EXHIBITS

EXHIBIT 2

EXHIBIT 1

CHRONOLOGICAL LISTING OF MEASURES INTRODUCED BY THE GOVERNMENT TO DEAL WITH THE ECONOMIC CRISIS

	Date	Measures Introduced By The Government
1.	1 April 1997	Announcement of pre-emptive measures to curb escalation of credit to the property sector and for the purchase of stocks and shares
2.	28 August 1997	Declaration of 100 component stocks of the Kuala Lumpur Composite Index (KLCI) as "designated securities".
3.	28 August 1997	Abolition of the RM100,000 levy on foreigners buying Malaysian property in Malaysia costing above RM250,000.
4.	1 September 1997	Amendment to Section 67A of the Companies Act 1965 to allow companies to buy back their own shares
5.	5 September 1997	Lifting of the "designated securities" classification for the identified 100 stocks on the KLCI
6.	October 1997	Introduction of a credit plan to limit loans growth to 15% by the end of 1998 and the tightening of hire-purchase financing.
7.	17 October 1997	Announcement of the 1998 Budget by the Minister of Finance.
8.	17 October 1997	Introduction of disclosure requirements for the Financial Statements of Banking Institutions
9.	20 October 1997	Tightening of conditions for finance companies on hire-purchase loans for the purchase of non-commercial passenger vehicles
10.	November 1997	Bank Negara Malaysia's policy to increase interest rate by raising its 3-month intervention rate from 8.7% to 11.0% in early February 1998.
11.	December 1997	The introduction of guidelines on lending to the property sector.
12.	December 1997	In line with the austerity measures announced by the government in the 1998 budget, federal government expenditure was reduced by 18%.

	Date	Measures Introduced By The Government
13.	January 1998	The introduction of the merger programme for finance companies by Bank Negara Malaysia.
14.	January 1998	Setting up of the National Economic Action Council (NEAC), and appointment of Tun Daim Zainuddin as Special Functions Minister.
15.	1 January 1998	Raising the minimum level of general provisions for bad and doubtful debts of banking institutions to 1.5% of total loans.
16.	Effective 1 January 1998	The reclassification of non-performing loans (NPLs) as loans that have been in arrears from 6 months to 3 months, with the intention to strengthen prudential supervision.
17	19 January 1998	Introduction of rules on gearing ratio, exposures to single client and single security and margin financing
18.	February 1998	Exempting companies from contributing to the Human Resource Development Fund (HRDF) Training levy
19.	1 February 1998	Mandatory requirement for employers to inform the Director General of Labour at least 1 month before any retrenchment exercises.
20.	First introduced on 6 February 1998	Streamlining of the interest rate structure.
21.	First reduction on 16 February 1998	Reduction of the Statutory Reserve Rate (SRR).
22.	1 April 1998	Introduction of amendments to the Securities Industrial Act 1983 (SIA)
23.	22 April 1998	Relaxation of guidelines on the acquisition of properties by Foreign Interests as follows: a) No limit on the number of properties that can be purchased by a foreigner; and b) No conditions on the purchase of shop lot/ office space.

	Date	Measures Introduced By The Government
24.	The margin was first raised on 23 April 1998	Raising the margin of financing for all hire-purchase loans on passenger cars costing RM40,000 and above.
25.	May 1998	Provision of bridging finance by the National Housing Company Berhad to developers for the construction of houses costing RM150,000 and below.
26.	2 May 1998	Provision of a special fund of RM5.0 million under the Human Resource Development Fund (HRDF) to finance the retraining of retrenched workers.
27.	29 May 1998	Introduction of practice notes to enhance disclosure by public listed companies on their Y2K compliance/readiness and their defaults in payments
28.	20 June 1998	Accelerate the disbursement of the Small and Medium Scale Industry (SMI) Fund of RM1.5 billion.
29.	20 June 1998	Establishment of Pengurusan Danaharta Nasional Berhad (Danaharta).
30.	July 1998	Relaxation of the equity policy in the manufacturing sector. All applications received on new projects for manufacturing, including for expansion and diversification, between 31 July 1998 until 31 December 2000, will be exempted from both the equity and export conditions. The applications for new projects should not include activities listed in the specific exclusion list.
31.	July 1998	Establishment of the Corporate Debt Restructuring Committee (CDRC)
32.	1 July 1998	Amendments to the Employment Act 1955 to incorporate new measures as alternatives to retrenchment of employees.
33.	2 July 1998	Changes to rules on related-party and interested-party transactions.
34.	13 July 1998	Additional allocation of RM7 billion for development expenditure in 1998.

	Date	Measures Introduced By The Government
35.	13 July 1998	Establishment of the Infrastructure Development Fund, with an initial allocation of RM5 billion.
36.	23 July 1998	Formulation of the National Economic Recovery Plan (NERP)
37.	31 July 1998	Introduction of new framework for liquidity management to enable the banking institutions to manage their liquidity positions more flexibly without compromising prudential standards.
38.	1 August 1998	Issuing new Guidelines on retrenchment.
39.	1 August 1998	Imposition on payment of levy to the Employees Provident Fund (EPF) by foreign workers.
40.	10 August 1998	Establishment of Danamodal Nasional Berhad.
41.	1 September 1998	Amendments to Section 176 of the Companies Act 1965
42.	1 September 1998	Selective exchange control measures: • Ringgit-denominated transactions among non-residents via non-resident external accounts only; • Outflows of short-term capital by requiring such inflows to remain in the country for a minimum period of 1 year; • Limits on import and export of Ringgit by travellers, both residents and non-residents; and • Malaysian investments abroad will now require approvals as there is insufficient funds to be taken out. Capital may however be raised abroad, collaterised by foreign assets.
43.	1 September 1998	Measures to enhance transparency in the stock market (besides trading of listed securities) were introduced.

