial role in reducing the risk of duplicative efforts and conflicting goals.

Furthermore, the inclusion of the Ministry of Science, Technology, and Innovation (MOSTI), particularly its Emerging Technology Cluster, in the council, aligns the VC ecosystem's initiatives with Malaysia's national goals for technological and scientific development. This strategic membership is essential in mitigating risks associated with disjointed development, ensuring that the VC ecosystem grows in harmony with the country's broader technological progress and innovation agendas.

Figure 4.3: Establishing a Central VC Council as a Facilitator of the VC Ecosystem

Regulatory Bodies, Ministries and PMO (Core members)



Selected Funding Agencies (By invitation)



Where necessary, selected members can be invited to the VC council based on their anticipated roles in supporting the proposed interventions.

Associations:



SECTION 5:

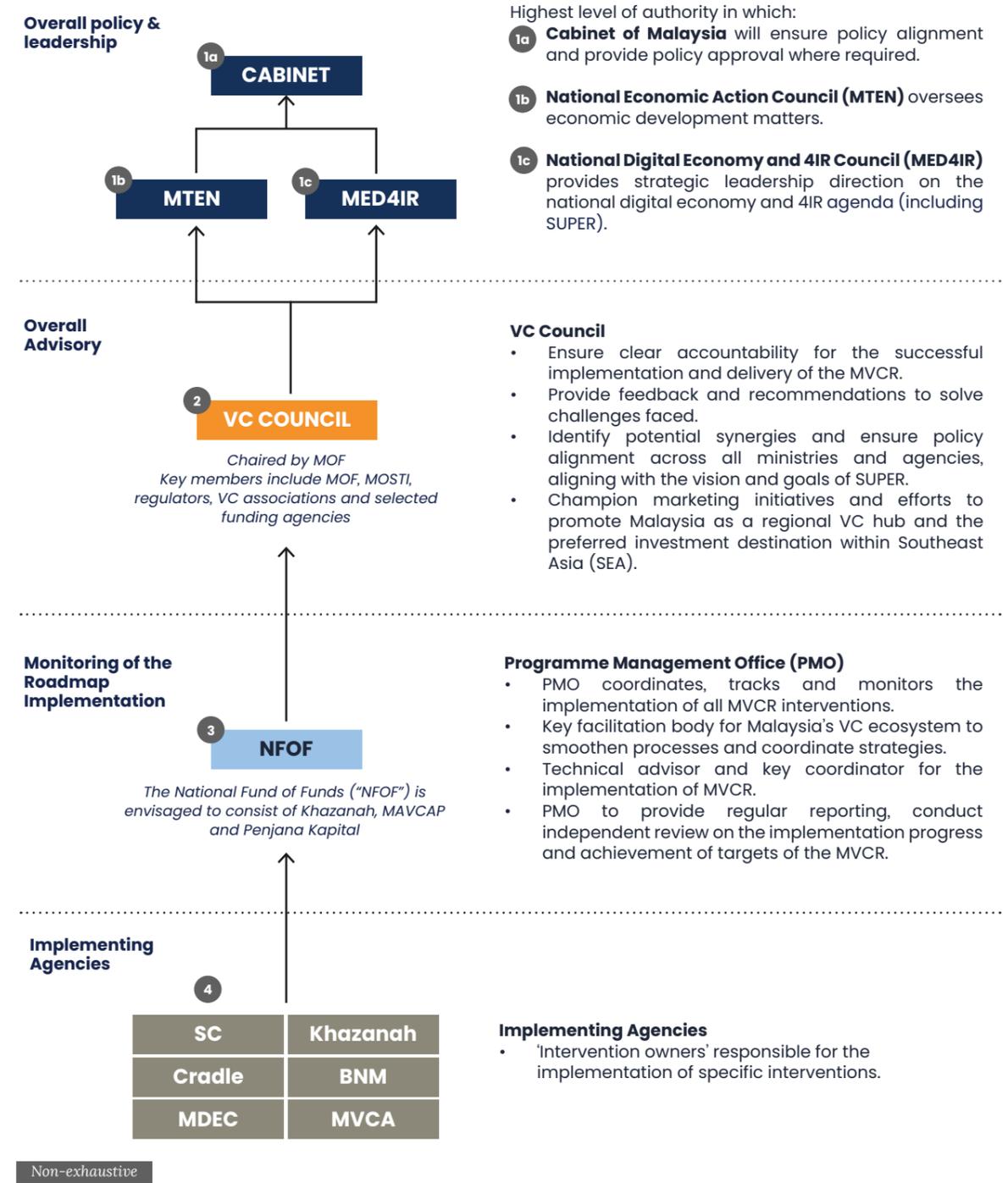
Governance Structure

The Malaysia Venture Capital Roadmap outlines a strategic governance framework crucial for steering the nation's VC ecosystem from 2024 to 2030. This framework is designed to enhance the efficiency and effectiveness of the MVCR's deployment.

Much like a 'cucuk sanggul'—a traditional hairpin used to secure and adorn a hairstyle—this strategic governance framework fortifies and enriches the VC and startups ecosystem. It nurtures policy and leadership excellence, with the thoughtful insertion of strategic governance elements holding everything in place. This ensures the ecosystem's cohesion and vibrant growth.

Figure 5.1: Governance Structure of MVCR

Governance of the MVCR will be jointly led by the Cabinet, MTEN and MED4IR, supported by the VC Council and the PMO.



Conclusion

