

**Regional Fund Can Meet Technology-Based Firms' Increasing Financing Needs -
Najib
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KUALA LUMPUR, Oct 12 (Bernama) -- Proposed setting up of a regional fund by the Malaysia Technology Development Corporation (MTDC) and Indonesian Investment Agency (IIA) can cater to increasing financing needs of technology-based companies in the region, Datuk Seri Najib Tun Razak said today.

A high technology start-up in Malaysia, as in other developing economies, especially one with a technology that was nascent but nevertheless novel probably did not fit conventional lending criteria, the Prime Minister said.

In addition, investment rating systems may not qualify for financial support from either conventional funding or large corporations, he said at the KL International Venture Capital Symposium 2011 here today.

As a result, Najib said the government and its venture capital and funding agencies like MTDC, Malaysia Venture Capital Management Bhd and Malaysia Debt Ventures Bhd can do in such circumstances, he said.

He urged financiers and venture capitals to come forward to invest in businesses involved in high technology sectors but not limited to ICT, nanotechnology, life sciences, renewable energy and oil and gas which the government has recognised as an economic growth engine.

A joint statement released by MTDC and IIA says the proposed regional fund is a dedicated fund raised from both Malaysia and Indonesia to support and encourage entrepreneurship and creation of new strategic businesses within a technology eco-system.

The fund is targeted to entrepreneurs with feasible tech-based businesses and those that can be up-scaled, with high growth potential and sustainability.

The rationales of the fund are that both countries have a combined 300 million population and these represent a significant market after China and India in Asia, the statement said.

Earlier, Najib said Islamic Venture Capital in Malaysia was still at a very embryonic stage, but there was huge potential for Islamic finance and Shariah-based instruments and mechanism in promoting venture capital.

The Prime Minister said Islamic concepts like the Mudharabah (profit-sharing), Musharakah (partnership) and Wakalah (agency) are the most commonly applied to venture capital, but Islamic venture capital could be very interesting to investors who are experts in specific sectors and industries.

"By raising awareness and increasing understanding of Islamic finance, investors are more likely to risk their capital by investing in specific business opportunities," he said.

Najib also gave an assurance that the government would continue to provide the

infrastructure and incentives to ensure Malaysia remained as one of the top destinations for technology-based investments.

At the event, Najib witnessed the signing of a memorandum of understanding between MTDC and Export-Import Bank of Malaysia Bhd on the collaboration for Green-Lane Policy Companies for exportation activities.

Both organisations will establish cooperation to facilitate sharing of information on SMEs to strengthen and assist SMEs for cross-border activities.

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