

SME WEEKLY NEWS

(10 July 2017 – 15 July 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>RM5.88b disbursed for SME sector development for 2017: Prime Minister</p>	<p>The government has disbursed funds totaling RM5.88 billion for 2017 for the SME development programmes which are being implemented by 16 ministries and over 60 agencies. Prime Minister, Datuk Seri Najib Razak said the funds were approved in line with the 2017 declaration to promote the development of SMEs and business startups in order to enhance the SME contribution to the country. "I also understand that, the key outcome of the SME Survey for the first quarter of 2017 shows that the SME business performance is improving. I am confident that the long-term goal and direction under the SME Masterplan to accelerate the growth of SMEs towards the achievement of a high-income nation status by 2020 can be realised," he said. For the 2007-2016 period, Datuk Seri Najib Razak said SMEs posted an average annual growth rate of 5.4%, which was higher than the country's overall average annual economic growth of 4.2%. In 2016, the SME sector grew 5.2% while its export growth increased by 6.6% despite the challenging global economic environment.</p> <p style="text-align: right;"><i>(Source: Malay Mail Online, 12 July 2017)</i></p>
<p>MALAYSIA</p> <p>Go digital, traditional businesses urged</p>	<p>To keep up with rapidly changing consumer patterns and business ecosystems, traditional businesses should merge their businesses to connect with online customers. Minister in the Prime Minister's Department, Datuk Seri Dr Wee Ka Siong urged these businesses to tap into vast online market where spending methods were different. "This is what online-to-offline (O2O) means. Extend your branding and marketing through social media applications like WhatsApp and WeChat. Digital connectivity, as a revolution in economic activities, contributes nearly 16% of the country's GDP. Through MDEC, RM162mil has been allocated to implement programmes such as e-commerce ecosystem, Digital Maker Movement and introduction of new location categories such as the Malaysia Digital Hub," said Dr Wee. He said MDEC would finalise the consolidation of existing incentives that would benefit SMEs involved in e-commerce. Dr Wee also urged SMEs to look out for announcement in October on the Digital Free Trade Zone's programmes for SMEs.</p> <p style="text-align: right;"><i>(Source: The Star, 13 July 2017)</i></p>
<p>MALAYSIA</p> <p>Bursa Malaysia seeks potential SMEs to list under LEAP market</p>	<p>Bursa Malaysia is seeking potential SMEs from 148,678 establishments to be listed under the third market - Leading Entrepreneur Accelerator Platform (LEAP). CEO of Bursa Malaysia, Datuk Seri Tajuddin Atan said they noted a healthy interest coming from the SMEs for listing on the LEAP market. The new platform would complement the Main Market and ACE Market, with the aim to address funding gap faced by SMEs and provide greater visibility via the capital market while be accessible only to sophisticated investors. Sophisticated investors consist of high net worth individuals owning assets of more than RM3 million or with an annual income of more than RM300,000 or a combined RM400,000 for husband and wife. Corporates with net assets of more than RM10 million as well as trust companies and partnership with more than RM10 million in assets are also within this category. Tajuddin said the LEAP market would allow the SMEs to be listed with a simple access and then pipelined into the higher market platform when they are ready.</p> <p style="text-align: right;"><i>(Source: Malay Mail Online, 15 July 2017)</i></p>