The Malaysia Venture Capital Roadmap (MVCR) charts a comprehensive course towards establishing Malaysia as a dynamic force within the regional Venture Capital arena by 2030. The roadmap is a testament to the country's commitment to nurturing a fertile environment for Venture Capital activity, poised to elevate Malaysia's position as a significant contender in Southeast Asia's Venture Capital sphere.

It is the fruit of rigorous analysis, delineating clear, actionable strategies and interventions, such as improving ease of doing business, improving access to funding, and elevating the Venture Capital talent pool. The roadmap's vision is underpinned by a phased approach, ensuring that each milestone is achievable and impactful, monitored through a detailed impact pathway analysis.

Integral to the roadmap's ethos is the principle of collaborative synergy. It emphasises the indispensable role of a multi-faceted stakeholder network. This collective endeavor is crucial for the roadmap to transcend beyond its visionary scope and become a tangible reality. It's a call for unity, to blend the strengths of diverse stakeholders towards the common goal of advancing Malaysia's Venture Capital ecosystem.

Terima Kasih

We extend our deepest appreciation to all individuals and organisations that have made significant contributions to the development of the Malaysia Venture Capital Roadmap 2024-2030.

This milestone was achieved through the collaborative and innovative efforts of a diverse group of stakeholders from both the public and private sectors. We owe special thanks to those who participated in the two Intervention Co-Creation Workshops and the Intervention Challenge Workshop. These sessions were crucial in gathering feedback, understanding industry challenges, and co-creating effective interventions. The collective wisdom and dedication of all participants have been instrumental in laying a strong foundation for a thriving VC ecosystem in Malaysia.



