

The leading credit rating agency in Malaysia, ICD&B Malaysia, is not about to rest on its laurels. True to the Infocredit Group's philosophy of forming long-term strategic relationships with business partners, the Market Intelligence Services (MIS) business unit was established by ICD&B Malaysia in 2003 to cater to another set of business needs of her clients.

Though still a young set-up, MIS has, within this span of two years, gained foothold in Malaysia. This business unit is initiated to cater to clients' needs on industrial research. Covering various industrial scopes, one key offering of MIS pertains to Independent Market Research (IMR). Specifically targeting at companies applying for listing on Bursa Malaysia Securities, IMR studies provide in-depth research coverage on the industry of the applicant company as well as its positioning and prospects within the industry.

The MIS business unit has gained recognition for its valuable and credible research services, having, to date, managed more than 100 IMR studies for a broad spectrum of industries - from brick-and-mortar



Power Philosopher

We expected nothing else but an hour-long session of mind-boggling and grueling commercial talk; afterall, we were off to meet prominent figure, Mr. Phillip I. Overmyer, the Executive Director of the Singapore International Chamber of Commerce (SICC). Our trip to SICC, however, took a surprising twist. For Phillip, as we discovered, is some personality. At the helm of SICC since mid 2003 and tasked with a mammoth responsibility of being the "voice" of the business community based in Singapore, Phillip sure does know how to mix a good cocktail of work and pleasure.

Based in Singapore for 12 years during his 30-year stint with AT&T, Phillip is no stranger to the local scene. His retirement from the telecommunications network bigwig has no bearing on his drive to pursue what he loves - working for the common good of the business community. Phillip served as the Chairman of SICC and the American Chamber of Commerce in Singapore, and he was actively involved in the advisory boards to Asian governments. So, what set of beliefs guides this dynamic man and keeps him on his toes to this day?

Born and raised in Indiana, USA, Phillip grew up knowing that he was good with his hands and dabbled in things electrical. He found himself, eventually, pursuing a degree in this field at the University of Illinois. Thirsty to venture new things, he volunteered to be a part of the engineering group of the University's commercial FM radio station. But that gave him the head start. Young Phillip got his first taste of management when he was asked to be its General Manager - the first time he figured out how to manage and what his management style would be like.

"You have to convince people that what needs to be done is something that they want to do. And you have to figure out how to get that motivation to last forever," said Phillip.

Phillip stepped into the corporate world when he landed his first job with Illinois Bell, an AT&T company, which, in the eyes of the newbie, then, was a "sterile, conservative" organization filled with "strait-laced" people. Well, at least that was his first impression until a curly, grey-haired man, with big wire-rimmed glasses, made his entrance and impressed him with his untraditional, brown suit with white polka dots.

"Mr. Polka Dot" was Phillip's first boss and he, in the words of Phillip, "was probably the closest thing I had to somebody I looked up to as a role model".

"You hire the few very good people, tell them what they need to do and go do it. A lot of times, since they had never done it before, they would fall on their face. So, you let them sit there and wallow in the dirt. And then, you go over, pick them up, dust them off and ask: "Do you know why you fell down?" "O ya, I tripped there." "Right, so how could you avoid tripping there? Think about that. OK, you still have a job to do so go off and get it done", recalled Phillip on "Mr. Polka Dot's" theory. Phillip thinks this is a fine theory, allowing one to learn from his own mistakes and promotes rational risk-taking in the long run.

And has Phillip ever tripped before? "Oh, yes," he quipped. His first brush with risk occurred when the daredevil slapped the President of

Illinois Bell with questions on an undertaking of AT&T. Two days later, Phillip got wind of the President's Office requesting for his personnel file - a scary thought, especially for a young and green Phillip then. Three weeks later, he received a letter, from the President, which wrote: "Thank you very much for the questions that you asked. They were good and I didn't realize that employees were so concerned about this." And that wasn't the last of it. Six years later, Phillip, while rummaging the files of the President's Office when working on anti-trust cases, came across the notes of a speech delivered by the President two weeks after their face-to-face episode. And there, in the section of "...you need to be sure that your employees support you...." was a handwritten "The Phillip Overmyer Case". The "infamous conversation" had obviously struck the right chords, allowing Phillip to walk off scot-free. This has stuck with him since.