	Date	Measures Introduced By The Government
44.	2 September 1998	Pegging the Malaysian Ringgit against the US Dollar at RM3 8=USD1.
45.	3 September 1998	Reduction of liquid asset requirement of commercial banks from 17% to 15% of total eligible liabilities.
46.	7 September 1998	Lending for the construction or purchase of residential properties costing RM250,000 and below exempted from the 20% limit on lending to the broad property sector
47.	9 September 1998	Banking institutions with the capacity to lend will be required to achieve a minimum annual loans growth rate of 8% by the end of 1998 to ensure that viable projects receive financing
48.	23 September 1998	Default period of classifying a loan as non-performing by banking institutions increased from 3 to 6 months.
49.	23 September 1998	Increase in the limits on loans for the purchase of shares and units in unit trust funds from 15% to 20% of the total outstanding loans of commercial banks and finance companies.
50.	5 October 1998	Abolishment of the 60% maximum margin for financing the purchase of non-owner occupied residential properties costing RM150,000 and above, shophouses costing RM300,000 and above, and the purchase of land lots.
51.	23 October 1998	Announcement of the 1999 Budget by the First Minister of Finance
52.	November 1998	Introduction of amendments to the Securities Industry (Central Depositories) Act 1991 (SICDA), Securities Commission Act 1993 (SCA), and Futures Industry Act 1993 (FIA).
53.	20 November 1998	Requirement for banking institutions to establish Loan Rehabilitation Units to enable more intensive management of problem loans.

	Date	Measures Introduced By The Government
54.	20 November 1998	Reduction of the minimum monthly repayment on credit cards from 15% to 5% for outstanding credit card balances
55.	From 12 December 1998 until 12 January 1999	Home Ownership Campaign
56.	30 December 1998	Reduction of the maximum finance charges payable by cardholders to not more than 1.5% per month or 18% per year for ongoing projects
57.	Effective 1 January 1999	Changing the tax assessment system from previous year basis to current year basis, and the introduction of a tax free year.
58.	Effective 1 January 1999	Tax exemption of 70% of statutory income from the increase in value of export sales for companies granted international trading company status that are at least 70% Malaysian-owned or using local facilities registered with MATRADE.
59.	Effective 1 January 1999	Introduction of income tax exemption on income derived from domestic packages with at least 1,200 local tourists per year
60.	4 January 1999	Banking institutions are required to achieve a minimum loans growth of 8% by the end of 1999.
61	4 January 1999	Banking institutions are no longer allowed to provide bridging finance for the development of properties costing above RM250,000 except for ongoing projects.
62.	9 January 1999	Appointment of Tun Daim Zainuddin as the First Minister of Finance.
63	2 February 1999	The government removed the restrictions on the repatriation of capital and profits on 1st September 1998 and replaced the restrictions with an exit levy instead.

	Date	Measures Introduced By The Government
64.	(Not available)	Setting up of a task force to provide services for retrenched workers at the state and district levels, improving the mobility of labour through the publication of vacancies and regular dialogues with employers' and employees' organisations as well as industry associations.
65.	(Not available)	Re-crediting unclaimed training funds by the HRDF to companies to encourage them to train and retrain their workers.
66.	(Not available)	The discontinuation of the tiering for banking institutions.
67.	(Not available)	Establishment of RM40 million fund to provide initial funding to firms which have exhausted their contributions, to assist them to defray the costs of training.
68.	(Not available)	Increasing accessibility to skill training through the setting up of the Skill Training Loan Fund of RM500 million.
69.	(Not available)	Allowing Bumiputra shareholders facing financial difficulties to sell their interests to non-Bumiputra or foreign investors. However, preferences will be given to Bumiputra parties to purchase the shares. Increasing the allocation for the National Higher Education Loan Fund
70.	(Not available)	Measures to reduce the social impact of the economic crisis, especially for the poor and low-income group, and the bumiputra society. • Retaining the original allocation of the 1998 Budget for the eradication of poverty i.e. RM300 million;

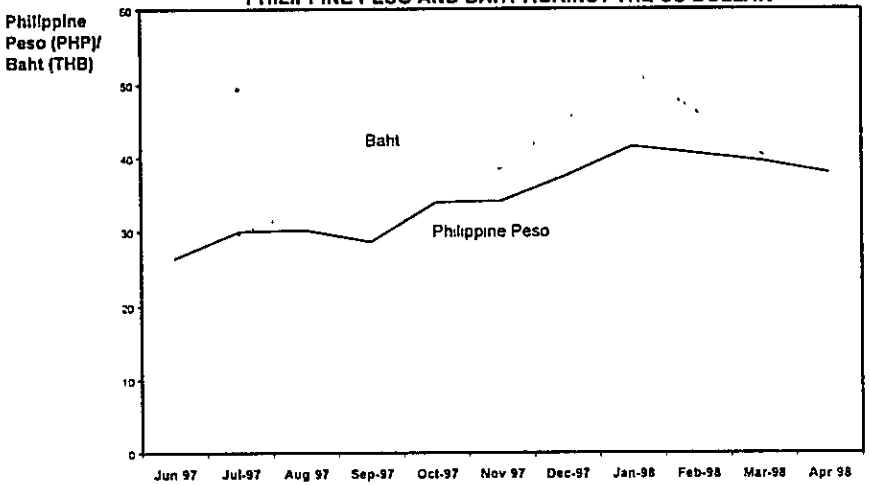
	Date	Measures Introduced By The Government
		• Making smaller cuts to the 1998 budgets of the ministries involved in the provision of social programmes, rural development and agriculture programmes which are mainly targeted for the poor and low-income group as well as ensuring that the budget for 1999 is sufficient to meet programme objectives; • Allocating an additional RM100 million to Amanah Ikhtar Malaysia for the provision of interest-free loans to more hardcore poor; • Allocating RM200 million for the new micro-credit scheme to provide assistance to petty traders and hawkers in urban areas; • Establishing Tabung Usahawan Kecil which provides funding facilities up to a maximum of RM20,000 and Tabung Ekonomi Kumpulan Usaha Niaga which will be expanded nationwide to provide loans up to a maximum of RM10,000.
71.	(Not available)	Relaxation to the Foreign Investment Committee (FIC)'s Guidelines on foreign participation in local companies as follows:

	Foreign Equity Ownership
Telecommunications	from 30% to 61%[1]
Shipping Agencies	from 49% to 70%
Forwarding Agencies	from 30% to 49%
Insurance Companies	from 49% to 51%

[1] *Foreign equity should be reduced to 49% after 5 years*

EXHIBIT 2.1

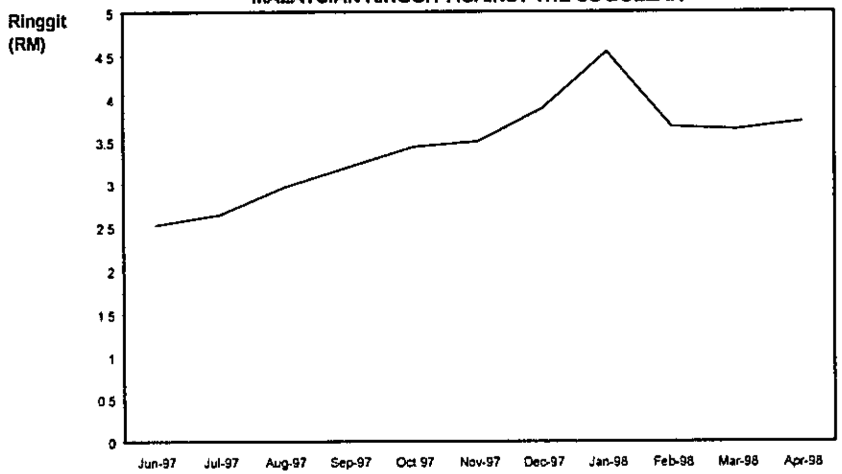
PHILIPPINE PESO AND BAHT AGAINST THE US DOLLAR



Source: Asiaweek

EXHIBIT 2.2

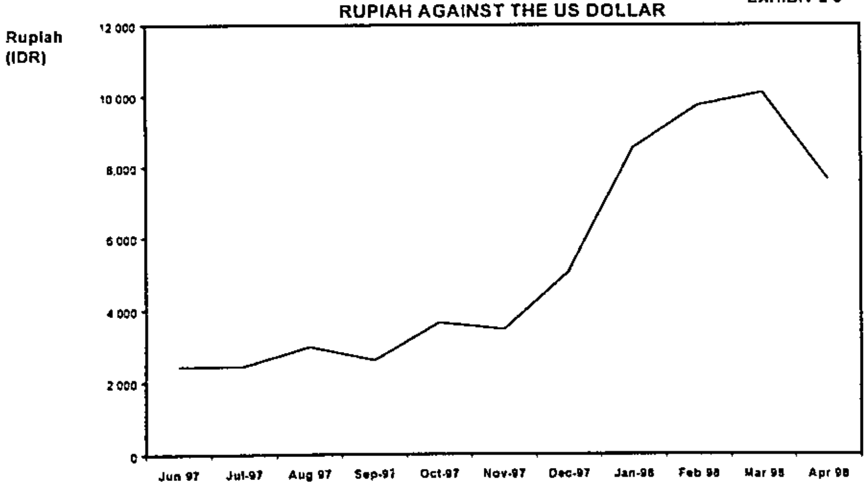
MALAYSIAN RINGGIT AGAINST THE US DOLLAR



Source Asiaweek

EXHIBIT 2 3

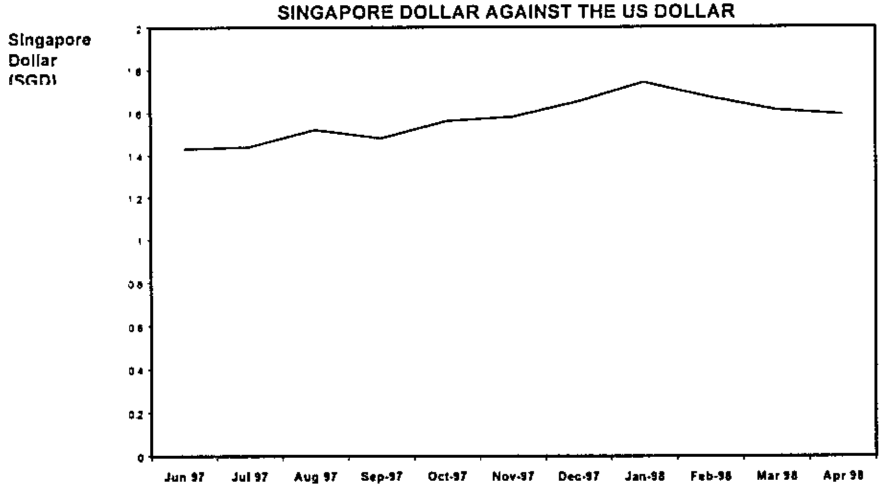
RUPIAH AGAINST THE US DOLLAR



Source Asiaweek

EXHIBIT 2.4

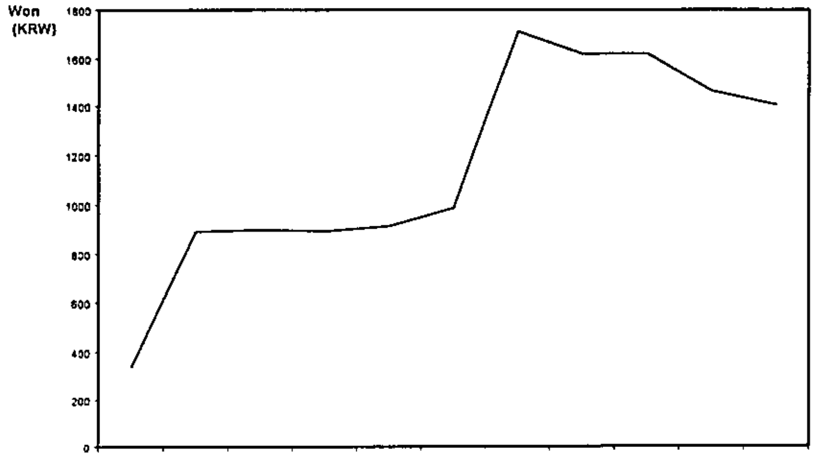
