



Scaling Rural Returns: A Tech-Driven Solution to Unlock SME Potential

Recommendations for
Establishing a Commercial
Vehicle to Drive Social Value for
Rural SMEs in China

Executive Summary

Business Plan |
Global Leaders Programme 2025
Hong Kong & Chengdu





Background

The Global Leaders Programme (GLP) is GIFT's flagship experiential leadership development programme. It is designed for high potential senior executives from leading global organisations to think critically about the drivers of change in the 21st century and to develop new business models that address the defining challenges of our times.

During this GLP, a group of 17 participants representing 10 countries convened in Hong Kong for blended classroom sessions. The cohort then travelled to Chengdu city, China, for stakeholder meetings, site visits, and business planning sessions to gather insights that will support their development of a proposal to ignite China's rural economy through SME business upskilling.

The proposal highlights were presented at GIFT's Public Forum on 23rd May 2025 in Chengdu to ~100 stakeholders and interested parties, and streamed to 700+ viewers.

GIFT would like to extend its gratitude to everyone who contributed their valuable time and effort to make this report possible.

A special thanks to Sichuan Haihui Poverty Alleviation Center for partnering with us on this programme.



Project Background



Rural SMEs Challenges in China

Rural SMEs in China face a complex set of structural challenges that hinder their sustainable development and competitiveness.

A rapidly ageing population and continued youth outmigration have led to a shrinking agricultural workforce, with over 40% of rural workers in Sichuan now aged over 50. Landholdings remain highly fragmented, limiting mechanisation and economies of scale, while traditional farming practices struggle to compete with large agribusinesses. Value chains are skewed, with small producers capturing minimal returns while bearing disproportionate risks.

Market fragmentation further exacerbates this, as most farmers sell raw produce locally through multiple intermediaries, reducing price transparency and value capture. Financial exclusion also remains a major barrier, with limited access to affordable credit due to high collateral requirements and complex application processes.

Collectively, these challenges underscore the urgent need for integrated, scalable solutions to revitalise these SMEs and unlock the full potential of China's rural economy.

Project Partner

Sichuan Haihui Poverty Alleviation Center



Sichuan Haihui is a well-established NGO with deep roots in rural development across China. With partnerships spanning over 180 rural SMEs and 220 Village Collective Cooperatives across 18 provinces, Haihui has led more than 246 initiatives benefiting over 151,000 farming households. Its work focuses on sustainable agriculture, SME training, and community empowerment—making it a strategic and experienced local partner for Huixiang Chuang's mission to scale inclusive rural enterprise development.

Project Scope

Despite the critical role of rural SMEs in China's agricultural economy, they continue to face systemic barriers such as limited market access, financial exclusion, and fragmented value chains.

To unlock their full potential, a commercially viable, technology-enabled platform is needed to integrate services, capital, and capacity-building at scale.

This project proposes the establishment of Huixiang Chuang (HXC), a commercial entity that delivers bundled services through the *Fortune Panda* digital platform—facilitating bulk distribution, financial access, and SME training.

Anchored in Sichuan for its representative rural challenges and Haihui's strong local networks, the pilot will run from Years 1–3, with national scale-up by Year 5.

The project will generate outcome-based revenue, reinvest a portion of profits into poverty alleviation, and be governed through an inclusive ownership model involving Village Collective Cooperatives (VCCs), Haihui, private investors, and the state.

Proposed Solution

Huixiang Chuang (HXC)



A commercial entity that provides scalable end-to-end value chain services, with the use of technology through the digital platform *Fortune Panda*, aiming to drive rural prosperity and transform China's agri-SMEs into competitive, market-ready businesses with long-term social value.

To address the above-mentioned challenges, this proposal introduces Huixiang Chuang (HXC) — a commercially viable enterprise designed to drive social value for rural SMEs through a technology-enabled model.

HXC will deliver three core services: (1) bulk distribution via the *Fortune Panda* digital platform, enabling real-time auctions and efficient market access; (2) financial access services to bridge critical funding gaps through partnerships with financial institutions; and (3) tailored training and advisory support to strengthen SME capabilities in quality control, compliance, and digital commerce.

