

Mixing with the big boys: Hong Kong's SMEs have a part to play in Belt and Road Initiative

All is not lost for Hong Kong's SMEs in the big league of Beijing's global trade strategy, as long as they find their niche and make the right investments

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[Hong Kong businesses gear up for opportunities along Asia's new Silk Road](#)

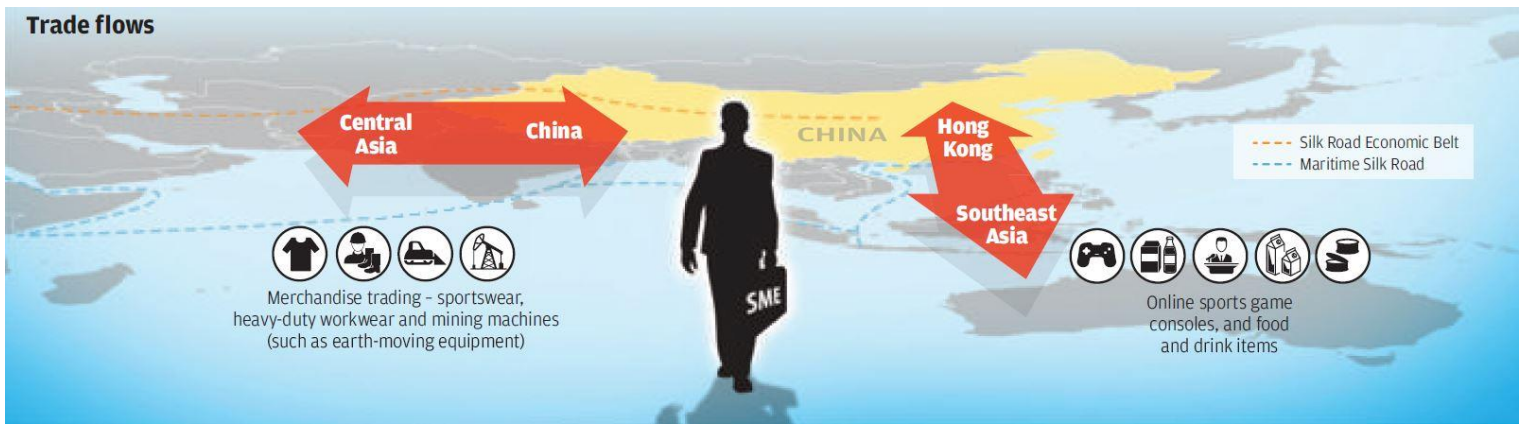
To date, few SMEs have tracked successfully along the belt and road route.

“Playing the belt and road game is not easy as it is capitalintensive...it costs a lot to travel there, and the cultural difference, language barriers, currency volatility mean it takes a long time to see results,” said Joseph Chan Napkee, chairman of Hong Kong listed Kaisun Energy Group.



The Growth Enterprise Market-listed firm, which bills itself as a “belt and road participant” in its communication materials, ventured into the coal mining business in 2011 – two years before President Xi Jinping (习近平) announced the initiative – by acquiring a few coal mines in Tajikistan in Central Asia. But the firm, which also runs a mining machinery production business in Shandong province and a nascent related machinery leasing business in Central Asia as well as a zircon sand sourcing business in Vietnam, has remained in the red.

Much of the losses stemmed from the sharp depreciation of Tajikistan's currency, which was affected by the Russian rouble's decline as the country is highly reliant on the remittances of expatriates working in Russia, Chan noted.



Another small investment into a bauxite project in neighbouring Kyrgyzstan was also written off in its books amid the commodities bust.

Still, Kaisun is not giving up. It now plans to become a middleman for online merchandise trading between Central Asian and Southeast Asian wholesalers buying China-made sportswear, heavy-duty workwear and eventually coal mining machines.

The firm has set up a subsidiary in Fujian province to conduct bulk procurement of China-made clothing, and will provide quality checks, logistics and export custom clearance services to the wholesalers in the buying nations.

Riding on the popularity of online sport games in Southeast Asia, Kaisun also plans to launch online tournaments and gatherings for the players, and profit from entrance fees, advertising and site rental income.