

# SME WEEKLY NEWS

(28 October 2019 – 1 November 2019)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>Start thinking about sustainable business practices, SMEs told</b></p>	<p>Malaysian SMEs should start thinking about sustainability or adopt sustainable practices in order to penetrate new export markets. CEO of MATRADE, Datuk Wan Latiff Wan Musa said while bigger companies are ready to adopt such standards, SMEs are only at the awareness-building phase. He defined sustainable exports as those that take into account environmental and social concerns, and cuts across all sectors. SMEs have expressed concerns that the adoption of sustainable practices could lead to higher costs. In order to promote this sustainability agenda among Malaysian SMEs in the export business, MATRADE has launched its five-year corporate shared values programme called Sustainability Action Values for Exporters (SAVE).</p> <p>SAVE's objective is to influence the adoption of sustainability practices based on UN's SDGs among Malaysian exporters. They do not set number of SMEs that it wants to get to adopt sustainable practices under the programme, nor does the agency has any value in mind that it wants to meet for sustainable exports. But what the agency will do is benchmark Malaysian SMEs in terms of exports against other SMEs in countries like Taiwan, South Korea and Singapore. While Malaysian SMEs are facing tough time under the current economic climate, he said the situation is temporary and MATRADE would continue to look for new markets while continue to work with other ministries and agencies to further develop SMEs' export capabilities across all sectors.</p> <p><i>(Source: The Edge Markets, 29 October 2019)</i></p>
<p><b>CAMBODIA</b></p> <p><b>GIZ fund of \$4.5M to reinforce Kingdom's SMEs</b></p>	<p>German international development, GIZ will provide \$4.5 million aid to promote SME development project in four ASEAN countries, including Cambodia. The assistance falls under ASEAN-German Cooperation's Strengthening Regional Structures for SME Promotion in ASEAN project. The three-year project will be implemented in Cambodia, Laos, Myanmar and Vietnam. The funds will help SMEs access critical public services related to business processes, as well as technological education, new technologies, various services and business communication networks. It will also help to strengthen the ability of Cambodian SMEs to gain access to the international market and facilitate the context of policies and regulations in the regional business environment. The project aimed to improve information systems and promote services for SMEs within the framework of the ASEAN Strategic Action Plan for SME Development 2016-2025. It will also improve the Asean SME Service Centre, reinforce the National SME Information Centre and promote national SME services for internationalisation.</p> <p><i>(Source: Phnom Penh, 31 October 2019)</i></p>
<p><b>MYANMAR</b></p> <p><b>Microfinance firms to get more support</b></p>	<p>Myanmar Apex Bank (MAB) has allocated K57 billion to support selected microfinance companies that lend to small businesses. MAB is now supporting Fullerton Finance Myanmar, Proximity Finance Microfinance, Vision Fund Myanmar, Early Dawn Microfinance, and Pact Global Finance Microfinance Fund. Microfinance companies play an important role in supporting small businesses in Myanmar while small businesses will continue to play a vital role in creating employment opportunities in Myanmar. Incorporated in 2010, privately-owned MAB provides funding to microfinance companies based on their requirements in order to support micro customers and small business. Their financing solutions is tailored uniquely to each company after taking into consideration businesses' track record and profile. In future, MAB plans to expand its funding of microfinance to reach larger swathes of the economy.</p> <p><i>(Source: Myanmar Times, 31 October 2019)</i></p>

**INDONESIA**

**B2B marketplace  
Ralali lures SMEs to  
embrace e-commerce**

B2B marketplace, Ralali is offering several incentives to SMEs that use its mobile application during the Harbignas national wholesale shopping days. Among the incentives are discounts offerings & free shipment for wholesalers that apply for working capital and purchase inventory during the special shopping event. Harbignas is hosted to provide benefits such as discounts and cashbacks to SME wholesalers that can shop for their business needs via Ralali as much as they want during the event. The main objective as a B2B e-commerce platform is not to maximize profits but to introduce the convenience of online shopping to the many SMEs that are still not familiar with digital technology. Through Ralali.com or mobile app, it provides a digital ecosystem for SMEs in a number of industries that certainly need online convenience, such as the culinary or automotive sectors. By completing a transaction, a wholesaler is automatically eligible to apply for a loan as well.

