

16 overseas participants from Japan, Taiwan, Republic of Korea, Malaysia, Indonesia, Philippines, Thailand, Vietnam and India gathered in Singapore from 27 to 29 September on an Asian Productivity Organization Study Meeting on SME Financing hosted by SPRING Singapore. From Singapore we have representative from SPRING and Infocredit D&B attending this Study Meeting.

Objectives of this Meeting:

1. To understand the challenges SMEs in different countries faced in obtaining financing for their businesses.
2. To share on the different tools, from both the private and public sectors, available to assist SMEs in the area of financing.
3. To identify and discuss new sources of financing other than the traditional financial initiatives.
4. To share best practices in educating SMEs on financing options and financial management.

Background:

SME development entails creating the ecosystem that fosters new start-ups, and enables SME growth and development. One key aspect of SME development is providing access to financing. It is an important aspect of the enterprise ecosystem. At each stage of an enterprise's growth, there is the challenge of finding appropriate and adequate financing. The lack of resources, especially in the area of funds, is a challenge that many SMEs encounter. Often, the lack of funds is a key impediment to the development and growth of a SME. This challenge spans enterprise from micro enterprises to medium-sized firms.

While policy maker desire to provide financing to SMEs, there is a need to cater to the concerns of the providers of finance such as

financial institutions and banks, for example, security loans, credit standing of the SME borrowers, and incentives for venture capitalists and the financial institutions.

The Study Meeting aims to encourage the discussion and cross-fertilization of ideas on SME financing and the examination of different financing tools available to SMEs in the different countries. Traditional sources like the financial institutions tend to be most widely used channel that SMEs try to secure financing from. However, there are also other options available. The Meeting also seeks to explore ways to enhance SME's awareness of the different financing options as well as improve their financial management skills.

About The Asian Productivity Organization

The Asian Productivity Organization (APO) is an inter-governmental regional organization established by convention in 1961 by several governments in Asia with its headquarter in Tokyo, Japan.

As a non-political, non-profit making and non-discriminatory set up, it aims to increase the productivity - and hence promote economic development - of the Asia-Pacific region through mutual co-operation among member countries.

Specifically, it undertakes the following responsibilities:

- performing the roles of think-tank, catalyst, regional adviser, institution builder and clearing house of information for the productivity movement;
- promoting and disseminating modern productivity know-how and skills in all sectors of an economy (eg. Agriculture, manufacturing and services); and
- sharing experiences and propagating productivity consciousness.



Mr Lawrence Leow: Taking the Lead

Mr Lawrence Leow is no stranger to many. Some may know him as a Nominated Member of Parliament, an appointment accorded to him early this year. Others know of him as the President of Association of Small & Medium Enterprises (ASME) or the Executive Chairman of Crescendas Group.

Newly re-elected as the President of the 19th Executive Council of ASME for the term 2005 - 2007, Mr Leow will continue to lead the new executive council and secretariat towards the development of ASME into a more dynamic and vibrant organization.

"It has been very fulfilling for me as President of ASME to have witnessed the Association's growth in its capability in the support of Singapore's entrepreneurial drive," said Mr Leow who has held the position as President of the Association's Executive Council since 2002.

"In the few short years, ASME has made good progress and I am fortunate to have been part of this effervescence of change where we have seen our membership blossom from less than 1,000 to almost 3,000 members today. It is a long term plan but I am pleased to say that as things stand now, we are right on track," added Mr Leow.

As an NMP, Mr Leow hopes to further contribute towards the advancement of the interests of ASME's members and the local business community at large.

Being in a better position to bridge the gap between businesses and the government, he strives to take the concerns of business owners further and share them with policymakers, so as to provide a link for them to work better together for mutual benefits.

"Today, our association is represented on various business-centric committees initiated by our government to address issues faced by local businesses and to provide feedback on new policies being planned to support the national business landscape," said Mr Leow.

Working in tandem with government agencies such as SPRING

Singapore, ASME will, under Mr Leow's leadership, enhance its role to SMEs and up and coming entrepreneurs.

Entrepreneurship, which has been gaining momentum in the gradual upwelling of the economy, has found a strong supporter in Mr Leow, whose business achievement and entrepreneurial spirit were given due recognition when he clinched The Entrepreneur of the Year - An Rotary-ASME Award in 2000.

