SME WEEKLY NEWS

(15 July 2019 – 19 July 2019)

Countries	Highlights
MALAYSIA **Changing flood risks for urban SME communities**	The uptake on insurance in SMEs when it comes to natural disasters such as flooding is still a concern. According to AIG Malaysia Insurance Bhd data, only 15% of insured policyholders have purchased flood cover. This means that more than 80% of SMEs have no coverage against flood peril, denoting the lack of comprehension on the urgency of the risk and consequences to the overall running of their business. In 2014, the Kelantan floods affected over 13,000 SMEs or 38% of SMEs in the state, as reported by MITI. CEO of AIG Malaysia, Antony Lee said SMEs need to be more prepared when bad weather comes their way. It is important that SMEs take the right steps to protect their businesses in the event of flooding, which has become more prevalent in the country over the years. At AIG, 13 types of protection are being offered under one policy, which allows SMEs to pick and choose what fits their business best according to their own needs. It provides flood cover via its two main products, SME Standard and SME Property All Risks, upon request with an additional premium. *(Source: The Malaysian Reserve, 15 July 2019)*
SINGAPORE **More Singapore SMEs paying debt on time in Q2, led by building sector: Experian**	More SMEs in Singapore are paying their debts on time in the 2Q 2019, boosted by construction sector activities, according to a report by Experian. The Days Turned Cash national average which is a measure of debt settlement timelines among SMEs saw significant improvement led by construction and retail, which saw decreases of 20 and 6 days respectively. A healthy pipeline of activity within construction sector led to significant improvement in debt settlement compared to 4Q 2018, when the sector was plagued by a high volume of delinquent payments. The easing of rules around public projects may have enhanced the competitive ability of SMEs in the construction sector, potentially enabling a higher number of smaller firms to bid for public sector projects, Experian cited. Overall, an average of 47% of SME debt was paid on time, which was the best-performing quarter for local SMEs since 1Q 2017. Conducted on a biannual basis, the Experian report analyses payment patterns of more than 120,000 companies in Singapore across 8 major sectors - retail, wholesale, construction, hospitality / food & beverage, information & communications, manufacturing, services, and transport / storage. *(Source: Straits Times, 17 July 2019)*
CAMBODIA **Canadia Bank teams up with CWEA to boost woman-owned SMEs**	Canadia Bank and the Cambodia Women Entrepreneur Association (CWEA) signed MoU that aims to enhance access to finance for female business owners in the country. Under the new partnership, a $20 million loan fund, named 'SME Smart Ladies Loan Package', has been created to help female entrepreneurs expand their businesses. The loans will be offered at an attractive interest rate, around 7.8%, which will encourage more women to seek credit to expand their operations. About 65% of small and medium enterprises in the Kingdom are owned by women. With more access to credit, women will be able to expand their businesses and create more jobs, which, in line with government policy, to help curb migration. Pung Kheav Se, Canadia Bank chairman, said that the scheme aims to empower female business leaders in the country. He said that the SME sector plays a critical role and is the backbone of the Cambodian economy, representing about 70% of new jobs. The bank's efforts to empower women will also reduce the poverty rate in the country. *(Source: Khmer Times, 17 July 2019)*

STEELY GROWTH FOR TASHIN

Established 20 years ago as a steel processing company, Tashin Holdings Bhd has come a long way while maintaining its profitability despite the economic challenges of the 21st century. Tashin produces cold rolling steel bars, slit coils, steel sheets and expanded metal for the automotive, electrical appliances, steel fabrication, construction and furniture industries.

“The success of the company has to do with our sales and marketing team’s ability to penetrate into those markets that consume steel products despite the economic downturn of the early 21st century, a consequence of the Asian Financial Crisis. There were still industrial and construction businesses that carried out projects then although the times were tough,” says managing director Lim Choon Teik.

The company’s growth efforts over the years will culminate in its listing exercise. Tashin aims to be listed on the Ace market in August 2019. The initial public offering exercise will raise RM34.41 mil for the company which will be used among others, to build a factory in Seberang Prai, purchase machinery and equipment to manufacture wire mesh and upgrade its steel processing line.

The company hopes to ride on the growth prospects of the steel market in Malaysia to support its expansion plans. Lim says Tashin is spending RM25 million to expand its operations in the country. According to Lim, demand for steel is expected to recover moderately over the second half of 2019 and into 2020 as the expected commencement of mega projects such as the East Coast Rail Link and Bandar Malaysia will help to boost the current dampened steel demand.

He also notes that the construction and furniture sectors as well as building material suppliers contribute about 50% of the group’s revenue. The automotive industry and steel-based product manufacturers – those involved in making electrical appliances and mechanical & engineering components – generate the other 50% of the group’s revenue.

“Smith Zander, a specialist research and consulting firm based in Kuala Lumpur, projects that the market for slit coil and steel sheet will grow to 5.1 million tonnes in 2020 from 4.89 million tonnes in 2017. It also forecast that the consumption of steel wire products such as steel pipes and tubes will grow at a 13.3% CAGR to 2.85 million tonnes in 2020 from 2.56 million tonnes in 2017,” says Lim.

Tashin plans to venture into wire mesh production business. “We are currently involved in the trading of wire mesh and the expansion into the manufacturing of wire mesh will allow us to have control over the supply of wire mesh to reduce dependency on third party suppliers for wire mesh. The manufacturing of wire mesh will enable us to have better control over our cost of sales and this will improve our profitability. The product is increasingly used as concrete reinforcement materials due to the lower installation cost and time as compared to steel bar products,” says Lim.

Tashin will use RM4.1 million from the IPO proceeds to acquire five new wire mesh production lines with a combined effective production capacity of 24,000 tonnes per annum. We expect to commence the production of wire mesh upon completion of the construction of the new factory in 2021,” Lim says.

(Source: The Star, 15 July 2019)

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