

Biotech, bio-based companies urged to tap alternative financing

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PETALING JAYA: With the rapid rise of financial technology in Malaysia, Malaysian Bioeconomy Development Corporation (Bioeconomy Corp) 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.

Bioeconomy Corp chairman Dr Lee Boon Chye remarked that startups, early stage and established entities including BioNexus Status and Bio-based Accelerator companies stand to benefit from alternatives such as equity crowdfunding (ECF) and peer-to-peer (P2P) financing which can help them scale up their operations, fund research, development and commercialisation, and expand into new markets.

He said Bioeconomy Corp is committed to helping 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.

"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," Lee said when delivering his remarks at the SCxSC GROW conference in Kuala Lumpur 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 Corp has joined forces with SC for the very first time at their flagship SCxSC GROW conference held at the SC headquarters today.