<p>SINGAPORE</p> <p>Programme to empower Singapore SMEs to go digital</p>	<p>MoU signed between Giosis (Qoo10 Singapore) and Nanyang Polytechnic's Singapore aims to help SMEs fully maximize opportunities in today's online marketplace. The programme will support Singaporean companies to achieve digital transformations and stay relevant in a rapidly changing technological spheres through series of workshops. Aimed at equipping local SMEs with the knowledge to improve their e-commerce literacy and skills to grow their businesses online, the workshops will cover operational and marketing aspects of e-commerce. The programme will target both current merchants in Qoo10's marketplace who intend to further boost productivity and ultimately increase sales figures, as well as local SMEs who want to jumpstart their online sales. This joint partnership is in line with the Singapore government's initiatives to help SMEs flourish in the e-commerce sector through its SME Go Digital programme. Qoo10 is currently Singapore's biggest online marketplace with 2.5 million registered users. The e-commerce platform has also expanded into Asian region, including Korea, Japan and China.</p> <p style="text-align: right;"><i>(Source: Networks Asia, 12 July 2017)</i></p>
<p>THAILAND</p> <p>Bad loans still vexing SMEs</p>	<p>Soured SME loans show no sign of declining as a lack of competitive edge and uneven economic recovery hinder debt-servicing ability, says Assistant Governor of Bank of Thailand, Mr. Jaturong Jantarangs. Bad SME loans climbed to 4.48% of outstanding loans at the 1Q of 2017 (4Q 2016: 4.35%). He said the uneven economic recovery and structural problems faced by some business sectors undermined the debt-servicing ability of both households and businesses, particularly SMEs. Looking ahead, Thailand's economic growth is projected to gain further traction this year but the risks to growth remain skewed to the downside from both external and internal factors. External risks include uncertainties surrounding US economic and foreign trade policies, China's economic structural reforms and global geopolitical risks. On the domestic front, the risk is purchasing power that has yet to evenly recover.</p> <p style="text-align: right;"><i>(Source: Bangkok Post, 15 July 2017)</i></p>
<p>LAOS</p> <p>Laos SME centre to boost startup skills</p>	<p>Boutviseth College in collaboration with TMC Consultant Co. Ltd and Top Vision Enterprise Co. Ltd have signed MoU for conducting the Laos SME Development Centre. Chansavath Boutviseth who is the Honourable Counsellor to the centre said that they intend to produce more skilled labour in the field of SMEs to supply the demands of labour markets in the public and private sectors. The centre would enable the young generation to cultivate skills in the hope of becoming more familiar with modern technology in business operations. Currently, the government is focusing on human resource development, especially in SME sector as it made a significant contribution to GDP and creating employment at the grassroots level. Lao National Chamber of Commerce and Industry (LNCCI) has also cooperated with domestic and international development partners to set up an SME Service Centre that focuses on short-term business management training courses. This activity is designed to upgrade skills of local business operators, entrepreneurs and management staff of companies across Laos.</p> <p style="text-align: right;"><i>(Source: The Nation, 15 July 2017)</i></p>

SMALL START, BIG AMBITIONS

Founders and directors of Itrimech Technology Sdn Bhd, Paul Chong Khee Hin and Michael Tan have learnt it is okay to start small. Otherwise, you will not start at all. If they had not stepped out of their comfort zone, both Tan and Chong would not have been able to realise their full potential. Both men had spent over 15 years as employees in the design and manufacturing industry before deciding that they were going to be the manufacturer.

In 2004, when they were in their mid-30s, a friend sought their help to source for plastic extrusion parts to replace metal materials used for air filter casings. Tan knew that it was now or never. This was their entry into starting their own business. They quickly incorporated the company even though they had no staff. They started out with design works for the required plastic parts and looked for tool makers and plastic moulders to manufacture the tools and moulds required for the manufacturing process. That first order for their friend led to more things.



But Chong notes that those first steps were not easy. “The first few years were difficult. For starters, we were prepared to live with a lower income – similar to that of a fresh graduate! We were prepared to do everything ourselves,” Chong laughs. “We decided to take the challenge as we saw an opportunity in designing and manufacturing industrial products, bringing together our experience from the private sector in electronics sourcing, design and communications. And we relied on previous contacts who knew about our capability,” Tan adds.

They were very careful with their cashflow and made sure not to get into projects that required heavy capital expenditures. Many of the manufacturing activities that required machineries were outsourced. Luck smiled upon them when a Norwegian company in a similar field took an interest in their work. Subsequently, they started receiving job orders from the Norwegian company. They helped the foreign company with design works for switch panels used in a ship’s bridge system. Itrimech then moved on to multiple niche and high-value projects such as the Evacuaid, a strap-on torchlight with alarm and red LED for people working in hazardous locations such as mines and underground construction sites.

In 2008, the Norwegian company’s owner decided to invest in Itrimech and came on board as a minority shareholder. Although the company had healthy reserves by then, Tan says the new investor’s entrance into the company paved the way for more contracts from Scandinavian countries. Since then, the duo has produced over 30 products for various ODM and OEM contracts.

Now that the company is able to provide design, development and manufacturing services for low-volume, high-mix electronic industrial products, Tan says Itrimech is looking at more mass produced items. One of the projects that they are working on is the supply of LED turn signals for a Tier-1 Proton vendor and for Toyota Indonesia. With most of their work ranging in value from RM30,000 for prototyping development to RM1 mil for contract manufacturing, the company achieved RM6 mil in turnover in 2016. The company currently employs a team of 20 people, and Chong and Tan expect bigger things for the company in the future.

(Source: The Star, 10 July 2017)

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