SINGAPORE DOLLAR AGAINST THE US DOLLAR



Source Asiaweek

EXHIBIT 2.5

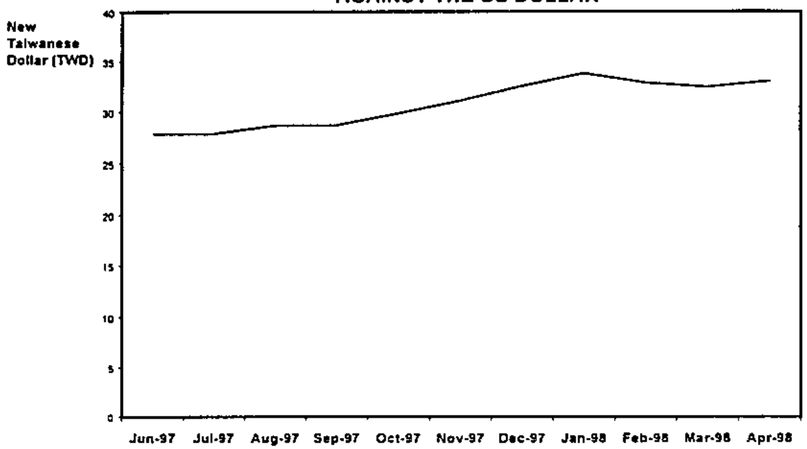
WON AGAINST THE US DOLLAR



Source: Asiaweek

EXHIBIT 2.6

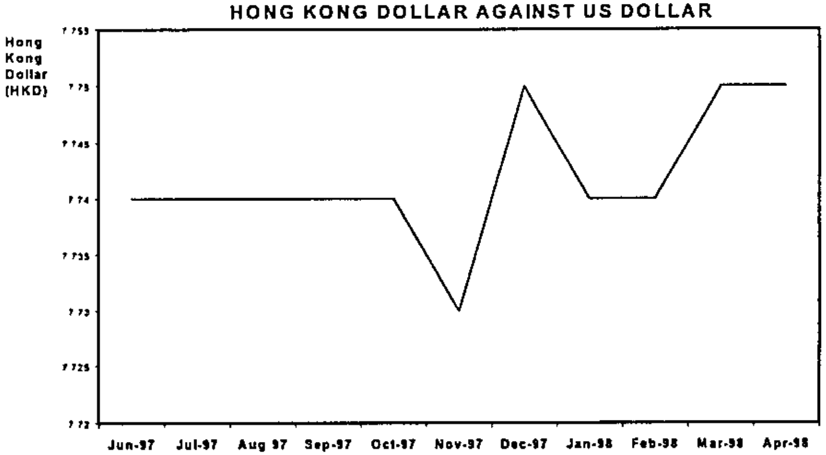
NEW TAIWANESE DOLLAR AGAINST THE US DOLLAR



Source Asiaweek

EXHIBIT 2.7

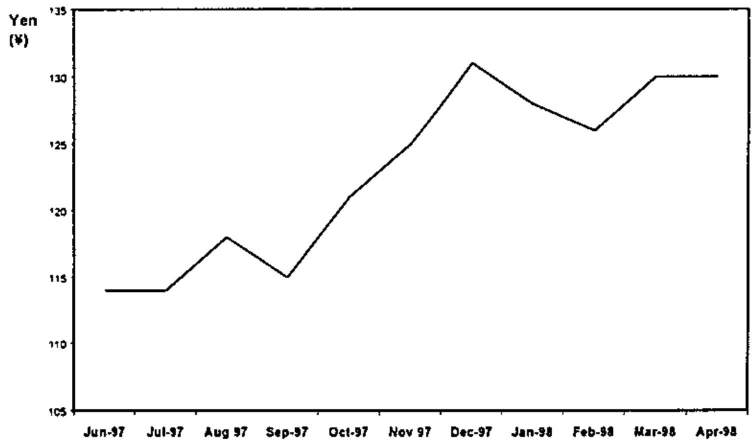
HONG KONG DOLLAR AGAINST US DOLLAR



Source: Asiaweek

EXHIBIT 2.8

YEN AGAINST THE US DOLLAR



Source: Asiaweek

EXHIBIT 3.1

SUMMARIES OF THE MALAYSIAN GOVERNMENT'S BUDGET
For 1988 (Announced On 17 October 1997) And
1999 (Announced On 23 October 1998)