After two years back in his home country, a not-ready-to-stop-working Phillip returned to Singapore to succeed Graham Hayward, his predecessor at SICC. And here he is, back in Asia, rubbing shoulders with his old-time friends in the business and political arenas, and once again, doing what he found "fascinating" and "enjoyable".

15 minutes passed our allotted interview timeslot, but chatty and enthusiastic Phillip was not done with us yet. Phillip believes that everyone has some value that they can bring to the table and the challenge for a manager in managing a group of people is to know what his skills are, what he is good in as well as his likes and dislikes.

"I love to talk, if you can figure that," said Phillip cheekily, which brought laughs to the table.

He further added, "Try to build your organization with people who are not like you... bring different people together for they have diverse ideas and can see problems differently." That's logical alright but where did he learn that from? While undergoing an Executive Program at the University of Virginia Darden Graduate School of Business Administration, he was assigned to a team consisting of people from all over, including a big man from Communications Workers of America (CWA). The high wall was one of the first obstacles the team had to overcome. They thought they would never win, in view of the big physical proportions of this member from CWA. Stacked up into a human pyramid, the team players got their bigger counterpart up the top of the wall first. While at the top, this bigger counterpart stretched out his hands, reached down for his teammates and single-handedly pulled them up one by one. The team won. This bigger teammate "possessed the critical skills" to success here and Phillip wanted to stress the importance of letting people do what they are good at.

Phillip Overmyer sure has lots to share. Yes, a serious-minded boss, an easy-going person, a passionate speaker... and does he know that he is one great storyteller? Few can boast of skills to churn out stories the way he does, with sound effects and gestures to go along. Now you know and so does Phillip.

So there, us, leaving his office, armed with new perspectives of life, and feeling invigorated. For Phillip, does not know anything less but instilling fun into work.



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William Speaks

The SME credit bureau was the highlight in the first quarter of 2005. Launched by Minister Vivian Balakrishnan, it was held over two days at the Raffles City Convention Hall. The strong support from the co-organizers - Spring Singapore, Association of Small & Medium Enterprises and Singapore Business Federation was instrumental in making the launch a success. We are also grateful to OCBC, DBS and Hong Leong Finance for their support, and the Singapore International Chamber of Commerce & Industry for being the supporting agency.

The feedback from the participants revealed that a vast majority (91%) found the conference to be informative and useful. The panel of experienced and quality speakers no doubt helped. Most (86%) also indicated their desire to return for future conferences. Some comments were very encouraging. Comments included: "there was little or no product pushing" and "relevant and concise". For the organizers, one of the key objectives was to make this a neutral and informative conference to benefit the SME sector.

Verbiage

"Credence: Acceptance as true or valid; claim to acceptance; trustworthiness."
The American Heritage®
Dictionary of the English Language

"Credence" - more than just a word... A name often contains a meaning or more, representing the values of its bearer. And "Credence", simple as it may be, speaks plainly of a philosophy that we hold dearly at Infocredit - building and upholding trust between our customers and us

ICD&B Times is now proudly known as *Credence by Infocredit*.

Beyond a mere cosmetic change, Credence now features a more diverse coverage on the group of companies under the Infocredit Holdings umbrella. The Infocredit Group

Participants also asked for more information on the current and future developments of the SME credit bureau. We will be in a position to disclose more details very soon as discussions with our partners are being completed. We also received a few requests on Credit Scoring. Suffice to say at this juncture, that our next conference will on this topic, as we had indicated at the launch, and we shall endeavor to make this as successful as the last conference.

The establishment of the SME credit bureau is a natural development following the success of the Consumer credit bureau in Singapore. Credit bureaus in commercially vibrant and mature economies are widely recognized for their merits.

