

SME WEEKLY NEWS

(28 August 2017 – 1 September 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>Overly aggressive tax collection a dampener</p>	<p>The duty of the Inland Revenue Board (IRB) is to crack down on companies that do not pay the amount of taxes they are obliged to do. However, it may backfire if the crackdown turns overly aggressive. President of SME Association of Malaysia, Datuk Michael Kang said that for the association's member companies, they are facing issues with retrospective tax audits, for example supporting documents requested for expense transactions that took place years ago. "This is currently the issue being faced by SMEs. The IRB should focus on just the major issues where there was no tax compliance retrospectively and SMEs prospectively should be given education on the smaller issues, beginning from this year," he said. The association is also hoping that the government will consider to further reduce the tax rates for SMEs as part of Budget 2018.</p> <p style="text-align: right;"><i>(Source: The Edge Markets, 3 September 2017)</i></p>
<p>INDONESIA</p> <p>Plaza Indonesia grants one-month free space to SMEs</p>	<p>Plaza Indonesia, which targets shoppers from middle and upper class economic brackets, in cooperation with the Trade Ministry, has granted free spaces for one month to 31 SMEs to sell products ranging from fashion to furniture. The free spaces on the third and fourth floors, in a section called Pasar Kreasi Indonesia, were granted until 24 September in response to the government's request for malls to allocate 20% of their space at discounted rates for SMEs. SME products displayed on the third floor target upper class consumers while those on the fourth floor are targeted towards more of a youth market. The Indonesia Trade Minister, Enggartiaso Lukita said that the ministry's request was not yet mandatory, but all malls hopefully will take similar steps to Plaza Indonesia.</p> <p style="text-align: right;"><i>(Source: The Jakarta Post, 30 August 2017)</i></p>
<p>THAILAND</p> <p>US\$1.15m to help Thai SMEs adopt digital accounting solutions</p>	<p>Thailand-based cloud accounting solution, FlowAccount.com has raised US\$1.15 million, led by Beacon VC which is a Kasikornbank's venture capital arm, with participation from Japan's SBI Investments, Singapore's Golden Gate Ventures and Thailand's 500 Tuk Tuks. The cloud accounting solution allows entrepreneurs to undertake basic accounting tasks by themselves without having extensive accounting knowledge. It provides free use of basic functions such as the preparation of price quotations, purchase orders and tax invoices. Other functions include inventory management, accrued income/expense and payroll, plus various reports that enable better business management. Since early 2016, FlowAccount has helped to educate traditional Thai SMEs on digitalisation through the adoption of cloud solutions. Going forward, the company is determined to create other new solutions to upgrade the competitiveness of Thai startups and SMEs.</p> <p style="text-align: right;"><i>(Source: The Nation, 30 August 2017)</i></p>
<p>LAOS</p> <p>Laos' SMEs circle in on market opportunities through online portal</p>	<p>An online trade website focusing on Lao goods has been launched to facilitate online and offline businesses as well as improve the nation's investment. It serves as a trading platform for entrepreneurs in Laos to introduce their products to ASEAN markets and its trading partners. The website was created via a loan of US\$562,000 from the Asian Development Bank as part of government efforts to promote Laos SMEs alongside the theme of 'Enhance SME Access to Asian Market through E-commerce Platform'. The e-commerce portal is in Lao and English and provides information about products and producers. Information on trade agreements, workshops on business and other important activities are also available. As of 30 Aug 2017, 82 companies have registered with the portal for online trading purposes with a range of more than 300 products and services.</p> <p style="text-align: right;"><i>(Source: The Nation, 1 September 2017)</i></p>

MYANMAR

Yangon SMEs to receive smart cards facilitating loans

Smart cards to help SMEs apply for bank loans will be issued after the relevant data is collected, said Yangon Chief Minister, U Phyo Min Thein. The lack of loan data is one of the factors delaying the processing of loans and the rate at which money is extended to SMEs. In Myanmar, SMEs do not have easy access to bank financing and rely heavily on loans from international institutions. This is because interest rates on local bank loans can be as high as 13%, and lowering those rates involves reviewing the central bank's monetary policy, which states that deposit rates cannot be lower than the rate of inflation. Hence, Myanmar's banks have typically lacked the initiative to expand their loan books.

In the agriculture sector currently, only farmers are eligible for loans. But in the new plan, businesses are allowed to take loans for crop cultivation, the purchase of machinery, processing and diversifying into new export markets. In the construction sector, businesses will be given access to working capital during periods of cash flow difficulties. Meanwhile, financial assistance will also be given to SMEs involved in ethnic cultural and traditional works, household works and regional product services. However, priorities will be given to those involved in the business of replacing imported products with domestically produced alternatives.

(Source: Myanmar Times, 1 September 2017)

A CONCRETE BUSINESS SOLUTION

Managing director of Sudut Swasta Sdn Bhd, Yang Kian Lock's diligence and eagerness to provide his customers with invaluable service was something inculcated in him since his early days. He started out as a sales executive for a formwork solutions provider. He sold wire mesh, also known as British Reinforced Concrete (BRC), which are used mainly in concrete construction works. Through his experience at the company, he also learned that the wire mesh had a promising potential in the construction industry.

In the aftermath of the 1997 Asian Financial Crisis, Yang shared his intention to start his own company with a long-time client, Low Teck Heng, who amazed at Yang's enthusiasm. Sudut Swasta was then founded in 1999. He started small, with RM300,000 capital. He rented an office in Puchong, and with one employee, traded in steel bar products, including wire mesh, and some other construction materials such as sand and bricks. They also supplied plywood, which is another major component in making formwork.



By 2006, the company achieved a revenue of RM7 millions. From his past experiences, he observed that every product has a lifecycle and if no new products are developed, the competition will eventually catch on. Hence, in 2008, leveraging on their expertise in wire mesh, Yang decided to start producing their own fencing system. They engaged a manufacturer to

build according to their specifications and in year 2010, they started marketing the fences to architects. "We focused on the wire mesh feature that allows people to see through, compared to brickwalls that are completely blocked, making the wall easier for burglars to hide behind," he says.

Business continued to grow. But Yang remained cautious, particularly, about the plywood segment. He knew that the supply of plywood was not a sustainable business and he needed to look at the possibility of a reusable formwork system. On one of his working trips to Canada, he found a suitable system and obtained the sole distributorship to market the system in Malaysia.

Along the way, he also learned about the importance of using Building Information Modeling (BIM) and has been offering services related to structural engineering utilising the BIM. BIM is a 3D model-based process that gives architecture, engineering, and construction professionals the insight and tools to more efficiently plan, design, construct and manage buildings and infrastructure.

Yang also went on to hire "people who are smarter than me" so that the company can continue to develop their own products. He is constantly looking for new opportunities to utilise his knowledge to help his clients. In 2015, they developed their own formwork system for the Thailand and Myanmar markets. In 2016, the company achieved a revenue of RM210 mill and currently has 145 staffs.



(Source: The Star, 28 August 2017)

Economics and Policy Division
SME Corp. Malaysia
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