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SPRING Singapore Launches \$500M Venture Debt Programme with DBS, OCBC and UOB for High-Growth Enterprises

Financing Needs of High-Growth Enterprises

1. Local high-growth enterprises will have a new financing option to support their expansion plans through SPRING Singapore's pilot Venture Debt Programme (VDP). Under the programme, DBS Bank (DBS), OCBC Bank (OCBC) and United Overseas Bank (UOB) will catalyse about 100 venture debt loans, totalling close to \$500 million over two years. SPRING will provide 50% risk-sharing to these financial institutions for such loans. SMEs can apply for venture debt loans of up to \$5 million each for working capital, assets, projects or mergers and acquisitions for the purpose of business expansion.

2. Announced at Budget 2015, the VDP complements current government loan financing schemes. Studies have showed that local enterprises in certain high-growth sectors face challenges in obtaining financing to support their growth. This includes innovative start-ups that typically have high financing needs, and growth enterprises in nascent sectors such as advanced manufacturing, clean technology or biomedical.

Venture Debt as an Alternative Source of Enterprise Financing

3. Venture debt is a form of alternative financing for enterprises with high growth potential but may not have established revenue streams or lack significant assets to use as collaterals. To compensate for the higher risk involved in backing such companies, venture debt providers may combine their loans with warrants, or rights to purchase equity. Venture debt may involve deferred payment terms to minimise short-term impact on cash flow. Venture debt has less shareholder's dilution than equity investment.

4. "As we compete increasingly on knowhow and technology, venture debt supports the growth of companies which are asset light but IP (intellectual property) heavy. It addresses the gap between traditional bank loans and equity investments for such enterprises," said Ms Chew Mok Lee, Assistant Chief Executive of SPRING Singapore.

5. Dr Mark Hon, Chairman of Action Community for Entrepreneurship, said, "The pilot venture debt programme is a catalyst for supplemental financing in the Singapore start-up ecosystem; particularly for high-growth start-ups that have raised capital from venture

capitalists, or lack the assets for traditional loans. When utilised correctly, such a scheme could allow start-ups to enjoy enhanced capital efficiency through reduced dilution and accelerated growth at a lower cost to the business.”

Extending Programme Reach through Partnerships

6. The VDP was rolled out by DBS, OCBC and UOB in January 2016. These partners will extend venture debt to eligible enterprises within and beyond their current SME network and client base.

7. Having established its Venture Debt Financing programme in February 2015, DBS aims to back high-growth consumer and enterprise technology start-ups in the mobile, internet and cloud segments addressing a sizable local and regional market opportunity and invested by reputable venture capitalists.

8. UOB started to offer venture debt in October 2014. Its Venture Debt programme targets top Asian start-ups in Singapore, China, India and Southeast Asia from high-growth technology sectors. Under the VDP, UOB will extend Government-backed venture debt loans to local companies that meet the programme requirements. UOB will also be administering venture debt loans to high-growth, innovative start-ups through its associate company, InnoVen Capital Singapore Pte. Ltd.

9. Through the VDP, OCBC plans to offer venture debt to high growth SMEs across different industries, with or without venture capitalists’ investments. These enterprises should demonstrate strong business proposition (through planned introduction of innovative products, deployment of unique business models, for example) and have potential for growth in international markets.

10. In addition to growth potential, SMEs also must be registered and operating in Singapore, have a minimum of 30% local shareholding, and a group annual sales turnover of not more than S\$100 million or group employment size of not more than 200 employees. Interested SMEs can approach the respective financial institutions to apply for venture debt. Additional information on SME eligibility and enquiry channels is available in **Annex B**.

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Enclosed:

Annex A – Quote Sheet: Financial institutions comment on their participation in the VDP

Annex B – Additional information on SME eligibility and VDP enquiry channels

Annex C – Factsheets of companies supported under the VDP

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About SPRING Singapore

SPRING Singapore is an agency under the Ministry of Trade and Industry responsible for helping Singapore enterprises grow and building trust in Singapore products and services. As the enterprise development agency, SPRING works with partners to help enterprises in financing, capability and management development, technology and innovation, and access to markets. As the national standards and accreditation body, SPRING develops and promotes an internationally-recognised standards and quality assurance infrastructure. SPRING also oversees the safety of general consumer goods in Singapore. Please visit www.spring.gov.sg for more information.