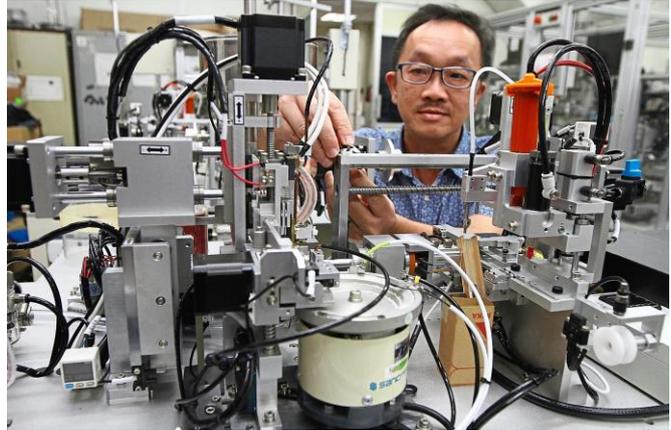
*(Source: The Jakarta Post, 30 October 2019)*

## AUTOMATION FIRM LOOKS AT RFID TECH

UNDER the current challenging market, automation specialist, Sin Yen Technologies Sdn Bhd will continue to invest into selected growth products to boost sales, albeit at a minimal increase. “We will allocate resources to expand the segments with growth potential, such as business radio frequency identification (RFID) coils used in RFID tags, readers and labels,” says director, Tan Sin Hong.

Tan notes that the team would be happy if the company is able to achieve moderate growth of 10% to 20% over the next five years. “We are a small company with limited resources, so we need to move forward with great caution, especially with the prevailing tough times. If our top and bottom-line can improve by 10% to 20% yearly, we are contented,” he says.

Sin Yen makes an annual revenue of about RM5mil, and its profit is about 10% to 20% of the turnover. Tan thinks that this target is fairly realistic. Sin Yen aims to tap into the growing RFID market as companies look to modernise their tracking capabilities. According to IDTechEx, the total RFID market will increase to US\$13.4bil (RM56.06bil) in 2022 from US\$11bil in 2018.



“For this reason, we have started producing automated integrated production lines for electronics manufacturing service (EMS) providers to manufacture RFID coils. RFID tags are a modernised version of the barcode and can be attached to any object for the purpose of identification and tracking. The added functionality of RFID tags over barcodes has made them popular in a number of end-use industries as barcodes do not provide tracking and location reporting services,” he says.

Additionally, growing demand for Internet of Things (IoT) tech is likely to make the incorporation of RFID tags easier across the industrial spectrum, leading to steady growth of the global RFID tags market over the forecast period. The growing demand for long-distance shipping of packaged items has led to the need for accurate tracking, which has led to a growing demand for RFID technology.

“The automotive segment, an important contributor to our revenue and profit, is another area in which the company can consider expansion into,” he adds. However, the automotive industry is expected to be weak for 2019, while to rebound in 2020 for certain emerging markets.

So far, Sin Yen’s automotive business segment has not been affected. “Because of the anticipated recovery in emerging markets in 2020, we can explore developing integrated production lines to produce those electronic components that will be demanded in the near future,” he says. Presently, the company’s core business is in making automated integrated production lines to produce inductors, which generates 80% of the group’s revenue.

According to Tan, he and his partner, Chen Yen Hong, who is the managing director, started the business 18 years ago, not too long after the Asian Financial Crisis. “Each of us forked out RM10,000 to start the business. We were able to keep the initial capital layout low because we had support from our customers,” he shares.

To keep its overhead low, Sin Yen only designs and assembles the production lines and testers. “We outsource the manufacturing of the components to metal and precision tooling SMEs. Our customers are largely overseas multinational corporations (MNCs). About 20% of the MNCs are based in Penang. Thus our earnings are mainly in US dollar, which offsets against the higher cost of imports,” he adds.

*(Source: The Star, 28 October 2019)*

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