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SCHEMES FOR FRANCHISORS AND POTENTIAL FRANCHISORS



To Be A Leading Corporation in Providing Total Franchise Solutions



Perbadanan Nasional Berhad is an agency owned by the Ministry of Finance with the mandate to lead the development of franchise industry in Malaysia. PNS also provides guidance and special schemes for franchisors and franchisees and welcome franchise partners to Malaysia.

VISION

To Be A Leading Corporation in Providing Total Franchise Solutions

MISSION

To Develop World Class Franchisepreneurs Through Superior Delivery of Integrated Services And Comprehensive Products

ROLES

The Franchise Development Programme was started in 1992. It is one of the Government's efforts to develop the Malaysian franchise sector. The implementation of this programme is now undertaken by PNS:

1. Franchise Investments

PNS invests in the development of local and foreign franchise brands in Malaysia in order to offer consumers a wider choice of high quality products and services

PNS plays an important role in identifying and acquiring foreign franchise brands and launching them in Malaysia. PNS' achievements also extend to securing the Master Franchise Rights to foreign brands. These include Gloria Jean's Coffees and 'The Auto Bridal' and 'The Motor Bridal' business. Several more brands are in the pipeline.

2. Promotional activities

PNS has participated and led the Malaysian franchisors in various domestic and international exhibitors. Overseas trade missions extend to Dubai, New Delhi, Cairo, Beijing, London, Manila, Jakarta and Melbourne.

3. Financing

PNS offers financing schemes to franchise entrepreneurs in acquiring equipment, renovation of business premises and working capital injection.

4. Training

PNS continuously collaborates with Malaysian Franchise Association (MFA) to provide extensive training and guidance to potential franchisors and franchisees. The key objective is to generate more competent and business savvy franchise entrepreneurs.

5. Franchise Development

PNS identifies established and suitable local businesses with potential to be converted into franchise businesses.

6. Networking

PNS facilitates and promotes cooperation between key industry players such as franchisors, franchisees, business associations, consultants, academicians and industry specialists.

7. Research

Research is primarily focused on enhancing the effectiveness of the Programmes. Observations are compiled to serve as guidelines to further enhance the programme contents to make them more strategic and effective.

FINANCING SCHEMES FOR FRANCHISOR

SCHEME	FRANCHISOR FINANCING	Pre-Franchise
Objective	<ul style="list-style-type: none"> To provide financial assistance to franchisors/master franchisees in expanding their business To encourage and facilitate more franchisors to venture into international expansion To assist franchisors/master franchisees in strengthening their capabilities and capacity in order to adequately support more franchisees for business expansion. 	To assist potential franchisors and master franchisee by providing financial assistance
Company's Criteria	<ul style="list-style-type: none"> Must be a S/B Company Registered with registrar of franchise (ROF) and Malaysian Franchise Association (MFA) as franchisor/master franchisee Target company must register profits and positive Register profits and positive shareholders fund shareholders fund in its latest audited accounts Target Company must have Bumiputera franchisees not less than 30% of the total number of franchisees. Target company should maintain the 30% ratio of bumiputera franchisees throughout the financing period Must be clear of any outstanding litigation against the target company, its shareholders and its directors Preference will be given to franchisors with affordable franchise package (franchise package on RM250,000 or less 	<ul style="list-style-type: none"> Must be a S/B Company Registered with registrar of franchise (ROF) and Malaysian Franchise Association (MFA) as franchisor/master franchisee Minimum 51% equity – owned by Bumiputera in the latest audited accounts Have at least one outlet in operation for a minimum period of at least one year Furnish a detail franchise business plan and the proposed time frame to register with ROF Submit the application for franchise registration to ROF not later than two (2) years from the date of first disbursement The business is deemed franchisable and syariah compliant
Financing size	RM 100,000 to RM 2,000,000	RM 50,000 to RM 2,000,000
Financing Tenure	Max of 10yrs from the date of first disbursement	Up to 10 years
Financing Mode	Term loan	Term loan
Financing Margin	Subject to a gearing ratio of not more than 4 times	Subject to a gearing ratio of not more than 4 times
Interest Rate	6%-8% per annum based on eligibility	6% per annum
Grace Period	6 months after disbursement	6 months after disbursement



