

SME WEEKLY NEWS

(17 October 2016 – 21 October 2016)

Countries	Highlights
MALAYSIA Budget 2017 Comment SME Corp. Malaysia	<p>The Budget looks into both the long-term development as well as the short-term needs of SMEs to cushion the impact of the current economic challenges. A total allocation of RM6.7 billion has been allocated for SME development. The most impactful incentive announced is the reduction in the corporate tax rate for SMEs. SMEs that will benefit the most will be those that have an expanding revenue base as besides the special rate of 18% given for the first RM500,000 of the taxable income, the incremental revenue will also be subject to a lower tax rate, which will be enjoyed by all businesses. Among the specific measures related to SMEs include the following:</p> <ul style="list-style-type: none"> For SME Masterplan, a total of RM70 million has been allocated for the implementation of the High Impact Programmes A total of RM350 million is allocated for export promotion of SMEs. This includes RM130 million under the National Export Promotion Funds channeled through MATRADE, SME Corp. Malaysia and MIDA, RM200 million financing and insurance credit facilities with coverage valued up to RM1 billion by EXIM Bank, as well as RM20 million (RM100 million for 5 years) in the form of 2% interest rate rebate on the guarantees provided under the Syarikat Jaminan Pembiayaan Perniagaan (SJPP) scheme Initiatives to support start-ups include RM200 million for Working Capital Guarantee Scheme (WCGS) and introduction of a new pass category Foreign Knowledge Tech Entrepreneurs to encourage investment in high technology start-ups. <p>Overall, the budget is broad based and inclusive, taking into consideration the various economic groups of SMEs including agriculture farmers and smallholders, women and B40 entrepreneurs, exporters, start-ups and Bumiputera entrepreneurs.</p> <p>(Source: <i>The Sun Daily</i>, 21 October 2016)</p>
VIETNAM New tax cut plan aims to boost entrepreneurship	<p>The Government will submit a tax reduction plan to the National Assembly (NA), which aims to meet targets of increasing the number of efficient enterprises in the country to one million by 2020. The tax reduction plan was part of a Government draft resolution on clearing obstacles to boost the development of enterprises, which would be tabled during the NA's second session that starts on October 20. Under the draft plan, the finance ministry proposes to cut corporate income tax for SMEs as well as start-ups from the current 20% to 17% between 2017 to 2020. Thailand estimated that the tax reduction would lead to an insignificant drop in State budget revenues by approximately VND473 billion (US\$21.11 million) per year if based on the current Law on Corporate Income Tax, according to which firms with a turnover of less than VND20 billion per year were exempted from the tax. The revenue drop would be as much as VND1.5 trillion per year if the draft Law on Support for SMEs was passed as it decrees that firms with turnover of less than VND100 billion were exempted from the tax. In the draft resolution, the finance ministry also proposes to allow enterprises to use profits from their real estate projects to offset losses in other industries and sectors.</p> <p>(Source: <i>VietnamNet Bridge</i>, 19 October 2016)</p>

<p>SINGAPORE</p> <p>Retailers get boost with halal e-market</p>	<p>An e-commerce marketplace specialising in halal goods and services was launched in Singapore, giving SMEs a leg up in an increasingly competitive environment. With nearly 60 merchants on board, including 55 SMEs, the launch of Aladdin Street gels with the Government's push for retail firms to use e-commerce to reach out to more customers. The businesses were screened for quality and compliance with halal standards by an in-house team, and operate in industries that range from food and beverage to cosmetics to fashion. Given the country's good track record in governance and high standards of halal compliance, Aladdinstreet.com.sg will help these SMEs to access this market to its fullest potential.</p>
<p>THAILAND</p> <p>A distribution centre for SMEs</p>	<p>The private sector will build a 5-billion-baht distribution centre in Pathum Thani province over the next two years to deliver products of SMEs to neighboring countries. By the first quarter of 2018, the centre would emerge on a 150 plot near the Talat Thai fresh produce wholesale market and Don Mueang airport. The one-stop centre will ship Thai products made by SMEs to neighboring countries and regionally. Thai developer also planned to open a distribution centre for Thai SME products on a whole floor of City Square, a new shopping centre in Taunggyi, the capital of Myanmar's Shan State. The new centre would distribute Thai SME products throughout Myanmar.</p>

(Source: *Bangkok Post*, 20 October 2016)

A TALL ORDER



Teh King Chong, 51, director of TenAsia Corporation, the company he founded to design and manufacture composite poles (called PalmPro which can be assembled to the required length) used to harvest oil palm fresh fruit bunches (FFB). Teh spent more than four years, between 2011 and 2015, working on his new composite poles without much success. Indeed, he was close to calling it quits after getting a lot of complaints from customers. But he persevered.

He had invested over RM4 million to start the factory at the Arab-Malaysian Industrial Park, Nilai, Negeri Sembilan in 2011. But four years on, and he was still experiencing high reject rates — between 30% and 40% out of the 8,000 poles he produced. The rejected poles were quickly marketed for other purposes, such as support poles for vertical farming and as boomgates. And Teh decided in mid-2015 to take a one-month break to concentrate on R&D to resolve the problem once and for all.

“Our subsequent batches of over 3,000 poles to date have sold with almost no complaints from customers,” he marvels. By the end of 2015, TenAsia had even begun to export a container’s worth of 60ft poles to Honduras valued at about RM500,000. It wasn’t just pure dumb luck, of course, that Teh managed to find the solution. He’s an engineer after all and had been working for about 10 years with various engineering companies.

Today, TenAsia also produces non-conductive poles that can be safely used even when there are electricity cables overhead in the plantation. The company, which now employs a staff of 12, posted a revenue of RM1.5mil in 2015. Teh says they are also looking to push their poles to other agricultural areas where there’s a need to harvest from tall trees, like coconut plantations. “There are over 20mil coconut trees in the world, and it costs US\$1 to hire a person to go up a tree and collect the coconuts,” he says. TenAsia is also looking into ways to reduce the cost of the poles, which are 30% more expensive than aluminium poles.

(Source: *The Star*, 17 October 2016)