

SME WEEKLY NEWS

(14 August 2017 – 18 August 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>German companies on lookout for local SME collaborators</p>	<p>German companies are looking to collaborate with local SMEs, with the intention of integrating Industry 4.0 into sectors such as aerospace, automotive, biotechnologies, petrochemical and electrical. Chairman of TAPiO Management Advisory (TAPiO), Bernhard Schutte said Bavaria International (Germany) gave an assurance that the Malaysian companies would have full control of their products, and wider opportunities in a world-class production market with quality German branding. CEO of MIDA, Datuk Azman Mahmud said German investors continued to have confidence in Malaysia as they are expanding their existing operations here. In 2016, MIDA approved an additional 21 manufacturing projects with German participation and involving investments of RM2.65 billion that focused on E&E products, machinery and equipment, as well as fabricated metal products, that created 44,833 jobs. MIDA together with Bavaria International and TAPiO will launch a series of Industry 4.0 workshops in Selangor, Johor and Penang, with the initiative to revolutionise the industrial ecosystem in Malaysia by familiarising local industry players with the Industry 4.0 concepts and practices.</p> <p style="text-align: right;"><i>(Source: The Star 14 August 2017)</i></p>
<p>MALAYSIA</p> <p>NOPC's strategic partnership platforms benefit 1,057 SMEs</p>	<p>The National Oversight Productivity Council's (NOPC) strategic partnership platforms involving a total allocation of RM196.8 million since 2015 has benefitted 1,057 SMEs. Established in 2015, the NOPC's role is to oversee the impact on productivity performance of the intervention programmes implemented by four strategic Innovation platforms which are the Public-Private Research Network (PPRN), SIRIM-Fraunhofer Programme, Steinbeis Malaysia Foundation and PlatCOM Ventures that provides SMEs with assistance from research to commercialisation. SIRIM-Fraunhofer Programme particularly is a technology audit initiative with the objective of increasing productivity of SMEs through technology penetration and upgrading. Minister of MITI, Datuk Seri Mustapa Mohamed said productivity is crucial for Malaysia to achieve sustainable growth in the next phase of economic development, thus collective effort of all stakeholders is needed to succeed in transforming the country's industries to achieve such growth</p> <p style="text-align: right;"><i>(Source: The Borneo Post, 18 August 2017)</i></p>
<p>SINGAPORE</p> <p>Banks, telcos ink deals to support SMEs' digital adoption</p>	<p>Seven telcos and lenders pledged to help SMEs take up digital technology, under Spring Singapore and the Infocomm Media Development Authority (IMDA)'s SMEs Go Digital scheme. The tie-ups include Internet connectivity packages bundled with government-approved digital technology tools such as cyber security and data analytics services, as well as industry-specific workshops and bridging loans. IMDA will work with larger companies to foster digital collaboration between these bigger businesses and their SME vendors and suppliers, therefore helping to upgrade SMEs in their business ecosystem. This could take the form, for example, of electronic order management and inventory platforms that allow for secure and efficient exchange of documents like orders and invoices. Between April till July 2017, around 200 SMEs have implemented some of IMDA's 56 pre-approved digital solutions, which cover technologies such as biometric authentication, mobile menu ordering and workflow management systems.</p> <p style="text-align: right;"><i>(Source: The Straits Times, 16 August 2017)</i></p>