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**Quote Sheet: Financial institutions comment on
their participation in the VDP**

DBS Bank

Please attribute the following to Ms Joyce Tee, Group Head of SME Banking, DBS Bank

“We are pleased to partner SPRING in their new venture debt programme, which will boost the availability of alternative financing and help innovative companies scale up and reach profitability at a faster pace. Since the launch of our venture debt programme earlier this year, we have received positive response from tech start-ups in Singapore and are working closely with their venture investors to bolt on venture debt to their equity raise. With our DBS BusinessClass programme, we are also connecting SMEs with tech start-ups to encourage adoption of innovative technology to improve their productivity through enhancing business models and processes. We are committed to a culture of continuous innovation so as to make DBS the SME bank of choice for entrepreneurs.”

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OCBC Bank

Please attribute the following to Mr Tan Chor Sen, Head of International, Global Commercial Banking, OCBC Bank

“OCBC is pleased to partner SPRING Singapore to launch the OCBC Business Venture Loan, which allows us to provide more support for young businesses with high growth potential. As a leading SME bank, we have been supporting businesses at different stages of their life cycle, and recognise that not all high-growth companies are built around technology, but yet these are the companies that need funding to advance their business growth. And that is why we are offering venture debt financing to high-growth companies from different industries instead of limiting it to high tech companies. At the end of the day, we hope that this new initiative will allow more start-ups to realise their full potential and contribute to the growth of entrepreneurship in Singapore and the economy.”

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United Overseas Bank

Please attribute the following to Mr Eric Tham, Head of Group Commercial Banking, United Overseas Bank

“SPRING Singapore’s venture debt risk-sharing programme goes a long way in positioning Singapore as the start-up capital of the east. UOB understands the importance enterprise plays in economic growth and is heartened to see that SPRING is also committed to ensuring that the best start-ups have the necessary funding support from both the private and public sectors to develop into world-class businesses. This in turn will help to drive the economies of not just Singapore but also Asia.”

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Additional information on SME eligibility and VDP enquiry channels

	DBS	OCBC	UOB
VD offerings	DBS offers growth capital, working capital and asset based venture debt loans.	OCBC offers financing to support SMEs' growth plans, including commercialising new products, commencing new business models, enhancing existing products, expanding overseas, scaling up operations, and acquiring intellectual properties/licences.	UOB offers a comprehensive suite of venture debt loans that is tailored to the financing needs of companies at different stages of their business development. Additionally, the UOB-Temasek joint venture InnoVen Capital aims to provide high-growth and innovative start-ups in China, India and Southeast Asia with up to US\$500 million in venture debt loans over the next five years.
Availability of VD offerings	In February 2015, DBS rolled out a commercial venture debt financing program. DBS can immediately begin to assess eligible start-ups that fulfil SPRING's venture debt criteria and obtain joint approval from SPRING.	OCBC rolled out its venture debt offering in January 2016.	UOB started to offer venture debt loans to Singapore enterprises in October 2014.
SME eligibility criteria <i>NOTE: The criteria listed in this table is in addition to the criteria stated in paragraph 10 of the media release</i>	<ul style="list-style-type: none"> • Minimum 1 year of incorporation with at least 1 round of institutional funding • Commercial revenues with proven business model • Backed by a reputable venture capital firm that has demonstrated good investment strategy and exits • Quality of the venture capital firm • Strong background and experience of the founding / management team • Disruptive technology and 	<p>Companies from all industries:</p> <ul style="list-style-type: none"> • That have proven track records and business models • That demonstrate high growth potential e.g. introduction of innovative products, deployment of unique business models and/or have strong potential for growth in international markets <p>Companies do not need to be backed by a venture capital firm.</p>	Early-stage local enterprises which have high-growth potential and a viable business model. These companies would have developed innovative solutions or are operating in nascent sectors such as the advanced manufacturing, clean technology and biomedical industries