Through HXC, this business plan offers a replicable, high-impact solution to rural economic development — blending commercial discipline with grassroots capacity and skills building to unlock the full potential of China's rural SMEs.

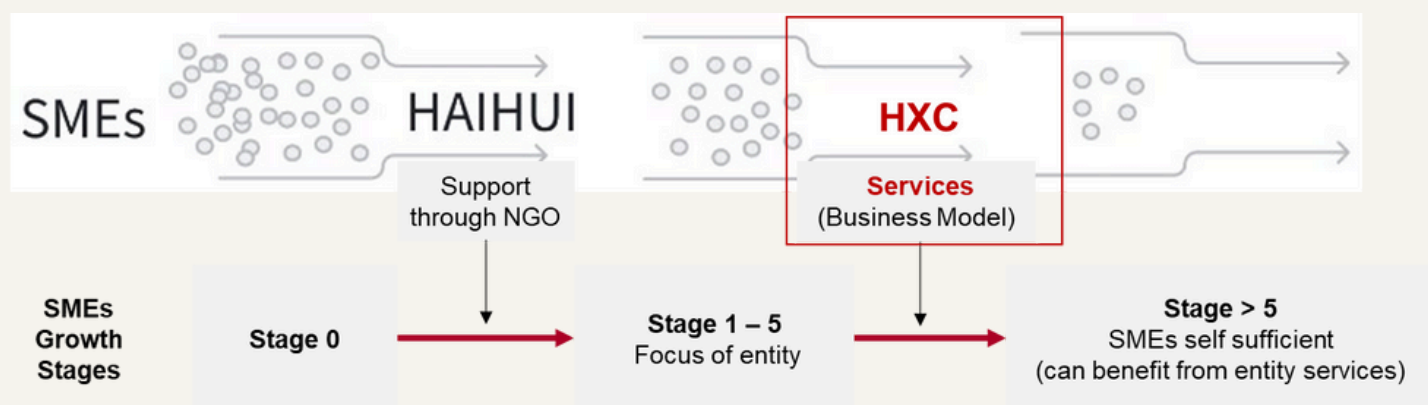


Why Sichuan Province

Sichuan is the ideal base for HXC due to its large rural population, significant agricultural output, and acute structural challenges like ageing farmers and fragmented land.

With Haihui's strong local presence and proven SME partnerships, the province offers both urgent need and strategic readiness for scalable impact.