We appreciate that there are still some concerns about the SME credit bureau in Singapore, as there would be in any economy newly exposed to this concept. Together with the co-organizers, we aim to increase the understanding of credit bureaus over the next few months.

encompasses Infocredit D&B Singapore, Infocredit D&B Malaysia, Infocredit Databank, Infocredit Ocean Bridge and Credit Bureau Singapore.

Capitalizing on our expertise in research and the wealth of our databases, the maiden issue of Credence starts off with some power-packed reading. In Taking Stock of Income & Credit Card Balances in 2004, Credit Bureau Singapore attempts to establish a relationship between levels of income and credit card balances. Learn more about the General Risk Indices of Industry Sectors in Singapore and get more insights to Vietnam, a market that is gaining steam with Asian investors. Also, find out about the latest development of our Malaysia counterpart and how it triumphed over industry challenges with its newly set-up unit, Market Intelligence Services (MIS).



We congratulate the Association of Small and Medium Enterprises for their launch of the Enterprise Development Centre, better known as EDC @ ASME. The one-stop centre will further facilitate the growth and development of SMEs in Singapore. We are pleased to play a role in helping ASME with this initiative.

We welcome on board our new Director of Sales, Peter Froitzheim. Peter has been in Asia for over 12 years and brings with him a wealth of experience from his risk management background to the sales team.

Last but not least, in Power Philosopher, learn how the simple things in life had inspired our hand-picked crème of the crop, Mr. Phillip Overmyer, in becoming the man he is today.

Infocredit proudly presents
Credence by Infocredit.

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manufacturing industry, the Information, Communication and Technology (ICT) industry, services industry down to high-tech industries like the biotechnology sector.

ICD&B Malaysia takes pride in the successes achieved by her clients. Over the past six months, 11 of MIS's clients successfully completed their Initial Public Offerings (IPO) on Bursa Malaysia Securities. The importance of research as an instrument to sharpen competitive edge is increasingly gaining recognition. With information at hand, companies can capitalize on it to monitor their operational performance against that of their competitor(s) or respective industry, or boost corporate expansion in times of economic growth, to name a few.

The MIS business unit has also been actively involved in supporting clients to conduct such studies in their quest to meet their organizational

goals. Establishing industry benchmarks through primary studies, detailing the characteristics and outlook of industries or markets to help sniff-out potential ventures, and conducting feasibility studies are some of the challenging undertakings of this business unit. Within the first year of MIS's launch, the business unit has been commissioned to conduct a study on the market perception, expectation and needs towards "Samsung Digital Center" by First Mobile Group, the granite industry of Malaysia by the Italian Trade Commission of Malaysia as well as market segmentations of colour televisions in the country by Samsung Electronics Co. Ltd.

MIS has become an important part of the business of ICD&B Malaysia. Through MIS, ICD&B Malaysia hopes to be acknowledged as, not only the top credit information provider in the country, but also a formidable player in the local research arena.

Riding on the coat tails of an impressive economic growth in 2004, employment creation took off, growing by 71,400 last year, according to statistics from the Ministry of Manpower. This represents an increase of about 3.3%. Along with better job prospects, earnings and wages also improved towards the last quarter of 2004. Compared with the third quarter in 2004, monthly income jumped by about 24.2% to S\$3,762 in the fourth quarter. Compared with the fourth quarter in 2003, this represented an increase of about 4.4% year-on-year.

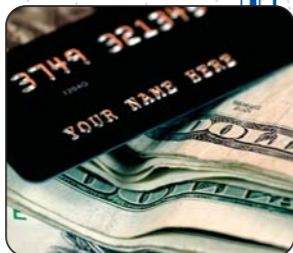
The implication of this is the effect that income will have on credit card balances. There are statistical grounds for believing that people will borrow according to their capacity to pay. This can be seen through a correlation analysis of credit card balances versus monthly income as shown below.

The Area Graph below illustrates that as income rises, credit card balances tend to

rise as well. In addition, the high correlation coefficient score of 0.7814 indicates a very high degree of correlation between the two variables, implying that credit card balance moves almost simultaneously with the rise in income.