SUMMARY OF THE 1998 BUDGET (17 OCTOBER 1997)

The 1998 Budget was formulated at a time when Malaysia was in the initial phase of the regional crisis and still experiencing robust growth. The measures introduced were intended to consolidate the country's buoyant growth over the last 10 years and address the pressing problem of the weak Ringgit and the widening current account deficit. The 1998 Budget strategy was to:

a) Strengthen economic fundamentals and stabilise financial markets;

b) Maintain sustainable growth;

c) Continue the process of deregulation and liberalisation of the economy; and

d) Continue the social agenda for further overall development.

To strengthen the economic fundamentals, the following measures were proposed:

i) Strengthening the balance of payments;

ii) Increasing export competitiveness;

iii) Reducing imports;

iv) Promoting local brand names,

v) Increasing the import duty on imported motor vehicles, indirectly promoting the sales of the Malaysian national car;

vi) Developing the services sector;

vii) Providing tax incentives to promote the growth of life insurance companies;

viii) The increase in the fees for international passports and other travel documents to discourage tourism overseas, indirectly reducing the outflow of funds overseas;

ix) Reducing the burden of parents by providing tax relief for children studying overseas;

x) Reducing the savings-investment gap;

xi) Increasing domestic savings;

xii) Increasing the tax deductions for contributions to the Employees Provident Fund (EPF), indirectly promoting increased national savings; and

xiii) Formulating a more prudent and stringent monetary policy.

To maintain sustainable growth, the following measures were proposed.

i) Reduce the corporate tax by 2% from 30% to 28%, and

ii) Reducing the petroleum income tax from 40% to 38% and the export duty on crude oil be reduced from 20% to 10%.

Budget Allocation

Type Of Expenditure	RM Million
Development Expenditure	
• Contingency Reserves	500
• General Administration	840
• Security	2,433
• Social Services	5,890
• Economic Services	8,828
Total	18,491
Operating Expenditure	
• Emoluments	12,829
• Supplies and Services	6,474
• Grants and Transfer to State Government (including Debt Service Charges, and Pensions and Gratuities)	24,179
• Assets	837
• Other Expenditure	1,314
Total	45,633
GRAND TOTAL	**64,124**

Consistent with the Budget Strategy, the Government continued to ensure prudence in expenditure and at the same time maintain a budget surplus. An allocation of RM64.124 billion was proposed, an increase of 1.9% over the 1997 allocation. RM45.633 billion was proposed for operating expenditure and RM18.491 billion for development expenditure. The Government had projected a fiscal surplus of 2.7% of GNP for 1998.

For 1998, the operating expenditure of RM28.616 billion for Government ministries and departments was reduced by 3%, but for the Ministry of Finance, the reduction was 4%. These reductions include a 30% cut on expenditure for overseas travel and a 10% to 15% cut on other daily expenditure such as stationary and hospitality. Increased allocations are only provided for specific activities which are considered essential. However, the organisation of the XIV Commonwealth Games, education and health as well as programmes for poverty eradication and rural development was not affected by the reduction.

The Government, however, continued to provide essential expenditure to address supply constraints, raise productivity and enhance potential output. Priority was also accorded to poverty eradication programmes and upgrading the quality of life.

At the same time, the size of the Government workforce was kept at an optimum level. However, any additional positions were frozen except for areas that were critical, and after all other measures were taken e.g. redeployment and review of work flows

Revisions To The Budget

In the wake of continued regional instability and its adverse impact on Federal revenue, the Government announced in December 1997, further fiscal austerity measures involving a reduction of 10% across the board and 8% on a selective basis, of both operating and development expenditure allocations in the 1998 Budget. However, essential public services, poverty eradication programmes and key infrastructure development were not affected by this cutback.

As the crisis became more prolonged, the tight fiscal policy became unsustainable. On 24 March 1998, the Government reversed the earlier policy and reduced the targeted budget surplus to 0.5% of GNP as the contraction in the economy became apparent in the first quarter of 1998. An additional expenditure of RM1 billion was provided for socio-economic projects to protect the more vulnerable segments of society.

The restrained fiscal and monetary policies in the early part of the crisis contributed towards improving the current account of the balance of payments and containing price pressures. However, the public sector expenditure cutbacks aggravated the decline in investor and consumer demand, causing a severe deflationary impact on the domestic economy. To overcome this problem, the Government adopted counter-cyclical measures to revitalise the domestic economy. In July 1998, a fiscal stimulus package involving an additional allocation of RM7 billion for implementing projects with strong linkages within the domestic economy, minimum leakage in terms of imports, short gestation period, and expenditure to meet socio-economic activities.

In addition, an Infrastructure Development Fund, with an initial allocation of RM5 billion was established to assist public facilities so that their implementation could proceed.

The Government also established or expanded special funds to ensure continued access to credit at reasonable costs for priority sectors. With the change in the fiscal policy stance, the fiscal account was estimated to have recorded a deficit of 3.72% of GNP in 1998.

SUMMARY OF THE 1999 BUDGET (23 OCTOBER 1998)

The 1999 Budget was formulated at a time the Malaysian economy was still affected by the regional economic crisis since the mid-1997, with no signs of economic stability Malaysia was in the midst of introducing more measures to revitalise the Malaysian economy after initial measures based on the International Monetary Fund's (IMF) programme had proven detrimental to the financial markets and the Malaysian economy as a whole.