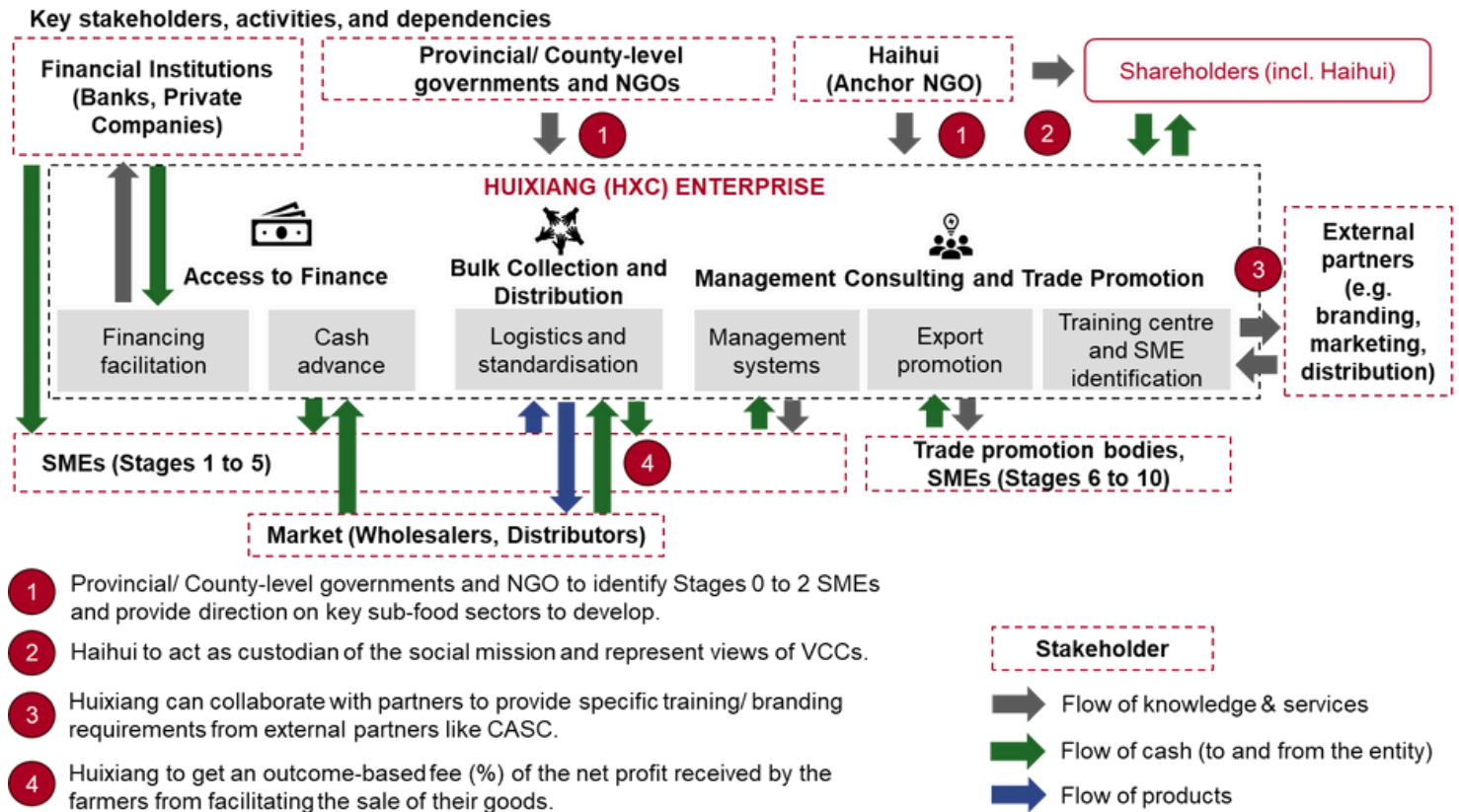
Target Customers: Classification of SMEs (Stages 0-10)



Huixiang Chuang (HXC) targets rural SMEs across differentiated growth stages, with a primary focus on those in Stages 1 to 5, where the majority (80–90%) of SMEs are concentrated. These enterprises typically face challenges such as inconsistent production, limited market access, and inefficient input use. HXC offers critical support in aggregation, distribution, financing, and advisory services to help them scale.

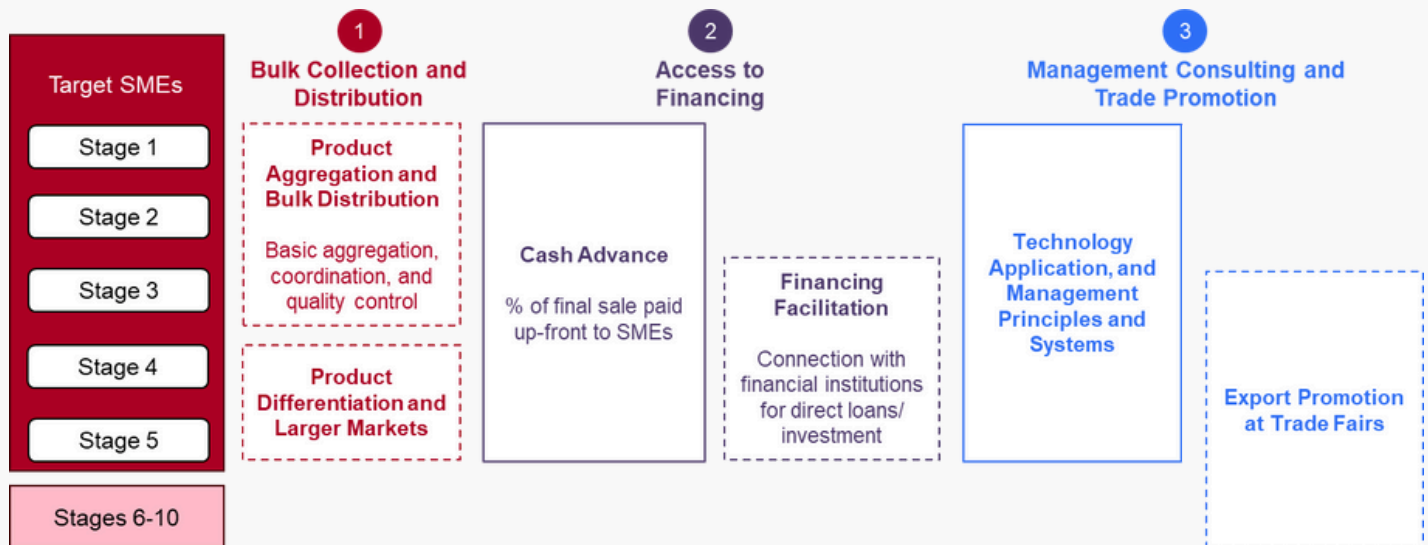
While Stages 0–1 remain reliant on poverty alleviation efforts through Haihui's existing initiatives as an NGO, Stages 5–10 represent more commercially advanced SMEs already engaging with national and international partners, offering future opportunities for platform integration and value chain expansion.