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Acronyms & Abbreviations

CAGR	Compound Annual Growth Rate	PE	Private Equity
CGT	Capital Gains Tax	PMO	Programme Management Office
Cradle	Cradle Fund Sdn Bhd	PNS	Perbadanan Nasional Berhad
CVC	Corporate Venture Capital	PVIP	Malaysia Premium Visa Programme
FEP	Foreign Exchange Policy	RMK12	Rancangan Malaysia Kedua Belas (Twelfth Malaysia Plan)
FOF	Funds of Funds	SC	Securities Commission Malaysia
GLIC	Government-Linked Investment Company	SEA	Southeast Asia
GLC	Government-Linked Company	SIDC	Securities Industry Development Corporation
KHAZANAH	Khazanah Nasional Berhad (Malaysia's Sovereign Wealth Fund)	SME Bank	Small Medium Enterprise Bank
KMP	Kumpulan Modal Perdana	SUPER	Malaysia Startup Ecosystem Roadmap
LEAP Market	Leading Entrepreneur Accelerator Platform Market	SSM	Suruhanjaya Syarikat Malaysia (Companies Commission of Malaysia)
LFSA	Labuan Financial Services Authority	UK	United Kingdom
LP	Limited Partner	USD	United States Dollar
M&A	Mergers & Acquisitions	VCC	Venture Capital Company
MAVCAP	Malaysia Venture Capital Management Berhad	VCMC	Venture Capital Management Company
MDEC	Malaysia Digital Economy Corporation	VentureTECH	VentureTECH Corporation
MDV	Malaysia Debt Ventures		
MED4IR	National Digital Economy and 4IR Council		
MOSTI	Ministry of Science, Technology and Innovation		
MTDC	Malaysian Technology Development Corporation		
MTEN	National Economic Action Council		
MVCA	Malaysian Venture Capital & Private Equity Association		
MVCR	Malaysia Venture Capital Roadmap		
MTEP	Malaysia Tech Entrepreneur Programme		
NFOF	National Fund of Fund		
OSK	OSK Ventures International Bhd		
P2P	Peer to Peer		

Glossary of Terms

Accelerators: Organisations that support early-stage startups by providing a combination of funding, mentorship, and networking opportunities, to expedite growth.

Angel Investors: Wealthy individuals or groups who provide capital to startups in exchange for ownership equity or convertible debt, also contributing expertise and industry connections.

CAGR (Compound Annual Growth Rate): A measure used to calculate the mean annual growth rate of an investment over a specified time period longer than one year.

Capital Gains Tax (CGT): A tax on the profit realised from the sale of non-inventory assets, including shares and other investment types.

Corporate Venture Capital (CVC): Investment made by a corporation into a startup, which may also involve the corporation's active participation in management and strategy.

Dana Penjana Nasional: A specific government funding initiative or scheme that has contributed to the venture capital ecosystem.

Deal Count: The number of individual investment deals or transactions completed within a certain period.

Developed Countries: Nations that have a higher level of income, industrialisation, and modernisation in their economic systems compared to developing countries.

Direct Investments: Capital placement into companies or projects by funding agencies, as opposed to investing through intermediaries like funds or other financial instruments.

Early Stage: A stage of funding (Series A) for businesses with a basic product or service that have some evidence of product-market fit, involving venture capitalists and super-angel investors.

Eligibility Criteria: Specific requirements that individuals must meet to qualify for a particular visa scheme.

Eligibility Criteria and Tax Exemptions: Conditions that venture capital firms must meet to qualify for certain benefits and the tax relief provided to encourage their activities.

Emerging Industries: New or developing sectors that are expected to become significant in the future, such as advanced manufacturing or green technology.

End-to-End Processing: A comprehensive approach to handling transactions or procedures from the start to the finish, often used to describe streamlined regulatory processes.

Glossary of Terms

Equity Crowdfunding Platforms: Online platforms that allow startups and businesses to raise capital by selling equity to many investors, democratising investment opportunities.

Equity/Debt Funding: Financial support provided to startups or businesses in the form of ownership stakes (equity) or loans (debt) that need to be repaid.

Exit Strategy: A phase where the investors plan their exit from a company, typically through an IPO or acquisition, to realise a return on investment.

Foreign Investments: Capital investment coming from investors based outside of the country where the venture capital firm operates.

Fund Administrators: Professionals or firms that handle the day-to-day operations and administration of a fund, including financial reporting and investor communications.

Government Grants: Financial support from Governmental bodies to startups and businesses, often without the requirement of repayment or equity exchange.

Growth Stage: Later funding stages (Series B and C), where companies expand market segments, scale up business models, and prepare for international expansion, involving larger sums and varied investors, including private equity and investment banks.

Investment Incentives: Benefits provided by the government to encourage investment in specific sectors or activities.

Late-Stage Funding: Investments made in mature startups that are closer to achieving significant milestones such as an IPO or acquisition.