The 1999 budget was aimed at·

a) Reviving economic activities and insulating the economy from the contagion effects of the regional financial crisis to stabilise the financial market and the value of the Ringgit;

b) Strengthening the resilience and competitiveness of the nation's economy;

c) Restructuring the financial sector and improving governance in the private and public sectors;

d) Strengthening further the balance of payments; and

e) Ensuring social well-being

The following measures were introduced to revive the economy and insulate the contagion effects of the crisis:

i) Generating growth through fiscal stimulus,

ii) Reviving business activities; and

iii) Improving the efficiency of the public sector and co-operation with the private sector.

To strengthen the resilience and competitiveness of the nation's economy, efforts were introduced to strengthen the financial markets, increasing the nation's reserves, developing the capital market and reducing the nation's external loan exposure to changes in the interest and exchange rates. The following measures were proposed to achieve this aim:

i) 50% of the interest income in the interest-in-suspense account be not considered for income tax. However, such income will be taxed once realised as revenue. This measure is granted for the year of assessment 1999 and 2000 and is to reduce the financial burden on financial institutions due to the increase in non-performing loans (NPLs); and

ii) To increase the levy for crude palm oil when the price exceeds RM2,000 per tonne. This measure is to assist the Government in raising revenue as the oil palm industry were enjoying excess profits due to the depreciation of the Ringgit.

To restructure the financial sector, the following measures were proposed:

i) Exemption of stamp duty and real property gains tax incurred in mergers from 24 October 1998 until 30 June 1999. This measure is to strengthen financial institutions by encouraging mergers; and

ii) To increase the disclosure requirements of financial institutions for both public and private sectors

To further strengthen the balance of payments, the following measures were proposed:

i) Encouraging increased exports especially for manufactures and reducing imports;

ii) Enhancing the capacity of the domestic services sector to export and substitute for imported services; and

iii) Increasing the promotion of Malaysia overseas.

To ensure the social well-being, some of the more important measures introduced are as follows:

i) Increase allocations to continue to assist the needy, eradicate poverty, development of the role of women in the society, and youth development;

ii) Increase the import duty on cigarettes and other tobacco products, alcoholic beverages, gaming and casino earnings to continually promote healthy lifestyles, and

iii) Providing additional subsidies for paddy farmers to help reduce the burden of increasing production costs of paddy.

Budget Allocation

Type Of Expenditure	**RM Million**
Development Expenditure	
• Contingency Reserves	500
• General Administration	1,067
• Security	2,650
• Social Services	5,946
• Economic Services	7,890
Total	18,053
Operating Expenditure	
• Emoluments	13,971
• Supplies and Services	6,189
• Grants and Transfer to State Government (including Debt Service Charges, and Pensions and Gratuities)	24,572
• Assets	460
• Other Expenditure	1,850
Total	47,042
GRAND TOTAL	**65,095**

An amount of RM65.095 billion was proposed for the 1999 Budget, representing a **reduction of 9.3%** compared to the total allocation for 1998. A sum of RM47.042 billion was budgetted for operating expenditure and RM18.053 billion for development expenditure. With revenue estimated at RM47.160 billion, the Federal Government overall account was expected to register a deficit of RM16.635 billion.

Given this deficit in the Federal Government overall account, a total financing requirement of RM62 billion was estimated to finance the recovery package including the fiscal deficit, restructuring of banking institutions and development of infrastructure.

The 1999 Budget also introduced several changes to the tax administration system to enhance its efficiency and responsiveness in the collection of income tax, most importantly the tax assessment for income received was changed from previous year basis to current year basis, effective from the year of assessment 2000. In addition to that, the tax assessment year of 1999 was declared as a **tax-free year** for individuals and corporations.

It was also announced that the measures for economic recovery were being implemented under the National Economic Recovery Plan (NERP) as formulated by the National Economic Action Council (NEAC).

The challenges facing the Malaysian economy were also highlighted as follows:

i) Malaysia's trading partners may not be able to afford Malaysian products due to the financial crisis affecting them as well;

ii) Countries experiencing economic problems will increase trade barriers to protect their products;

iii) The possibility of the United States experiencing a financial meltdown This will make the United States a weak market;

iv) Japanese consumers are still not confident that their economy can recover and this has weakened demand in Japan, one of Malaysia's largest markets, and

v) Hong Kong and China are also experiencing intense pressure, with the Hong Kong Dollar facing severe attack from currency traders. In defending the Hong Kong Dollar, the economy has been adversely affected and weakened. China also faces problems of competitiveness because of a strong Yuan.

EXHIBIT 3.2

OPERATION OF PENGURUSAN DANAHARTA NASIONAL BERHAD (DANAHARTA)

Danaharta was established on 20 June 1998 as Malaysia's national asset management company for the following purposes:

1. Remove non-performing loans (NPLs) from financial institutions to enable them to concentrate on their core business activity of lending to viable borrowers; and

2. Maximise the recovery value of the acquired assets.

Pengurusan Danaharta Nasional Berhad Act 1998 (Danaharta Act)

The Danaharta Act came into force on 1 September 1998, providing the legislative framework for Danaharta to undertake its unique mission in an expedient, efficient and economic manner.

The Danaharta Act sets out the main objective of Danaharta as the national asset management company entrusted with the acquisition, management, financing and disposal of assets and liabilities, while Danaharta's detailed objectives are listed in its Memorandum and Articles of Association.