Having achieved such success as an entrepreneur, Mr Leow personifies an inspiring example to not just ASME members but many aspiring entrepreneurs.

Under Mr Leow's guidance, Crescendas Group, which was started 20 years ago, has grown from strength to strength. The current portfolio under the SME 500 company includes property, healthcare, electronics, leisure and distribution, covering countries such as Singapore, Malaysia, Laos, China, Italy and Germany.

Crescendas's various businesses have won accolades such as the Enterprise 50 Award and been included in the Singapore SME 500 listings. Mr Leow's vision is to elevate the prominence of the Crescendas Group domestically as well as in the international arena and to forge ahead as a key player in the group's diversified yet synergised businesses.

Similarly, Mr Leow has great plans for ASME. He hopes to enhance its representation of the SME community in Singapore with a strategic membership recruitment drive. The association will also put together more relevant programmes and services for members, and bring greater rewards and benefits to members through the ASME Biz Card programme.

"Globalisation has created an internationally 'borderless' business environment... we can expect even more challenges lying in wait as Singapore SMEs compete with new players for a piece of the regional market," said Mr Leow. "ASME will be there to assist local SMEs and to ensure that there will be avenues made available to them for growth, renewal and a continuous developmental process."



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William Speaks

Christmas cheers came a little early on the back of the 7% growth in the economy for the third quarter of this year. The expectation is that growth for this year will be very close to 5%.

Jobs creation continues to be robust and unemployment is down to an estimated 3.3%. Though consumer price inflation is slightly up to about 1%, the economic indicators are still looking positive. However, much will depend on the sustainability of the domestic demand.

To help achieve this, more support for SMEs is still desired. Structural refinements to the economy will continue to be required to assist SMEs and help produce a more broad based growth in the economy. After all, SMEs employ about 50% of the workforce.

Costs cutting, improved efficiency and labour mobility are good measures to foster growth but are limited by the very size of our domestic market. They are still necessary, as we have seen how crippling structural unemployment can be in recent years. Still, the more sustainable approach is to have all quarters contributing to growth. In this regard, we believe there is still a lot more potential to be realized from SMEs.

The challenges faced by SMEs are well documented. Infocredit D&B have consciously try to make its products and services relevant to SMEs, such as the establishment of the SME credit bureau in co-operation with ASME, to facilitate credit availability to and business activities of SMEs. Other products like the D&B rating will accord SMEs with a globally



recognized credit rating. With our global corporate records breaching the one hundred million (100,000,000) mark, it presents an unparalleled platform for business marketing opportunities.

On behalf of all my colleagues in the Infocredit Group, I would like to wish everyone a merry Christmas and a happy new year.

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TRADE CREDIT INSURANCE (TCI) PROGRAMME

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To find out more about the TCI Programme, please visit IE Singapore's website, www.iesingapore.com, or contact the Programme Manager, Marsh (Singapore), at 6332 9288.

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The D&B Worldwide Network recently marked a significant milestone when its global B2B database reached 100 million records. Infocredit D&B and other global strategic partners of D&B played an integral role in this success as together these companies contribute 40% of the records that comprise the global database.

Recently, through the international partnership strategy of D&B, a network has been created that provides customers across the globe with access to quality commercial business information. This network is collectively known as the D&B Worldwide Network and Infocredit D&B in Singapore and Malaysia are proud members of this network. Customers of this network gain access to global business information, which is powered by D&B's proprietary DUNSRight™ Quality Process, while benefiting from local expertise and knowledge

The DUNSRight Quality Process, which collects, aggregates, edits and verifies information from thousands of global sources everyday is utilized by Infocredit D&B in Singapore and Malaysia to provide

customers with quality business information via customer solutions. Businesses rely on these solutions to make their risk management and sales and marketing business decisions. For instance, in order for businesses to expand beyond traditional borders they need comprehensive information on global prospects so they can trade more effectively and efficiently. Businesses need to understand the financial viability of current and potential clients in order to protect their business from the effects of bad debt and ensure the profitability of their organization. Infocredit D&B being a member of the D&B Worldwide Network can help our customers in Singapore and Malaysia meet their business needs.

