SME WEEKLY NEWS

(2 April 2018 – 6 April 2018)

Countries	Highlights
MALAYSIA **Standard Chartered, CGC to provide RM75 mil to SMEs**	Standard Chartered and CGC signed a Portfolio Guarantee Agreement that would enable the bank to provide financial assistance to SMEs, which will see a facility of RM75 million made available in providing working capital and asset acquisition to SMEs. The maximum loan quantum under this portfolio guarantee is up to RM1.5 million per SME. Close collaboration between CGC and Standard Chartered have supported 3,056 SMEs in various sectors. They remain committed to address the unique financing needs of SMEs by providing innovative financing options and alternate avenues to help them secure financing of their choice. Also, in February 2018, CGC has launched the imSME, Malaysia's first online SME financing / loan referral platform that matches eligible SMEs to suitable financing products that are offered by the participating banks. *(Source: Daily Express, 6 April 2018)*
MYANMAR **Accounts must be in order for SMEs to qualify for loans**	Lack of proper accounts, financial statements and solid business plan is one of the biggest obstacles to SMEs to qualify for loans. Local firms are weak in basic accounting processes such as keeping track revenue, expenditure and tax. In addition, their business plans and strategies are not recorded or well-prepared. International Finance Corporation (IFC) for Myanmar is cooperating with the Myanmar Central Bank to develop the financial sector, but only few have managed to qualify for loans due to lack of documentation. Despite Myanmar Insurance introducing a credit guarantee insurance system in 2016, only 300 new businesses qualified for loans. In fact, some applicants modified their accounts in attempts to qualify, thus making it impossible to obtain loans in the future due to fraud charge. Former Dep. Minister for Planning & Finance, Dr. Maung Thein advised businesses to prepare transparent accounts and draw up a 2-3 year business plan with correct assets disclosure for easy capital access. *(Source: Myanmar Times, 6 April 2018)*
THAILAND **Japanese officials coming for SME deals**	Officials from Japan's Ministry of Economy, Trade & Industry will visit Thailand in May to develop bilateral collaborations with the government to promote SMEs entering global e-commerce channels. The Japanese government wants to follow up on a promotional programme for Thai SMEs after both countries signed a MoU to develop SME efficiency in line with the Thai's Industry 4.0 initiative. One Thai-Japanese collaboration is T-Good Tech, an e-marketplace in Thailand set to connect with J-Good Tech in Japan whereby 2,600 Thai SMEs are expected to join the platform in 2018. The government was also focused on the Creative Industry Village (CIV), a 22-billion-baht state project intended to help villages, SMEs and farmers increase income under the Pracha Rat initiative. The ministry aims to develop 160 villages in 76 provinces, and to connect tourism sector, enhancing integration between villages and community enterprises. *(Source: Bangkok Post, 5 April 2018)*
THAILAND **EXIM Thailand special credit line for EEC investors**	EXIM Thailand has introduced EXIM Special Zone Credit (ESZC) to promote investment in infrastructure projects & the development of advanced production technology. The aim is to upgrade Thai goods and enhance Thai brands in overseas markets, with targeted customers are potential investors in Eastern Economic Corridor (EEC) and those planning startups, business expansion or business transformation in Special Economic Zones (SEZ), industrial estates, industrial parks and industrial zones. EXIM Thailand also collaborates with other Government agencies in offering Soft Loan for Machinery Modification Phase 2 for SMEs to finance business expansion & cover working-capital requirements. The maximum credit line per SME is 15 million baht and the interest rate chargeable is 4% p.a. for a maximum loan tenure of seven years. *(Source: The Nation, 4 April 2018)*

SUSTAINING A STYLE THAT LASTS

GOING green is the new buzzword in the corporate world. According to Co-Founder and Director of Kloth Lifestyle, Nik Suzila Nik Hassan, an increasing number of organisations are starting to display their green causes like a badge of honour. Kloth, a Malaysia-based sustainable apparel company, makes, markets and develops fabrics, garments and other fabric-based wearable products that are made from recycled plastic bottles and other recycled materials.

Kloth was founded in 2013 by four ladies who were university mates. Apart from supplying wearable products to companies, other areas that Kloth could expand into include selling recycled garments in bundle shops and exporting them to developing countries. Their partners are also looking at expanding its product lines to include pillows and other bedding items using recycled yarns. It would also have the option of blending unwanted textiles scraps with other materials to produce engineered fuel for cement kilns.

The challenges for Kloth now, are two-fold: bring down the prices of raw materials and increase the awareness on the value of a sustainable lifestyle. Another co-founder, Nurul Izani notes that there is a need for the team to invest more into marketing and sales efforts to promote a sustainable lifestyle. This can be done through promoting fashion products made from plastic bottles such as scarves, hijabs and foldable micro-fiber towels.

To scale up its operations, the company is looking at the possibility of raising new funds from potential VC investors. They have started talks with some local VCs for a possible capital injection but it is still open to interest from South-East Asian-focused VCs. It will also look into any interest from companies within the environmental and recycling industry that are interested to invest in such a business.

Nonetheless, Suzila acknowledges that Kloth is facing some formidable obstacles in its quest to promote a green lifestyle in Malaysia and to make its brand a household name in the sustainable fashion world. The lack of awareness on recycling is one of the obvious problems.

Another point of contention for Kloth is the fact that the process of turning plastic bottles into fabric and ultimately wearable fashion is a tedious one. It involves the breaking down of bales of plastics, cleaning and separation of materials into different plastic resins and manufacturing them into pellets that are ready to be shaped into new products. The labour-intensive process drives up the cost of raw materials and compresses the margins, thus discourages investment based on recycled fabrics.

But Suzila opines that the single biggest obstacle to a sustainable business for Kloth is the fact that the policies and regulations concerning recycling is not uniformed. A circular economy is based on the concept of 3Rs i.e. reduce, reuse and recycle. But in Malaysia there is no concerted effort by the policy makers in ensuring a sustainable recycling practice, and this is a massive waste of wealth for the country. While the road to a sustainable lifestyle is paved with challenges, Kloth is determined to put its brand and business model at the centre of its efforts toward a circular economy.

(Source: The Star, 3 April 2018)

Economics and Policy Division
SME Corp. Malaysia
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