The Danaharta Act confers 2 special and essential powers to Danaharta:

1. The ability to buy assets through statutory vesting, ensuring that Danaharta acquires the assets with certainty of title; and

2. The ability to appoint Special Administrators to manage the affairs of the distressed companies.

The Danaharta Act allows Danaharta to obtain and convey titles to assets subject only to a defined set of obligations without unduly disturbing the interests of others.

The power of appointing Special Administrators allows for maximising the value of Danaharta's investments through the use of administrators to turn around the distressed companies. Without this option, companies will increasingly be subject to actions from lenders and holders of securities. This will bring down weakened enterprises and substantially erase the value of Danaharta's assets.

The safeguards of the Danaharta Act ensures that the powers conferred to Danaharta are balanced and effective with a view to achieving a measured rejuvenation and revitalisation of the economy.

National Land Code (Amendment Act) Act 1998 (NLC)

The NLC amendments are intended to facilitate the implementation of the Danaharta Act. The amendment mainly:

1. Facilitates the acquisition of assets by Danaharta,

2. Clarifies that the vesting certificate will be conclusive evidence of the transfer of NPL to Danaharta; and

3. Where necessary, enable Danaharta to maximise recovery value, provides for the realisation of collateral by way of private treaty.

The NLC amendment allows the NPLs purchase by Danaharta to be secured either by land, or by the transfer of lienholder's caveat by the selling bank.

The NLC amendment allows Danaharta to foreclose on property collateral within a time frame of 30 days, without resorting to a court-auction process.

ACQUISITION APPROACH OF DANAHARTA

Valuation Of NPLs

1. **Secured Loans**

   Value of underlying collateral, excess recovery over Danaharta's cost shared with the Financial Institutions (FIs) on the following basis:

   20 (Danaharta) : 80 (FIs)

2. **Unsecured Loans**

   10% of principal outstanding, excess recovery over Danaharta's cost shared with FI on 20 (Danaharta) : 80 (FIs) basis.

3. **Specific Large Loans**

   - Where valuations are expensive or inconclusive

   - May pay percentage or principal outstanding or nominal sum based on estimated value

If purchase consideration is :	Profit-Sharing Arrangement	
	Danaharta	FIs
• % of principal outstanding	10%	90%
• Nominal sum	5%	95%

- FIs bear risks of recovery and will be consulted by Danaharta when resolving NPLs purchased under this method.

Why FIs Sell

- The FIs receive the initial consideration based on the value of collateral, and is non-recourse. The balance of the amount due from Danaharta is dependent on the recovery process.
- The recovery ratio [80 (FIs) : 20 (Danaharta)] is very attractive
- If the FI does not wish to sell the NPL, it is required to write down the value of the property in the books to 80% of Danaharta's valuation

Sources

1 *The Company Secretary (May/June 1999) – Danaharta Act and National Land Code (Amendment) Act*
2 *Danaharta – Acquisition Approach of Danaharta*

Loan Management Process

TARGET

Viable company in viable industry with liquidity problems

- The borrower has a viable business/ project
- The management has integrity, capability and expertise
- Default on the loan due to inappropriate debt structure or poor short term cash management

OBJECTIVES

- Assist viable borrowers
- Enhance recovery value

METHODOLOGY

- Restructure loan
  - rescheduling of payments
  - release of additional funds
  - debt equity swap
- Incentives and punishments

CONCESSIONS

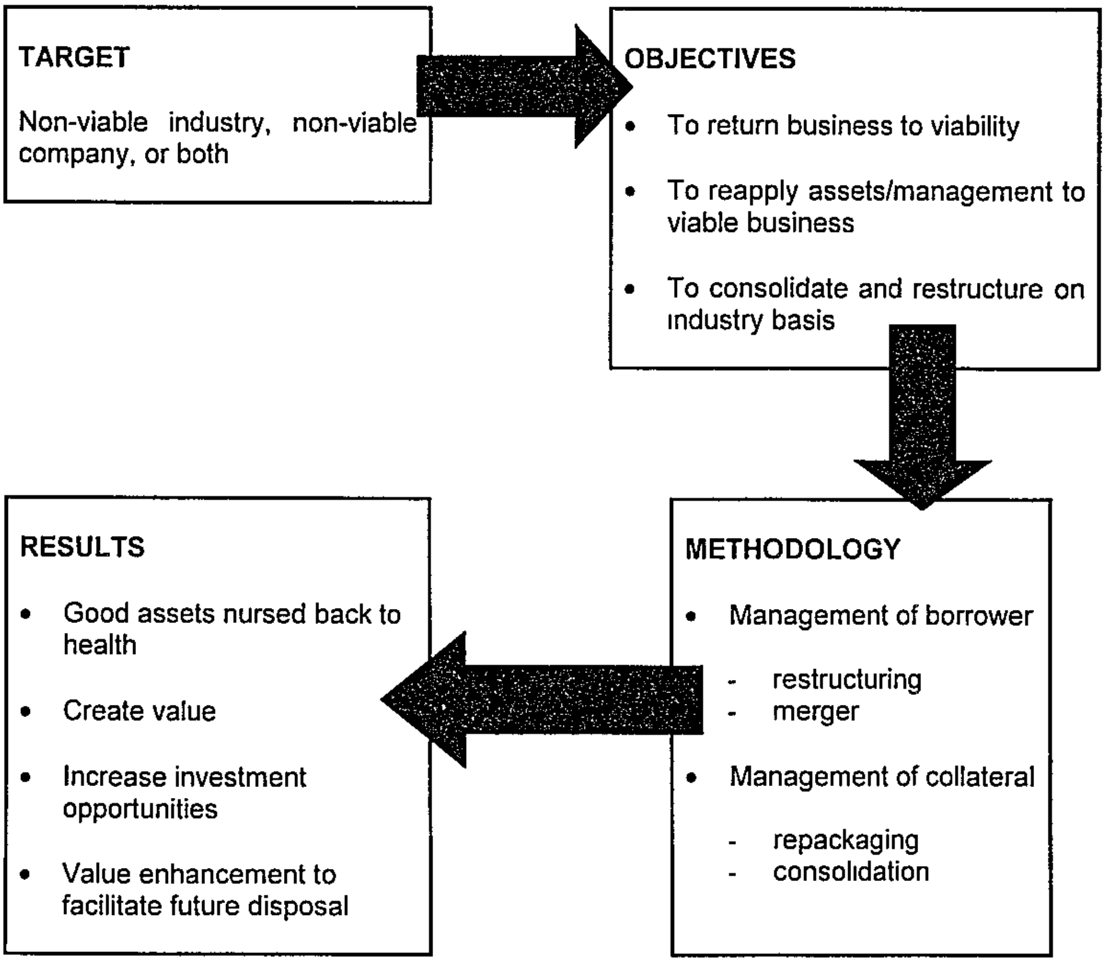
- Allow breathing space
- Reduction of gearing via debt equity swap
- Provision of additional funding
- Sharing of security

