SME WEEKLY NEWS

(3 October 2016 – 7 October 2016)

Countries	Highlights
MALAYSIA **SMEs manufacturers may be eligible for soft loans with Sirim**	SMEs who have gone through Sirim Bhd's (Sirim) technology audit may be able to apply for soft loans of up to RM5 million. The loans will be funded from the RM200 million budget allocated to SME Bank from Budget 2016. This announcement was on the back of the unveiling of Sirim's technology audit as one of the initiatives introduces under the SME technology penetration and upgrading programme under Sirim Industrial Innovation Model (SIIM). SMEs who go through this technology audit will receive an assessment of a company's technology management capability and capacity, the management of technological knowledge and activities related to the improvement of the technological competitiveness of the company. In order to be eligible for Sirim's technology audit, companies must be Malaysian SMEs involved in the manufacturing industry and have been in operation for at least two years. Additionally, companies do not have to pay any fees to participate at this juncture. For less established SMEs who are not in the manufacturing industry, there is also incentive funding provided by the Government up to RM200,000. *(Source: Borneo Post, 7 October 2016)*
SINGAPORE **Singapore's SMEs downbeat about profitability in next 6 months**	Singapore's SMEs are downbeat about the next six months outlook, especially their level of profitability, according to the latest SBF-DP SME Index. The Overall Index fell by 3.3% from the last quarter to a score of 50.2, the second lowest score in the Index's seven-year history. The lowest score of 50.0 was recorded just two quarters ago. The Index measures the business sentiment of SMEs for the next six months (Q4 of 2016 and Q1 of 2017), with more than 3,600 SMEs were surveyed between July and August 2016. All six industries recorded a decline in their Overall Index Score, a trend observed six months ago. Transport/Storage registered the largest decline of 4.2%, followed by Business Services at 4.0%. The pessimistic outlook is driven by a worse outlook for profits, with five of the six sectors indicating they expect their profits to decline or incur losses in the coming two quarters. Three other sectors had scores below 50 i.e. Commerce/Trading (49.9), Manufacturing (49.2) and Transport/Storage (49.7), indicating worse trading conditions are expected during the coming six months than they are experiencing now. *(Source: CFC Innovation, 4 October 2016)*
BRUNEI **Brunei committed to creating business-friendly environment**	The Brunei Government is committed to continuing to create an environment for businesses to flourish, as well as to create a culture where SMEs can grow and thrive with true entrepreneurial spirit and leadership. Brunei aims to bring its SMEs to the next level of growth where focus has been given to create the right environment for innovation to spur and for the market network to expand beyond its shores. Brunei Government continue to capitalise on the foundation they have created over the years in Brunei's iCentre and Knowledge Hub to provide effective and vibrant start-ups to nurture their talents and potentials. With the provision of effective incubation programmes and co-working spaces, start-ups are able to tap into collaborative networks and a wide range of great ideas that can be turned into real and tangible opportunities. *(Source: Borneo Buletin, 3 October 2016)*

INDONESIA **Indonesia tax amnesty hits 90% of target**	Indonesia's tax amnesty scheme has achieved 90% of its 4,000 trillion rupiah target in just three months. Taxpayers had declared more than 3,600 trillion rupiah (S$379 billion) in assets, kept both at home and overseas. The tax amnesty was introduced in July to help Indonesia recover billions of dollars in revenue lost to widespread tax evasion and in assets hidden overseas by wealthy citizens and businesses. The bulk of offshore wealth that Indonesian taxpayers have declared under the amnesty was from Singapore. Assets include property, gold, land and even account receivables, or debt owed to business owners. Of the 952 trillion rupiah in total offshore assets declared under the scheme, 70% was kept in Singapore. Some 79.13 trillion rupiah has since been repatriated from the Republic back to Indonesia. This amount was more than half of the 137 trillion rupiah that taxpayers have sent back to Indonesia in order to take advantage of the lowest tax rate offered under the first phase. The tax rate for those who repatriate their assets after the first phase went up by 1 % point to 3%. It will be 5% in the third and last phase, which ends in March. For assets declared but not repatriated, the tax rate now is 6% but will go up to 10% in the last three months of the scheme. *(Source: Straits Times, 4 October 2016)*

WE'RE STAYING ON 'MASSAGE'

Goh Cheh Yak, MD of healthcare and massage chair company Gintell, says one must prioritise building up the brand over merely making profits, especially if one is in the game for the long term. Goh started a shop called Intelljaya in Sungei Wang Plaza, Kuala Lumpur. He had no capital, only leftover stock from his brothers' earlier venture worth RM200,000 to RM300,000. This, he took and sold, using the proceeds to build his new business. His shop sold all sorts of household products, from water filters and water heaters to safety boxes, television filters and computer filters, so much so that. Back then, small massage products went for about RM1,000 or a few hundred ringgit for one. Goh packaged his goods and sold them in bundles "like RM888 for five products" to push sales, and customers, he notes, thought these to be good buys.

In 2003, Goh rebranded his business to Gintell. Along with this change in name, Gintell also renovated its existing showrooms to reflect a new image. He launched eight new concept stores and started selling massage chairs under the brand. And over the past two decades, he has invested heavily in building the company and the Gintell brand. Investment in branding is especially important for the long term.

Goh has grown Gintell into a sizeable company. Gintell currently makes an annual revenue of about RM100mil. The company has been growing at an impressive rate of more than 20% per annum over the last three years. And last year, Gintell received due recognition when it bagged the "Malaysian Business of the Year" award at The Star Outstanding Business Awards (SOBA) 2015. The company also took home two Gold awards and one Silver award under the "Best in Marketing", "Best Brand" and "Best Innovation" categories respectively. Gintell has some 50 planned roadshows nationwide this year to reach out to consumers and Goh notes that turnout and sales closed at these roadshows have exceeded expectations. Next, he is eyeing expansion in the Asean market, and by 2030, he hopes Gintell will grow across Asia.

(Source: The Star, 3 October 2016)

Economics and Policy Division
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