LEAP Market: An alternative market in Malaysia providing a more flexible approach to listing, which may not require the same stringent criteria as the main market, designed to help smaller companies with potential for growth.

Limited Partnership (LP) Structure: A form of business partnership where some owners are limited partners, not responsible for the debts and liabilities beyond their investment amount.

Matching Fund-of-Funds Scheme: A specific investment strategy where government funds are used to match private investment, thereby increasing the total capital available to startups.

National Funding Programmes: Government initiatives to foster innovation and growth, providing financial support and resources to expand technology-driven businesses globally.

Glossary of Terms

Offshore Legal Framework: The set of laws and regulations applicable to businesses that are established in jurisdictions outside of Malaysia's mainland, often with different tax regimes.

Onshore Legal Framework: The set of laws and regulations that apply to businesses operating within the domestic boundaries of Malaysia.

Peer-to-Peer (P2P) Financing: Debt financing that allows individuals and businesses to lend and borrow money directly through an online platform, without traditional financial institutions.

Penjana Kapital: Refers to a government initiative or entity that might be involved in the development of talent and investment programmes in Malaysia.

Private Equity Firms: Investment firms that invest in more mature companies, acquiring significant stakes and often actively participating in management and strategic decisions.

Private Sector Funding: Investment funds originating from individual investors, private companies, or venture capital firms that are not affiliated with the government.

Public Sector Funding: Financial contributions made by government entities towards venture capital funds, often used to stimulate economic growth and innovation.

SEA Countries (Southeast Asian Countries): Refers to the member states of the Association of Southeast Asian Nations (ASEAN), which are part of the Southeast Asian region.

Seed Stage: The initial phase of startup financing focused on product development and team building, primarily funded by angel investors, accelerators, and family and friends.

Series A/B/C: Rounds of venture capital financing aimed at different growth stages of a company, from early business model execution (Series A) to scaling operations (Series C).

Support Services for VC: Professional services that aid the venture capital industry, such as valuation experts, fund administrators, legal advisers, etc.

Talent Development Programmes: Initiatives aimed at enhancing skills and knowledge in specific sectors, which may also be linked to visa eligibility.

Tax Exemptions: Policies that reduce or eliminate the tax liability for qualifying entities under certain conditions.

Tax Incentive Frameworks: Specific policies designed to provide tax benefits to businesses, which in this context, differ between onshore and offshore entities.

Glossary of Terms

Top 20 Global Startup Ecosystem: A ranking or aspiration for a region to be recognised among the leading global environments supportive of startup growth and innovation.

Total Funding Value: The aggregate amount of funds invested by venture capital within a specific time frame.

VC Professionals: Individuals engaged in venture capital activities, including investment analysis, fund management, and portfolio oversight.

VC Funding Value: The total amount of money invested by venture capital in a particular region or country.

VC Industry: Refers to the sector involving venture capital firms and activities, including fundraising, investment in startups, and other related financial services.

VC-Related Education Programmes: Academic courses or degrees specifically tailored to the study and practice of venture capital and investment management.

VC Talent Development Programmes: Educational or training initiatives designed to enhance the skills and knowledge of professionals in the venture capital industry.

VC Talent Pool: The group of professionals with the skills and expertise to work in the venture capital industry, including roles such as investors, fund managers, and analysts.

Venture Builders: Organisations that build multiple startups using their own resources and expertise, often providing a combination of funding and operational support.

Venture Capital: Investors who provide capital to firms with high growth potential in exchange for an equity stake, often also providing strategic advice and industry connections.

Venture Capital Firms: Specialised firms that provide capital to startups and early-stage companies, contributing financial backing and strategic mentorship.

Venture Capital Management Company: A specialised financial entity that pools funds from various investors to invest in startup companies and small businesses with strong growth potential.

Venture Penetration Rate: An indicator that measures total funding as a percentage of nominal GDP, reflecting the relative size of venture capital investments in the economy.

Visa Schemes: Official government programmes that determine the criteria and process for foreign individuals to reside in a country, often for work or investment purposes.

Malaysia
Venture
Capital
Roadmap
2024-2030



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