Hinging on the question of rising income is another important issue - delinquency. With rising income and rising credit card balances comes rising delinquency (from 30 days past due to over 90 days past due). The higher the credit card balance, the greater the likelihood of delinquency. About three out of every 100 existing credit card holders with a credit card balance above the average balance (S\$3984.7) in the month December 2004 was delinquent for that month alone. Whereas, only one out of every 100 with balances below the average was delinquent.

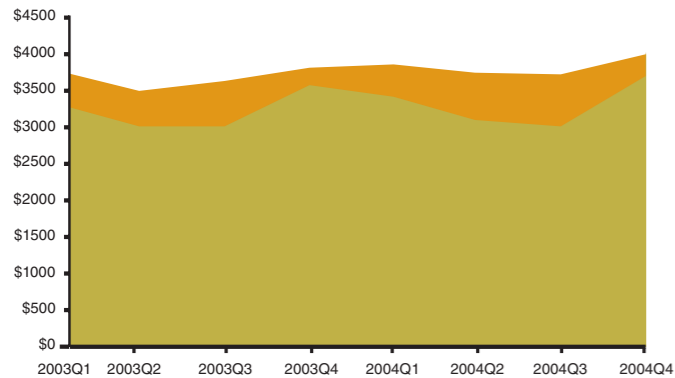
However it might be a stretch of the imagination to dwell on the trickle down implications of 2004's high economic growth



so soon. Already, forecasts for 2005 expect economic growth to hover around the region of 3-5%, according to the Ministry of Trade and Industry. With a slowdown in the economy, one can expect to see a slowdown in inflation, job creation and possibly even wages as the government continues to advocate a flexible wage policy, in order to stay competitive in the midst of changing economic conditions.

Sources:
Ministry of Manpower
Ministry of Trade and Industry

Income & Balance Correlation



The correlation coefficient is derived from taking the covariance, which is the average of the products of deviations from each data point, and dividing it by the product of the two variances. If one variable rises together with another variable, they are correlated. If one variable rises while the other falls, they are said to be inversely correlated. The correlation coefficient ranges from 1 to -1 with 1 indicating the point of absolute correlation and -1 indicating the point of absolute inverse correlation. 0 indicates no correlation at all.

In this issue of Credence by Infocredit, the R&O Department of ICD&B Singapore presents the statistical findings of the median risk indices (See Chart 1), based on the D&B New Credit Risk Index1 (NCRI), of nine broad industry sectors in Singapore.

Generally, most industries fall under NCRI 3, which denotes average risk level, with the exception of three industries - Construction, Manufacturing and Retail Trade. Notably, Construction stands apart from the rest with its median risk level reaching NCRI 5. Our database profiling approach depicts **Construction as an industry characterized by a median risk index of higher than average risk level, with observed business failure rate of 2.00%**. Another noteworthy observation is that **52 per cent of construction companies fall under the NCRI 5 - 6 group**. Incidentally, the largest percentage of legal cases filed against a single industry is accounted by Construction (See Chart 2).

Manufacturing and Retail Trade are found, on the average, to have risk levels slightly higher than average, with median risk indicators of NCRI 4. Manufacturing reports the second largest proportion of companies (27 per cent) falling within the NCRI 5 - 6 range, whereas Transportation, Communication & Public Utilities (22 per cent) and Services (20 per cent) take third and fourth spots respectively.

2004 had been a tough year for the Construction industry. Construction demand languished at the S\$10 billion mark, a far cry from S\$24 billion in 1997. The Building and Construction Authority (BCA) attributed its lacklustre performance to the current overcapacity and modest local demand. Yet, the number of building contractors registered with BCA increased 30 per cent to 1,746 in 2004, whereas the number of civil engineering firms dropped less to two per cent to 898. In 2004, 16 contractors went bust (12 in 2003). The number of grade A1 and A2 building contractors dwindled, dropping by five to 53.

