

SME WEEKLY NEWS

(24 February 2020 - 28 February 2020)

Countries	Highlights
<p>MALAYSIA</p> <p>2020 stimulus: Bank Negara allocates RM3.3b for SMEs</p>	<p>BNM set aside RM3.3 billion for SME financing as part of the 2020 Economic Stimulus Package in response to the coronavirus disease (Covid-19) outbreak. The central bank said SMEs may access three of its financing facilities, namely the Special Relief Facility (SRF), Agrofood Facility (AF) and SME Automation and Digitalisation Facility (ADF). A total of RM2 billion will be allocated under SRF to alleviate short-term cash flow problems faced by SMEs affected by the Covid-19 outbreak. Each SME may apply for up to RM1 million in loans with a maximum tenure of 5.5 years and at a financing rate of 3.75% p.a. AF has a total RM1 billion allocation with the aim of increasing food production for Malaysia and for export purposes. The maximum financing is at RM5 million for each SME with a maximum tenure of eight years and the same financing rate as SRF. The ADF has RM300 million funds to incentivise SMEs to automate processes and digitalise operations to increase productivity and efficiency. Each SME is eligible to obtain maximum financing of RM3 million with a maximum tenure of 10 years and a financing rate of 4% p.a.</p> <p><i>(Source: The Malay Mail, 27 February 2020)</i></p>
<p>CAMBODIA</p> <p>Licence aims to incubate 10,000 SMEs in Cambodia through financial technology</p>	<p>PLMP Venture, the investment arm of Singaporean blockchain firm PLMP Fintech, has been granted an Asset & Fund Management licence by Securities and Exchange Commission of Cambodia. The move is part of the company's 10-year target to incubate more than 10,000 SMEs through blockchain solutions and networking opportunities. The licence will open the doors to institutional and high-net-worth investment as they plan for the Creatanium Silicon Valley. One project is the Creatanium Smart City which is scheduled to be completed over 10 years at a projected cost of \$5 billion. The project is slated to be Cambodia's first technology park housing SMEs and startups in emerging technologies such as AI, robotics and cybersecurity through blockchain. The Smart City project will have an industry and trading core zone, demonstration parks and a food and agriculture base with one-fifth of the land being allocated to PLMP Fintech. The company is also in the process of acquiring a specialised bank licence to launch public, private and online services and provide business loans and micro-loans through digital collaterals.</p> <p><i>(Source: Khmer Times, 27 February 2020)</i></p>
<p>THAILAND</p> <p>OSMEP requests expanded credit guarantees for SMEs</p>	<p>The Office of Small and Medium Enterprises Promotion (OSMEP) has proposed that the cabinet expand credit guarantee coverage for SMEs to as much as 50%, up from 40% now. The Finance Ministry has proposed enlarged credit guarantees because the Thai economy remains in peril after the coronavirus outbreak. Previously, the cabinet already green-lighted a new aid package for SMEs, including an increase of credit guarantee coverage from 30% to 40%, on 7 January. Under the January aid package, SMEs were classified into three groups: those who want to access financial sources but cannot, those whose debts have turned sour, and those who can access financial institution lending but need additional liquidity. Thai Credit Guarantee Corporation offered a 60-billion-baht credit guarantee facility to the first group for up to 50,000 SMEs, while enlarging credit guarantee coverage for them from 30% to 40%. A debt restructuring programme was offered to the second group, covering about 20,000 SMEs. The SME Development Bank will offer local-economy loans worth 20 billion baht to the third group and 5 billion baht in lending to micro SMEs at 1% interest with a seven-year grace period.</p> <p><i>(Source: Bangkok Post, 24 February 2020)</i></p>

CHANGING TASTEBUDS OFFER SNACK FOOD MAKER OPPORTUNITIES FOR GROWTH

SNACKING is one of Yuyi Low's favourite. But when she and her partner Nicholas Thang decided to start producing their own snacks, little did they know that the business would grow that fast. Hofu joined the ranks of local small snack food producers slightly over 2 years ago. But the brand has already established a sizeable presence in the market with a good portfolio of products. Last year, Hofu generated some RM3mil in sales and revenue is expected to grow another 50% this year.

The brand hit the shelves in late-2017, not too long after Low tried out salted egg fish skin in Singapore, where it was all the rage. In between jobs at the time, Low figured she could start a business instead and capitalise on the trend. So, they got to working on recipes and developed the brand under Niche Flavours Marketing Sdn Bhd. They also fundraise some RM100,000 from family and friends to secure a manufacturing lot in Sungai Buloh to begin production.



Within four weeks, Hofu's salted egg fish skin found its way into Ben's Independent Grocer and they made about RM20,000 in sales during the Chinese New Year festive season of 2018. With things looking up, they increased production and started supplying to other retailers. "Like when all the hotpot restaurants started coming up, hotpot-flavoured snacks also came up. So, we launched our mala-flavoured snacks as well," shares Thang.

Additionally, its wider range of products opens up a bigger market for the company. "There is definitely competition in the market but it is about how we work around that to make sure our products have turnover. Apart from fish skin, we have other products like mushroom and okra crisps. So we can list our products in organic shops or pharmacies as healthy snack options and we can target and cater to more consumers," says Low.

Both of them note that there are still a lot of opportunities to explore in the artisanal products space. "There is a very big gap between homemade producers and mass manufacturers. There are not that many other players in between. "We can't fight the big manufacturers. They have machines that can run 24-hours. So what we can do is come out with good snacks at reasonable prices. "Product development is our forte, so we prefer to offer our customers quality instead of fighting the price war. Our products use real herbs and ingredients rather than powdered flavouring, and that differentiates us from the market," says Low.

This year, the pair is looking to grow their product range further by venturing into the nuts and Korean instant noodles segments. "We've informed our buyers about our Korean instant noodles and they are already quite excited about it. That will be our focus this year. We will first introduce the salted egg, chili crab and mala flavours. She notes that there is a market for high-end Korean instant noodles with unique flavours and they are hoping to get the products into the hands of consumers by the second half of the year.

Currently, Hofu's products are available locally and in Singapore. But there have been enquiries coming from China and Philippines to bring their products there. Hofu produces about 2,000 packets a day on a single shift and it can still cope with any new demand. "We can just add more people to increase production. Our products are still prepared manually. The fish skin is still tossed in woks. Although the duo had some kinks to work out in the beginning, the venture has paid off pretty well.

(Source: The Star, February 2020)