HXC's Business Model



Scope of Services

HXC's Service Offerings Differentiated by Stages of SMEs:






SMEs in Stages 1-3 primarily focus on scaling production and distribution, whereas those in Stages 3-5 focus on quality upgrades and access to larger, export-oriented markets.

HXC's main revenue stream depends on the bulk collection and distribution services, with further diversification to come through consulting services and facilitating financing access.

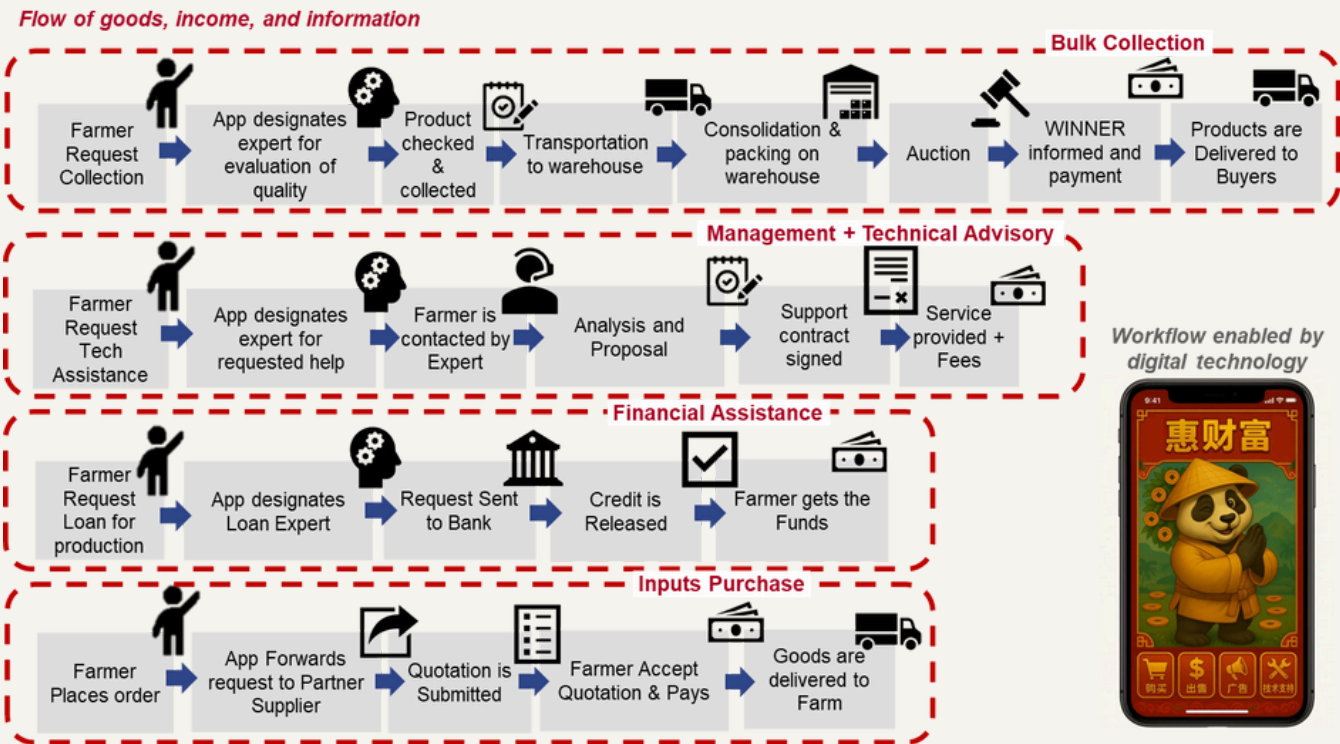
Fortune Panda: A Digital Innovation Enabler