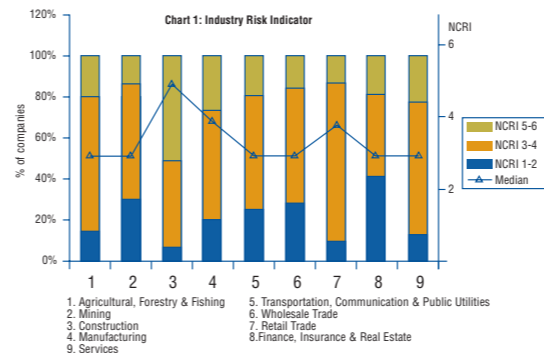
As per the litigation database of ICD&B2, Construction faced the largest percentage of suits in 2004, with 24 per cent of total corporate legal cases in the database filed against construction companies. This is followed by Services (20 per cent), trailed by Wholesale Trade (17 per cent) and subsequently, Manufacturing (13 per cent). Transportation, Communication & Public Utilities (10 per cent) takes the fourth spot. (See Chart 2).

Three out of the top four industries with the highest percentage of companies falling within the NCRI 5 - 6 are among the top four industries with the highest litigation incidence rate.

Except Transportation, Communication & Public Utilities, Construction, Manufacturing and Services are among the top four industries with the highest litigation incidence rate, implying a **possible co-relationship between assessed risk levels and number of litigation cases**. Construction takes the lead under both categories. However, rankings for Manufacturing and Services reversed, with Services climbing two notches up to second position whereas Manufacturing takes fourth placing, under the top four industries with the highest litigation incidence rate. This could be attributed to the higher occurrence of B2C transactions in Services than in Manufacturing.

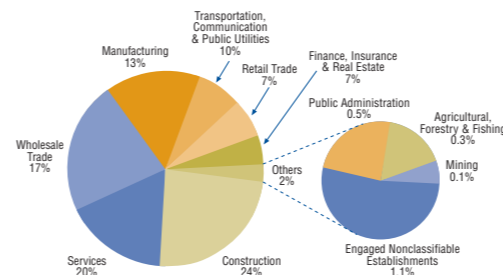
1 The D&B NCRI provides a quick assessment of a business's risk standing based on observed business failure of companies in Singapore. This index is based on a scale of 1 to 6, where 1 represents a lower and 6 a higher percentage of observed business failures. Though the index does not predict the probability of business closure, it reflects from a database profiling approach, the ratio of failed to operating businesses for each risk index level. For more information, please refer to the sample Business Information Report on www.icdnb.com.sg or contact our Customer Service Department for assistance.

2 The ICD&B litigation database contains both individual and corporate legal cases. Only corporate legal cases filed against the respective industries are scrutinized and utilized for the purpose of this reporting. Further note that corporate legal cases also contain cases filed by individuals against companies.



Risk Level	Observation	Observed Business Failure Rate
1	Significantly lower than average risk level	0.70%
2	Lower than average risk level	1.40%
3	Average risk level	1.70%
4	Slightly higher than average risk level	1.90%
5	Higher than average risk level	2.00%
6	1.5 times higher than average risk level	2.50%
NA	Assessment not available due to insufficient data	

Chart 2: Litigation Cases Filed against companies by Industry Type for 2004



Vietnam's journey to become an industrialized nation by 2020 began in 1989 with economic restructuring, fighting poverty and liberalization. Growing at an average annual growth rate of 7.9% between 1990 and 2000, Vietnam continued to grow from securing trade agreements and arrangements such as the ASEAN Free Trade Area (AFTA) and the Common Effective Preferential Tariff (CEPT). These measures gave prospective investors from ASEAN member states favorable treatment.

On top of economic integration within ASEAN, its bilateral trade agreement with the US, implemented in 2002, saw Vietnamese exports to the US rising by 128% year-on-year. Textile and garments were the major export items to the US and raked in US\$2.6 million in total in the first eight months of 2003.

In 1995, the same year that Vietnam joined ASEAN, it also applied for membership into the World Trade Organisation (WTO) and has strived to conform to WTO's membership requirements. Aggressively promoting trade activities, the Trade Promotion Department has a budget of over US\$20 million to achieve annual export revenues of US\$31.5 million through its programs.