	<p>breakthrough value propositions based on innovation</p> <ul style="list-style-type: none"> • Clear competitive advantage and sustainable business model 		
<p>Enquiry channels SMEs can contact the following parties for more information on the financial institutions' venture debt offerings</p>	<p>Start-ups can contact the DBS Venture Growth Partners at vgp@dbs.com or visit www.dbs.com.sg/sme/financing/working-capital/venture-debt-financing.</p>	<p>Existing OCBC Customers can find out more from their Relationship Managers or email us at bizventure@ocbc.com. New SME customers can also email us at bizventure@ocbc.com.</p>	<p>Companies which are considering venture debt financing for their business expansion can contact UOB Commercial Banking. More information is available at www.uob.com.sg/corporate/commercial/index.html</p>

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Factsheet on Ascenz Solutions Pte Ltd

Overview

Ascenz Pte Ltd (parent company of Ascenz Solutions Pte Ltd) was established in April 2011 by Mr Chia Yoong Hui and Mr Sia Teck Chong, who currently serve as its Chief Executive Officer and Chief Technology Officer respectively. Both founders formerly served in the Republic of Singapore Navy. The company provides vessel monitoring systems and data capture solutions of vessel fuel consumption and bunkering for the Shipping and Marine (e.g. marine transportation, shipyards) and Oil & Gas (e.g. bunkering, storage & distribution) industries.

Ascenz's niche is in offering database mining and database management solutions which allows users to remotely monitor any shipboard instruments and equipment from any part of the world. With these solutions, information from shipboard instruments and equipment (e.g. fuel meter, RPM, anemometer, fire-alarm data, etc.) as well as information on the ship's position can be wirelessly transmitted to secured servers on shore, and stored in the database.

This enables improved fuel management as real time flow rate of the fuel to be measured using mass flow meter/sensor can be tracked and monitored. Accuracy is also improved by eliminating human error. In addition, the solution can improve vessel location tracking as fleet managers will be able to monitor and track the location of the vessels out at sea via the internet with an online map. Vessel location and weather conditions are also reflected real time back to the portal and can be viewed by counterparts onshore. Finally, with the solution, users are able to digitally export data from the Data Acquisition System. These data can be used for logging and reporting purposes, as well as analysis to improve operational efficiency.

In 2013, Red Dot Ventures, which focuses on Singapore-based early stage high-tech startups, invested into Ascenz as part of its incubation model. Red Dot Ventures provides Ascenz with funding, management mentorship and access to market opportunities.

In 2014, Ascenz Pte Ltd also secured an undisclosed Series A funding from BW Ventures Ltd. BW Ventures is an investment arm of international maritime group BW Group, owner and operator of the world's largest fleet of LPG carriers and one of the largest independent owners of LNG carriers. BW Ventures Limited is listed on the Oslo Stock Exchange.

Venture Debt Details

Lender: OCBC Bank
Loan amount: S\$1,000,000
Loan purpose: Commercialization of new products
Marketing and channel development
Capital development and product enhancement expenditure

Growth Initiatives & Plans

Continued investment in technology and R&D

Ascenz intends to continue to invest in its R&D efforts. The company's focus is on developing technology and products that improve fuel consumption measurement as well as bunkering and vessel tracking. Through these solutions, Ascenz aims to help shipping companies save fuel costs and prevent bunker fraud due to erroneous fuel readings; and allow business owners to gain real-time fleet insights on fuel usage and GPS data.

Identifying strategic partners for business sustainability

Ascenz aims to further penetrate the highly competitive market through partnerships with business owners, with an emphasis on collaboration, optimization and innovation:

- Collaboration in developing customised solution for business owners through advisory and service maintenance.
- Optimisation of fleet management and operation by identifying bottlenecks through analytic and data-mining.
- Developing innovative products that help minimise fleet operations costs, as well as developing services and innovative models.