The *Fortune Panda* App is an **asset-light platform** designed to accelerate rural SME growth by leveraging big data and e-commerce. It offers **live auctions** to boost producer prices, **real-time tracking** to cut distribution costs, and **early payment options** for SMEs to access revenues sooner without waiting for transactions to close, thereby enhancing price fairness, market access, and financial flexibility across the agricultural value chain.

Function	Description
 Bulk Collection and Distribution	Integrated auction system connects SMEs directly with buyers, increasing price transparency and boosting sale prices and profit margins.
 Access to Financing	Receivable discounting (receiving a % of the final sale early before the goods are delivered) can help ease SMEs' cash-flow problems.
 Management Consulting	Enhanced production management through live demand information from buyers to guide crop choice and/or branding needs

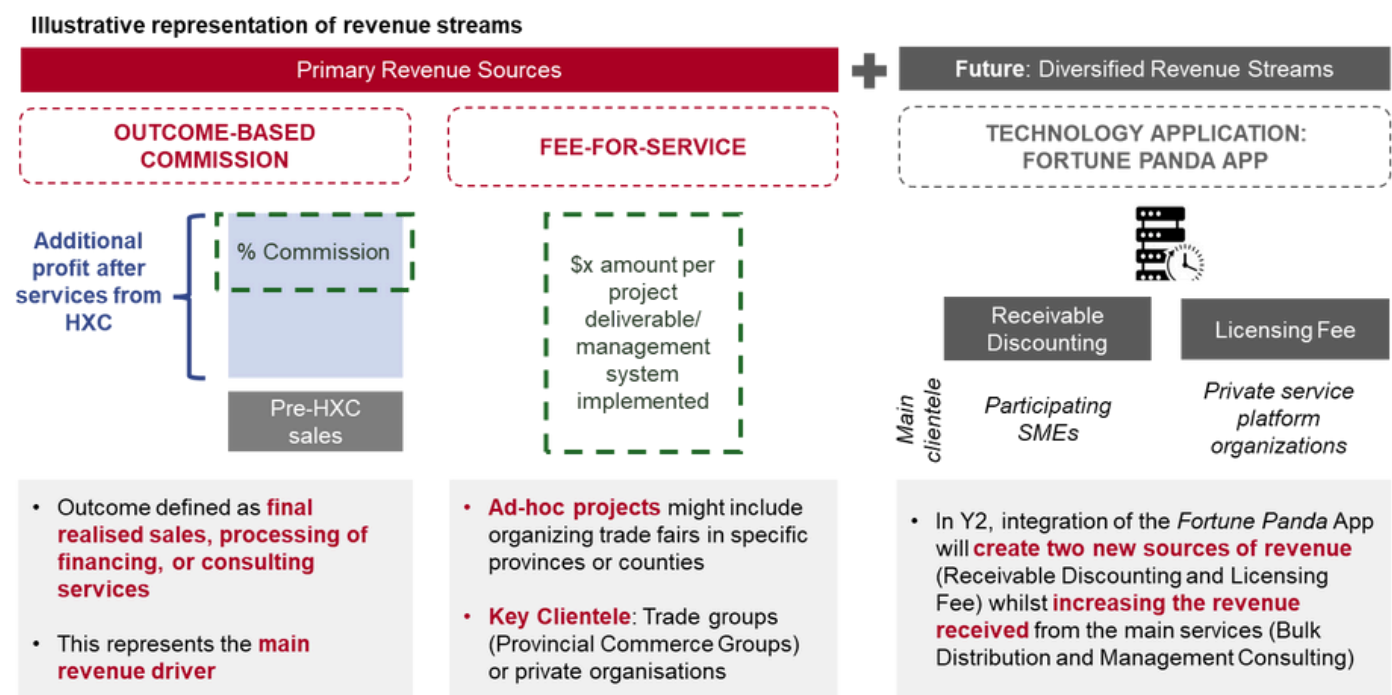
Operations Enabled by Digital Technology