Focusing on the US, the Asian-Pacific, European and African markets, the department has identified key exports as footwear, woodwork, electronic products and farm produce. In addition, the Ministry of Trade has implemented a reward system for exporters who surpass export turnover targets in 2004 and listing some exporters as prestigious.

To integrate Vietnam into the world economy, the Vietnamese government has removed import quotas on maize, cotton and dairy materials and cut the import tax rate on a number of electronic components. Business environment is also slated to improve with the drafting of the Unified Enterprise Law (UEL). To reduce fraud, the current draft requires foreign invested enterprises that desire to set up businesses in Vietnam to invest assets of US\$100,000 as a guarantee. Other proposals include a cap of 50% on cross business investments. The Ministry of Finance has also proposed to expand without limit the capital contribution and share purchasing ratios of foreign investors in Vietnamese enterprises beyond the current cap of 30%.

Along with Taiwan, Japan, South Korea, Hong Kong and France, Singapore is major investor in Vietnam. Singaporean investors have registered investments amounting to US\$7.354 billion since 1988, according to statistics from Vietnam's Ministry of Planning & Investment (MPI), ranking it as Vietnam's top investor. Major Singapore investors in Vietnam include property giants CapitaLand, Keppel Land, Centrepoint Properties and F&B companies Asia Pacific Breweries Ltd (APB). APB, with implemented capital of US\$148 million and two breweries in Hanoi and HCMC, occupies about 80% of the market for premium beer.

Having identified Telecommunications along with software and export production and processing as priorities for investment in the next 5 years, constraints are being lifted. A draft decree that is being prepared

FDI by Top 5 Singapore-owned companies (Implemented Capital)

COMPANY	US\$ MILLION	SECTOR
Keppel Land Pte Ltd	200	Properties - Sedona Serviced Apt, Saigon Centre, Tamrand Park in HCMC, Hanoi International Centre and Sedona Suites service apartment buildings in Hanoi.
Asia Pacific Breweries Pte Ltd	148	Beer
PID Investment Private Limited (Taken over by UOB Investment)	69	Property / Sofitel Plaza Hanoi
Mitorient Enterprise Pte Ltd	53.6	An NOL investment to operate Vietnam International Container Terminal (VICT)
Vietnam-Singapore Joint Venture Industrial Park	48.5	Vietnam- Singapore Industrial Park

Source | IE Singapore

by MPI and the Ministry of Post and Telecommunications (MOPT), would permit investors - starting from American investors - to establish telecommunication joint ventures, instead of having to use business cooperation contracts.

At present, Vietnam Post and Telecommunications Corporation (VNPT) is Vietnam's dominant post and telecom operator with the country's two largest mobile networks, Vinaphone and MobiFone.

There is also potential in the Internet. According to MOPT, the number of Internet subscribers in Vietnam has reached over 500,000 in 2004. This represents a penetration rate of just 0.62% of Vietnam's population. Together with the bilateral trade agreement with the United States and the government's plan to develop e-commerce, this sector will have huge opportunities for companies to explore.

And Singapore companies are making inroads into the Internet space. Singtel for instance, is already partnering with Vietnam Datacommunications Company to provide the Internet bandwidth necessary for high-speed communications between Vietnam and Singapore.

More recently, the setting up of The Vietnam House this year - Ho Chi Minh City's first representative office abroad - in Singapore marked a significant milestone in the Vietnam-Singapore economic relations. It will capitalize on the comparative advantages of Singapore and Vietnam in terms of production, trade, investment and consumption.

Yet despite its growth potential and glowing commendations from investors, there are still pitfalls. Mr. Anton F. Boerner, President of the Federation of German Wholesale and Foreign Trade (BGA), commented that the increasing openness of the Vietnam economy is a factor behind its high growth rate over the years and predicted that its economy, driven by restructuring, would sustain its high growth rate. However, Vietnam remains a tricky business environment. It continues to be rated by the Political and Economic Risk Consultancy (PERC) as one of the least foreign-investment friendly economies in the region due to the high level of red tape and other obstacles.