

Crowdo Malaysia Equity Crowdfunding (ECF) FAQ

Welcome to Crowdo Malaysia's Equity Crowdfunding FAQ.

What is Equity Crowdfunding (ECF)?

Equity Crowdfunding (ECF) is a method of raising capital where multiple investors contribute funds to startups or growing companies in exchange for equity (shares) in the business. Unlike donations or loans, ECF investors become shareholders, sharing in the company's profits, growth, and risks.

How does Crowdo Malaysia facilitate ECF campaigns?

Crowdo Malaysia operates a regulated ECF platform under the Recognized Market Operator (RMO) framework by the Securities Commission Malaysia. We vet campaigns, host company profiles, manage subscription processes, handle fund collection, and liaise with companies for share issuance and escrow services.

Who can invest on Crowdo Malaysia?

Investors on our platform are classified as:

- Retail Investors: Individuals investing up to their prescribed annual limit (currently RM10,000 per campaign and RM50,000 per year).
- Angel Investors: A maximum of RM500,000 within a 12-month period
- Sophisticated Investors: Accredited or professional investors with no restrictions on investment amount

What are the fees and charges?

Please refer to the "Fees & Currency" section or reach out to enquiry@crowdo.com for more information

What is the typical campaign timeline?

A standard ECF campaign on Crowdo Malaysia follows these phases:

1. Preparation (2–4 weeks): Due diligence, document gathering, and marketing planning.
2. Live Campaign (30–120 days): Investors review materials, ask questions, and subscribe.
3. Closing & Allocation (2 weeks): Escrow account setup and final funds collection.
4. Post-Campaign Support: Share allocation and issuance, ongoing investor communications and reporting.

What are the risks of investing in ECF?

Investing in early-stage companies carries higher risk compared to public markets. Key risks include:

- Business Failure: Startups may not achieve commercial success.
- Illiquidity: Disposing private company shares require a lot more time and effort than public company shares
- Dilution: Future funding rounds can dilute shareholders' ownership percentage.

- Valuation Uncertainty: Early-stage valuations are often based on projections, not historical earnings.

How does Crowdo assess campaign suitability?

Our due diligence framework covers:

- Legal Review: Ensuring compliance with regulatory requirements and corporate structure validity.
- Financial Analysis: Reviewing historical financials, projections, and unit economics.
- Risk Identification: Highlighting key operational, financial, and market risks.

What protections are in place for investors?

- Escrow Arrangements: All investor funds are held in a licensed escrow account until successful campaign closure.
- Legal Documentation: Share subscription agreements, shareholders' agreements, and/or company constitution are executed.
- Regular Reporting: Issuers are required provide regular updates on business performance and use of proceeds.

Can I withdraw my investment before campaign close?

Once you subscribe and payment is processed, funds are committed and held in escrow. Changes or cancellations can only be made before payment capture or within 6 working days (cool-off period) from payment capture.

How and when will I receive dividends or returns?

Dividends and exit returns depend on the issuer's performance and distribution policy:

- Dividends: Paid if and when a campaign issuer declares profit distributions. Frequency is determined by the company (e.g., annually or semi-annually).
- Liquidity Events: Returns may be realized through acquisitions, secondary share sales, or initial public offerings (IPOs).

There is no guaranteed timeline for exits or returns.

What level of control or say do I have as an investor?

Minority investors typically do not have board seats, but they typically retain rights to:

- Information: Access to financial statements and updates.
- Voting: Participate in major corporate decisions as outlined in the shareholders' agreement.
- Protective Provisions : Veto rights on certain strategic changes (e.g., capital restructuring).

Rights of minority investors depends on the Issuer. Investors should seek to have a clear understanding of rights and terms as stipulated in the investment agreement(s).

What happens if a campaign does not reach its target?

If a campaign fails to meet its minimum target by the deadline, all funds are returned to investors without deduction. Investors receive full refunds via the original payment method.

How does Crowdo handle conflict of interest?

Crowdo Malaysia maintains an independence policy:

- Our senior management conducts objective reviews.
- We disclose any relationships between Crowdo, its staff, and issuers.
- Crowdfunding campaigns are only listed after multiple layers of due diligence.

How can I get support or ask questions?

For assistance, reach out via email: enquiry@crowdo.com.my

Disclaimer: Equity crowdfunding investments involve risk. Past performance is no guarantee of future results. Please read all campaign documents carefully and consider seeking independent financial advice.