Fortune Panda is the digital backbone of Huixiang Chuang (HXC), operating as an asset-light, end-to-end value chain servicing platform that streamlines bulk distribution for rural SMEs. It facilitates real-time auctions, connects producers directly with buyers, and integrates technical and financial support — all without owning physical infrastructure. By reducing intermediary costs by up to 40% and offering tools for pre-season planning, *Fortune Panda* enhances market transparency, efficiency, and inclusivity across the agricultural value chain.



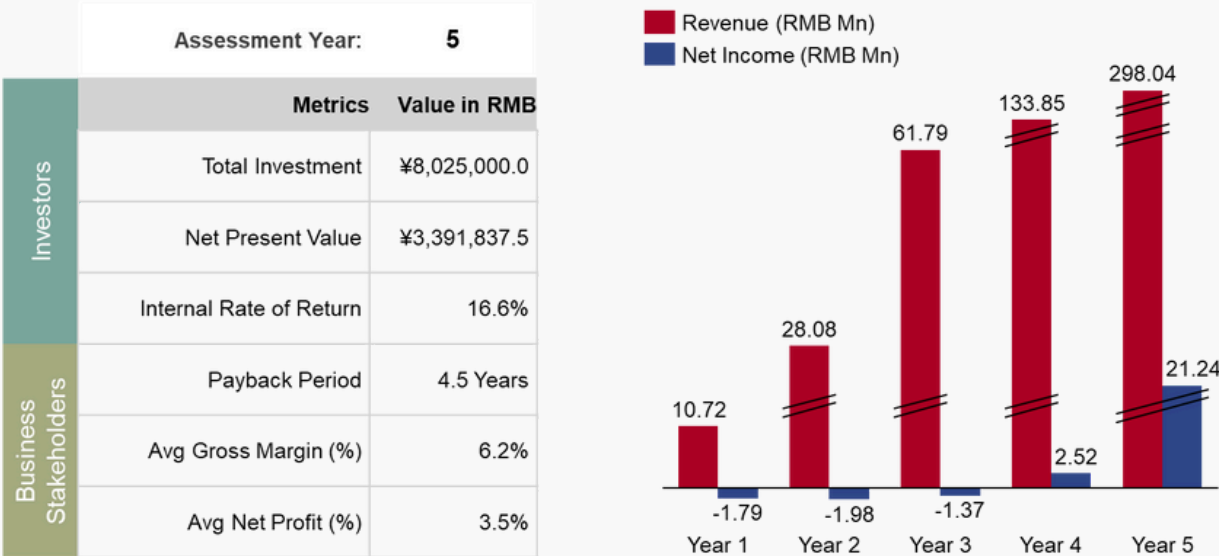
Revenue Model

HXC’s revenue model is primarily driven by **outcome-based commissions** tied to realised sales, financing, and consulting services, and fee-for-service income from project-based deliverables. From Year 2, integration of the *Fortune Panda App* will introduce **diversified revenue streams**, including receivable discounting for SMEs and licensing fees, boosting both profitability and HXC’s long-term sustainability.



Financial Analysis

The financial summary for Huixiang Chuang (HXC) outlines a robust and scalable model anchored by a total equity requirement of ¥8.025 million, with a critical capital injection planned for Year 3 to support national expansion. The enterprise is expected to break even by Year 3, with steady revenue growth driven by SME client acquisition and a progressive net income trajectory. Profitability metrics project an average gross margin of 6.2% and a net profit margin of 3.5%. Investor returns are strong, with a Net Present Value (NPV) of ¥3.39 million, an Internal Rate of Return (IRR) of 16.6%, and a 4.5-year payback period —outperforming typical impact investment benchmarks. Key assumptions include rapid SME client growth, platform-based revenue scaling from 15% to 17%, and lean operating costs under an asset-light model, supported by conservative financial buffers and a 10% WACC.



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