About the D&B Worldwide Network:

The D&B Worldwide Network is an unrivalled alliance of D&B and leading business information providers across the globe. Through this network customers gain access to worldwide business information, powered by D&B's proprietary DUNSRight™ Quality Process, while benefiting from local expertise and knowledge. The D&B Worldwide Network mark symbolizes participation in the alliance, which helps customers around the world make business decisions with confidence.

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Latest figures from Credit Bureau Singapore show that consumers are continuing to manage their credit card payments.

Credit card delinquency continued to fall in the third quarter of 2005 compared to the same period in 2004, despite an increase in average balance during the period. This was revealed by the latest statistics from Credit Bureau (Singapore) Pte Ltd (CBS), Singapore's consumer credit bureau.

In September 2005, 16% of consumers had an open account in a delinquent status (i.e. 30 to 90 days overdue) compared to 1.9% in September 2004. This is in spite of an increase in average balance in the third quarter of 2005 compared to the same period in 2004.

*Account delinquency remains under control,

even though total spend in the credit card market in the third quarter has gone up. Responsible lending remains the key to maintaining lower bad debt levels," observes Mark Rowley, general manager of Credit Bureau (Singapore). "Wherever possible, Consumers should continue to maintain a healthy gap between income and expenditure bearing in mind the upward trend in interest rates for secured debt and the effect this can have on disposable income," he adds.

Mr Seah Seng Choon, Executive Director of the Consumers Association of Singapore (CASE), said: "It is heartening to note that delinquency figures have continued to fall. As we approach Christmas, consumers should spend judiciously and within their means. They should exercise prudence and care in using credit and note that they have to pay

off any outstanding balance as soon as possible."

The CBS' latest Industry Statistics for Credit Cards, which covers credit card trends from January to Sept 2005, reveals that as at September 2005, there were 854,895 primary credit card holders on the Credit Bureau database. The mean combined monthly credit card balance was \$1,064 as at September 2005, which is an increase of 7.60% over the average mean in September 2004.

The data used in these macro-level analyses are derived from Credit Bureau Singapore's members and are consolidated by Credit Bureau Singapore on an anonymous basis, thus ensuring that the consumer's privacy is maintained.



It is a little known fact, but India has placed considerable emphasis and efforts on biotechnology since the set up of the Centre for Cellular and Molecular Biology (CCMB) in 1977. Using a broad definition of biotechnology to include basic industries such as food processing and sophisticated ones such as recombinant medical therapies, India's biotechnology sector comprised of approximately 800 companies, employs about 10,000 people and generates an estimated US\$500m in revenue annually.

The pharmaceutical and human health industries constituted about 60% of the biotech sector, and continue to expand today. The next largest component is bioprocess. Other industries include industrial enzyme manufacture, bioinformatics, and medical devices. The government's commitment to the biotechnology sector was evident from the subsequent establishment of the Department of Biotechnology (DBT) in 1986, as part of the Ministry of Science and Technology, to spearhead and promote biotechnology on both local and national levels. Intended to lend further thrust and impetus to the growth of the biotechnology sector in India, the DBT had clear objectives in areas of biotechnology research and development, developing bio-safety regulations, promoting biotechnology awareness and education as well as in the setting up research institutes. It also acts as the government's agent for biotechnology imports.

The role of the DBT as a pivotal driving force in India's biotechnological pursuit cannot be underestimated. It supports two autonomous laboratories, the National Institute of Immunobiology in New Delhi and the National Facility for Animal Tissue and Cell Culture in Pune, Maharashtra. The department also controls two state-owned enterprises involved in vaccine production, the Bharat Immunologicals and Biologicals Corporation and the Indian Vaccines Corporation, both in New Delhi. It was also responsible for the setting up of many Centres of Excellence to produce the necessary skilled manpower as well as to support R&D efforts of private industries. Such concerted efforts helped bridge interactions between the academia and the industry and paved the way for entrepreneur initiatives. The DBT scored significant progress and achievements in the areas of agriculture, health care, animal sciences, environment, and industry. Government grants for biotechnology firms however remain small and are usually reserved for government institutions or research bodies. Private sector R&D is restricted to those available from the Technology Development Fund, which finances CSIR (Council of Scientific and Industrial Research)-approved projects. Nevertheless, many state governments, particularly in southern India have set the pace by pursuing biotech policies of their own, setting up biotech development funds and budgeting for investment in companies located within their boundaries.