<p>SINGAPORE</p> <p>Singapore SME business sentiment on the rise</p>	<p>According to the survey by Singapore Chinese Chamber of Commerce and Industry's (SCCCI), business sentiment among Singapore SMEs has risen. This finding comes in spite of tough conditions for SMEs here such as global political risks, higher business costs and a tighter labour market. A total of 67.7% of the 710 respondents reported an increased or stable revenue, higher than 63.7% reported in previous survey. There were positive signs such as business initiatives and other measures being rolled out, which fosters greater connectivity and increases productivity. For example, 7 Memoranda of Intent (MOIs) had been agreed between IMDA, telecommunication and financial institutions, with aim to provide SMEs easier access to digitalisation technologies to expand their digital capabilities, especially for cybersecurity and data analytics. Also, another reason that some SMEs show positive prospects may be the increased investment in R&D. Finance Minister Heng Swee Keat said in another event that R&D investments by SMEs grew 7% yearly from 2010 to 2015, more than double the 3% yearly rate in the previous five-year period.</p> <p style="text-align: right;"><i>(Source: Business Times, 17 August 2017)</i></p>
<p>THAILAND</p> <p>BoT unveils SME forex option contract</p>	<p>The Bank of Thailand plans to roll out a foreign exchange option with a lower fee to encourage SME to access forex hedging tools in dealing with the firmer baht. The measure is in cooperation with the Office of Small and Medium Enterprises Promotion (OSMEP), the Thai Bankers' Association and the Export-Import Bank of Thailand. Central bank governor, Veerathai Santiprabhob said the product will be an option contract that gives the customer the right but not the obligation to buy or sell a given quantity of currency at a strike price on a given date. Given the different features from forward contracts, option contracts do not obligate holders to have sufficient money to cover the amount of the contract in their balance, thus making it friendlier for small businesses. The governor also mentioned that it is important to educate these SMEs to hedge more in order to perform better in the long term as currencies are becoming more volatile.</p> <p style="text-align: right;"><i>(Source: Bangkok Post, 18 August 2017)</i></p>
<p>MYANMAR</p> <p>In ASEAN's fastest-growing market, SME development barred by obstacles</p>	<p>SMEs in Myanmar are unable to develop and grow because they are bogged down by a slew of bureaucratic and administrative difficulties. Local businesses have been suffering from challenges such as lack of access to capital and intellectual property (IP) protection and burdensome tax and monetary policies. Yangon Chief Minister, U Phyo Min Thein said the largest barrier to doing business as an SME in Myanmar is the lack of access to loans and high interest rates. Other than that, as Myanmar has no organisation or institutions for standardisation, Myanmar products are at a disadvantage regardless of their quality. Not to mention, advance taxes and lack of deduction allowance for business losses are also big obstacles for SMEs. For instance, taxes are imposed on SMEs even before operations have started and even if losses are incurred in the first few years of business. These issues need to be tackled with the support of the government and related institutions in order to grow the Myanmar SMEs.</p> <p style="text-align: right;"><i>(Source: Myanmar Times, 16 August 2017)</i></p>

WHO SAYS IT'S A LONELY JOURNEY?

People say entrepreneurship is a lonely journey but to Director of Brilliant Fruit Cordial Enterprise Sdn Bhd, Chua Eng Hoe, he has always had the backing of his family. His wife and his relatives were always around to lend him a helping hand and give him the support he needed. Chua at first had never thought much of becoming an entrepreneur. In fact, he was about to leave for Taiwan to



study civil engineering when his friends pointed out that he would have a problem getting job when he returned to Malaysia. That intervention by his friends turned out to be a blessing in disguise.

Instead of dealing with concrete and construction matters, he got into the food manufacturing industry. "I was thinking of starting a business later as I was still young then, in my mid-30s. But my friend told me that it was the best time to start since we still had the energy and not so much commitment yet," he says. It turned out to be another timely intervention by his friend. Chua's family turned up in full force to support his entrepreneurial endeavor.

The company has grown from a sole proprietorship in 1978 into a manufacturing concern with a revenue of RM20mil in 2016. The opportunity to start his own business came along when Chua joined a cordial

manufacturer. He had the opportunity to work with some of the ingredients suppliers and one of them asked him to step out on his own. He was lucky that he managed to pool about RM9,000 from his relatives to start the business. Without much hesitation, he started the sole proprietorship Brilliant Enterprise from his rented house in Kuala Lumpur in 1978.

He carried out mixing works, bottling and labelling activities right in his house. Everyone in the family had a role to play and even his relatives also helped in the bottling and labelling activities. Chua started with about seven flavoured drink base, including orange and sweet corn under the Green Hill brand. These products are targeted at food caterers, canteen operators, hawkers, ice-cream makers and housewives who would use them to prepare drinks at larger quantities. Two years into the business, they moved on to sell their products to local supermarkets and started hiring van sales personnel.

Meanwhile, Chua also trained his relatives on how to do the mixing of the ingredients. They also ensured that their products improved through product development efforts where they introduced cordial with juice content. He tested the market with the new product and by 1985, he saw demand for his new product grew to over 36,000 bottles. When production grew stable, he invested in a filling machine. When their products started to become popular, hypermarkets approached them to do private labels. Today, about 20% of revenue comes from the private label segment.

Many would have thought that the business would be in trouble during the Asian Financial Crisis of 1997. But that year, while many other businesses closed down, Chua achieved one of his biggest sales! In 1998, they started to look at foreign markets apart from the local market. They participated in food products exhibitions and with over 350 products today, they export to over 15 countries, including India, China, Korea and New Zealand. They are also looking into the potential of setting up manufacturing plants in those places. With a staff of 65, the company has indeed grown in sales. Chua says all this could not be achieved had it not been for the hard work that the family has put in.

(Source: The Star, 14 August 2017)