Scheme	Budding Franchise	Smart Partnership Franchise	Franchise Mezzanine
Objective	To assist new Bumiputera franchisors or master franchisees to upgrade their existing business to franchise business	To enable UMB to own equity in non-Bumiputera companies and allow non-Bumiputera companies to collaborate with PNS to finance their business expansion	To cater for existing Bumiputera owned franchise business seeking financial assistance for expansion purposes
UMB Criteria	<ul style="list-style-type: none"> Above 21 yrs Min qualification of Diploma Posses working experience in similar business as target company Committed to be actively involved in the management and day-to-day operations of target company Posses essential entrepreneurial traits (vision, commitment, positive attitude, sound management skills, creativity and initiative) 	<ul style="list-style-type: none"> Above 21 yrs Min qualification of Diploma Posses working experience in similar business as target company Committed to be actively involved in the management and day-to-day operations of target company Posses essential entrepreneurial traits 	<ul style="list-style-type: none"> Above 21 yrs Min qualification of Diploma Posses working experience in similar business as target company Committed to be actively involved in management and day-to-day operations of target company Posses essential entrepreneurial traits
Company's Criteria	<ul style="list-style-type: none"> Registered with registrar of franchise (ROF) and Malaysian Franchise Association (MFA) as franchisor/master franchisee/ franchisee to foreign franchisor 51% equity owned by Bumiputera 51% of Board of Directors and management are Bumiputera Set up a minimum of one (1) business prototype that has been in operation for at least six (6) months Total Borrowings + Preferences Shares to be subscribed by PNS shall not exceed four (4) times of its shareholders' funds 	<ul style="list-style-type: none"> Registered with registrar of franchise (ROF) and Malaysian Franchise Association (MFA) as franchisor/master franchisee/ franchisee to foreign franchisor Recorded a min of 2 yrs continuous PAT Min shareholders fund of RM 3m Min PAT of RM500,000 for the recent financial year UMB is required to be involved directly in the management and operations of target company UMB is required to contribute a min of 5% of the total investment cost 	<ul style="list-style-type: none"> Registered with registrar of franchise (ROF) and Malaysian Franchise Association (MFA) as franchisor/master franchisee/ franchisee to foreign franchisor 51% equity owned by Bumiputera 51% of Board of Directors and management are Bumiputera Recorded a min of 2 yrs continuous PAT Min shareholders fund of RM 3m Min PAT of RM500,000 for the recent financial year
Investment Structure	To subscribe a combination of Ordinary Shares of 5% Cumulative Redeemable Preference Share (CRCPs)	To subscribe ordinary shares only; or A combination of ordinary shares and 7% Cumulative Redeemable Convertible Preference Shares (CRCPs)	To subscribe ordinary shares only; or To subscribe a combination of Ordinary Shares of 5% Cumulative Redeemable Preference Share (CRCPs)
Investment Size	Maximum of 49% equity interest for Ordinary Shares and the maximum amount allowed is RM 5 million	Ordinary shares – min 30% and max 49% equity interest in the target company or RM 10m, whichever is lower Preference shares – Min RM 1m and max of RM 5m, subject to gearing ratio of 2 times	Ordinary shares – min 30% and max 49% equity interest in the target company or RM 10m, whichever is lower Preference shares – Min RM 1m and max of RM 5m, subject to gearing ratio of 2 times
Investment Tenure	A maximum of five (5) years	Ordinary shares: Max of 4 yrs Preference shares: Max of 5 yrs	Ordinary shares: Max of 4 yrs Preference shares: Max of 5 yrs