Indeed, biotech development is largely concentrated in the southern states of Andhra Pradesh, Karnataka, Tamil Nadu, and Kerala and the generic drug industry has thrived there. These southern states are characterized by their large numbers of research institutes. For example, there are approximately 40 research facilities in the city of Hyderabad, with about ten of them devoted exclusively to biotech development. In addition, there is also a DNA centre, a centre for cellular and molecular biology, and an institute for chemical technology. On the global front, India's pharmaceutical sector has attracted a large number of multinational companies (MNCs) such as Eli Lilly (which has an agreement with Ranbaxy to market Monsanto's recombinant bovine growth hormones in India) and SmithKline Beecham. There were also collaborations between the public and private sectors with the government encouraging the setting up of biotechnology centres within industrial parks. For instance, the state of Andhra Pradesh teamed up with a private promoter to build a state-of-the-art biotech park. Such parks are expected to spring up across the country and business opportunities are galore.

Looking forward, the potential of the biotechnology sector as one of India's key business sectors remains promising. The country's expanding population, and its agriculturally based segments would benefit immensely from new technologies in agriculture, nutrition, pharmaceutical treatments and environmental sciences. The government's awareness and recognition of this was highlighted in its 2005 National Biotechnology Development Strategy Draft, which charts a 10-year blueprint for the development of the biotech sector. Furthermore, in the 2005-2006 National Budget, stable policy environment and incentives were pledged to the pharmaceutical and biotechnology sectors in bid to propel these sectors to the world stage. Equity support was also promised from the SME Growth Fund. India's evolution in the biotechnological sector remains largely linked to the government's effort and success in promoting change, and improvements in the finer aspects of business investments such as refinement of patent rights amongst others would only serve to bolster the country's advancement in the biotech field.

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Infocredit D&B (Malaysia) Sdn Bhd (ICD&B) released its Business Optimism Survey for the period of July-September 2005. Survey for Q3 2005 was conducted in September, amidst concerns over rising inflation numbers as well as a sharp rise in global crude oil prices. The survey for Q3 reveals that business confidence has risen compared to the previous quarter.

The corporate sector has shown greater optimism about future sales prospects in Q3 2005. Approximately 52% of the respondents expect sales volumes to increase during the July-September quarter, while about 19% expect a decline in sales.

The Optimism Index for Net Profits for Q3 2005 indicates 48% of the respondents anticipate an increase in profitability while only 22% expect a decline in profits during the forthcoming quarter.

However, the percentage of respondents expecting an increase in selling prices of their products has increased to 34% compared to 33% last quarter. Whereas, approximately 54% of them expect the selling price to remain unchanged.

Respondents were very optimistic on the new orders parameter. About 52% of them expect their order book position to improve, while only 14% anticipate a decline in the numbers of orders.

About 34% of the respondents intend to increase their inventory levels while about 14% expect their stocks to decline during the July-September quarter.

"The survey revealed that businesses are expecting higher sales despite the concerns of rising inflation in the coming quarter," said Mr. Tan Sze Chong, Managing Director Infocredit D&B (Malaysia) Sdn Bhd. "Going forward, public response on the 2006 Budget and future course of global oil prices could be the key factors in determining business confidence over the next quarter."

About the ICD&B Business Optimism Index

The ICD&B Optimism Index is widely recognized as an indicator, which measures the pulse of the business community and serves as a reliable benchmark for investors. The index is arrived at on the basis of a quarterly survey of business expectations.

The survey is conducted on a sample of companies that are selected randomly from ICD&B's commercial credit file. The sample selected is a microcosmic representation of the country's business community and includes companies from several sectors including basic goods, capital goods, intermediate goods, consumer durables, consumer non-durables and service sectors. Respondents to the survey are asked five standard questions regarding whether specified parameters viz. net sales, net profits, selling prices, new orders and inventories, will register an increase, decline or show no change in the ensuing quarter as compared to the corresponding quarter of the previous year. The indices are then calculated by subtracting the percentage of respondents expecting decreases from those expecting increases.

Business Expectation Survey : Q3 2005

Q3 2005
Q3 2004

