

Alternative Financing To Enhance Resilience, Foster Advanced Growth Of Biotech, Bio-Based SMEs

By **Cynthia Ignatius** - October 4, 2023



With the rapid rise of fintech in Malaysia, Malaysian Bioeconomy Development Corporation (Bioeconomy Corporation) is urging more local biotechnology and bio-based companies to take up alternative funding solutions, enabling Malaysia's capacity to remain competitive and stay at the forefront of technological advancements on the global stage.

Its Chairman, Dr Lee Boon Chye remarked that startups, early stage, and established entities including BioNexus Status and Bio-based Accelerator (BBA) companies stand to benefit from alternative financing such as equity crowdfunding (ECF) and peer to peer (P2P) financing which can help to scale their operations, fund groundbreaking research, development, and commercialisation, and expand into new markets. He noted that Bioeconomy Corporation is committed to assist local biotechnology and bio-based companies in embracing alternative financing to ensure a continuous and supportive funding ecosystem for Malaysia's biotechnology industry, as outlined by the National Biotechnology Policy 2.0 under the Ministry of Science, Technology, and Innovation (MOSTI).

“Despite the economic challenges posed by the COVID-19 pandemic and its aftermath, Malaysian biotechnology and bio-based firms have demonstrated their steadfast resilience and ongoing growth. To date, 345 BioNexus Status companies have achieved realised investments worth RM4.22 billion. In the first quarter of 2023, the companies recorded an impressive RM438.7 million in total revenues. To sustain and improve this growth momentum, we believe that the adoption of alternative funding solutions can effectively assist these companies in addressing challenges in the industry, including access to sufficient funding, time-consuming research and approval processes, high development costs, the aftermath of the COVID-19 pandemic, and economic unpredictability—all of which may otherwise hinder their expansion and long-term sustainability goals,” he said when delivering

his special remarks at the SCxSC GROW conference here today. He added that from 2020 to 2023, Bioeconomy Corporation facilitated six biotechnology and bio-based companies to raise RM4.5 million through equity crowdfunding and peer-to-peer funding.

According to Securities Commission Malaysia (SC) in its 2022 annual report, ECF and P2P financing have enabled over 7,200 Malaysian SMEs to raise more than RM4.4 billion, surpassing traditional venture capital-backed funding in Malaysia in the past few years.

To capitalise on this growth, Bioeconomy Corporation joined forces with SC for the very first time at their flagship SCxSC GROW conference held today at the SC headquarters. This collaboration connected BioNexus Status and BBA companies with key financial stakeholders including from Agrobank, Malaysia Venture Capital & Private Equity Association (MVCA), MAVCAP, Pitchin, Nexea, Vynn Capital and Artem Venture, with the aim to unlock the potential of alternative financing in developing Malaysia's Micro, Small and Medium Enterprises (SMEs) businesses in the biotechnology and bio-based industries. Over 100 representatives from BioNexus Status and BBA companies in the agriculture, industrial, and healthcare sectors attended the conference, which allowed them to gain valuable insights and opportunities into the alternative financing options available in Malaysia.

Besides insightful knowledge-sharing sessions and discussions, the event was also a platform for ten BioNexus Status and BBA companies to showcase their innovative products, technologies and services to potential investors, partners, and customers, while two BioNexus Status and two BBA companies engaged in a pitching session to present their products and services to potential investors.