Build a global identity and regional footprint

Ascenz plans to raise its profile in the global shipping industry. Ascenz will be expanding regionally, with a view of establishing 3 regional offices, 1 representative office and 1 research facility by end 2016.

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Factsheet on Conversant Pte Ltd

Overview

Conversant is a provider of digital media enablement services in the Asia Pacific region. Its key customers are media and broadcasting companies, telecommunication service providers and large enterprises.

Conversant's key offering is an integrated cloud solution called Swift Media, which enables content publishers to offer their digital content to end users on demand anywhere on any device. SwiftMedia comprises SwiftCoder (transcoding and preparation of content), SwiftDRM (protection and encryption of video content), SwiftCMS (content and user management and data analytics), and SwiftServe (storage and delivery of content). These services enable customers to manage, secure, store and efficiently deliver high quality digital content to end users' devices anywhere. Conversant is able to offer each of these services on-demand and on a modular basis to fit its customers' specific requirements.

The company is headquartered in Singapore and has software R&D centres in China, Shanghai and the United Kingdom, Cambridge. Conversant has a strong foothold in the Asia Pacific region with business presence and customers in Singapore, Malaysia, Indonesia, Thailand, the Philippines, Vietnam, China, Hong Kong, and Taiwan.

Venture Debt Details

Lender:	UOB
Loan amount:	S\$2,000,000
Loan purpose:	Working capital

Growth Initiatives & Plans

Geographical expansion and global partnership

In 2009, Conversant invested in R&D to develop its own digital media enablement products with the aim of value creation through establishing intellectual property. With ownership of self-developed proprietary products, the company started to venture outside of Singapore in 2010 to tap on demands from customers in Asia Pacific.

Conversant intends to continue to expand its geographical reach, with a particular focus on deepening its customer reach in Southeast Asia. More than 50% of its revenue is generated from customers outside of Singapore, and the company expects to see continued growth from its regional markets.

Conversant is also focusing on establishing partnerships with global players that wish to extend their online offerings to Southeast Asia. An example is the company's partnership with both China Telecom Global (March 2016) and Alibaba Cloud (April 2016), which is in line with China's 'The Belt and Road Initiative'. Under the direction of this initiative, China

enterprises are speeding up their overseas expansion. In these partnerships, these global partners are able to leverage Conversant's infrastructure and customer reach across Southeast Asia, instead of building up their presence from scratch.

Continued Innovation

Conversant intends to continue investing in R&D and innovation. One of Conversant's key innovation is SwiftSight – the company's new generation Big Data Analytics cloud service. The solution enables content publishers to engage more effectively with end users, and in turn drive more monetisation opportunities for content publishers.

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Factsheet on MDS Retail Pte Ltd

Overview

MDS Retail Pte Ltd (MDS) was incorporated in August 2010. The company is a manufacturer and retailer of women's clothing in the fast-fashion industry. MDS designs their clothing in Singapore and manufactures in China through several main garment manufacturers. The brand has a strong online presence, driven by aggressive social media and marketing strategy.

MDS started as a modest online store run by two of its founders in 2006, and has grown to an independent online fashion retailer with 14 physical retail outlets island-wide and 70 employees. The company also has one overseas outlet in Kuala Lumpur and 11 overseas franchise outlets across Indonesia, Cambodia, Myanmar and Japan.

Venture Debt Details

Lender: OCBC Bank
Loan amount: S\$500,000
Loan purpose: Regional expansion

Growth Initiatives & Plans

Geographical expansion

With IE Singapore's support, MDS has identified the opportunity to move into the Malaysian market. Malaysia is MDS' second largest market (in terms of online sales). The company also received the highest number of requests for franchisees from Malaysia. In addition, MDS will be able to enjoy lower overheads in Malaysia. MDS will outsource their warehousing and logistics for Malaysia sales to a third party, which manages global B2B logistics.

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