RESULTS

- Manage and later dispose rehabilitated loans
- Move to asset management if fails

Source Danaharta

Asset Management Process



Source Danaharta

Sources Of Funds

	RM Billion
Government Contribution	1.5
Loans from EPF/Khazanah	3 5
Zero coupon bonds issued to selling FIs	10.0
TOTAL	**15.0**

- Financing is matched to loan/ asset acquisition programme
- Government guarantees borrowings
- Secondary financing methods will be considered in future e.g. private equity subscription and asset based financing

Source· Danaharta

PROGRESS OF DANAHARTA AS AT 30 JUNE 1999

	RM Billion	% Of Total NPLs
NPLs acquired and managed		
• Financial system	40	36
• Banking system	30	34
Loan management process		
• Borrowers met	23	
• Restructuring schemes		
- Various stages of evaluation of which:-	11	
* Finalised and pending implementation	3	

Asset Disposal

- A restricted tender exercise for foreign currency loans of USD145 million has recently been carried out The closing date of the tender is on 9 August 1999 and results of the tender are expected to be finalised by 12 August 1999.

Results	Nov 98	May 99
Net NPL Ratio		
Actual	10 7%	8.8%
3-month	14.9%	12.7%
6-month	9 0%	8.0%

Source Danaharta

EXHIBIT 3.3

OPERATION OF DANAMODAL NASIONAL BERHAD (DANAMODAL)

Danamodal was established on 10 August 1998 as a wholly-owned subsidiary of Bank Negara Malaysia to undertake the following:

1. Recapitalisation and strengthening of the banking industry, and

2 Consolidation and rationalisation of the banking system

Criteria For Selection Of Banking Institutions (BIs)

Danamodal's participation in BIs is determined by (but not limited to) the following

- ❑ Future viability and competitive positioning
- ❑ Criticality of capital deficiency
- ❑ Systemic impact of BIs' failure
- ❑ Non-feasibility of market solutions
- ❑ Potential consolidation prospects
- ❑ Specific request from the BIs' shareholders

General Principals And Terms Applied

Pricing of Investment Instruments

Investment Instrument	Main Features
❑ Equity	1 Adjusted NTA (Net Tangible Assets). 2 If adjusted NTA is significantly below par, refer to Bank Negara Malaysia 3 Negotiate, as far as possible, for a discount on adjusted NTA in certain cases, if risk element is high
❑ Subordinated Debt	Minimum 10% per annum to differentiate rate based on riskiness of each institution.

Investment Instrument	Main Features
❑ Irredeemable Non-Cumulative Convertible Preference Shares (INCPS)	1 Coupon at 8%. At conversion into equity, minimum IRR at 12-15% per annum 2. In the event IPO conversion, the minimum IRR will be used as a basis for pricing. 3. In the event of non-IPO conversion, the adjusted NTA will be used as a basis, with a multiple on NTA which will give the expected minimum IRR. 4. Implicitly, a given IRR and multiple will lead to percentages of control on ownership. This may also be used as a basis for pricing.

Note Features of instruments will incorporate the application of "first loss" principles

Public Disclosure Of Transaction Details

Details of Danamodal's modus operandi and specific recapitalisation transactions have been and will continue to be disclosed to the public via:

Press / Media	Published Accounts	Public Forums	Others
► Press Releases on • Danamodal set up • Appointment of BOD • CA with RHB and 10 BIs • Etc. ► Press Conference on the RHB conditional agreement ► Media interviews	► To be released on an annual basis ► Outlining Danamodal's financial statements, operating policy and guidelines as well as details of pending and completed transactions	► Oxford-Cambridge Roundtable Talks ► National Congress on Economic Recovery ► Malaysian Association of Certified Public Accountants	► Private briefings with representatives of supra nationals, multilaterals, government agencies, bankers, analysts, etc ► Danamodal website http://www.danamodal.com.my

Financial Requirement		
Financial Institution's (FI's) Requiring Recapitalisation	**Number**	**Funds Required To Recapitalise The FI's To 9% RWCR (RM Million)**
Commercial Banks	13	9,061
Finance Companies	7	4,697
Merchant Banks	3	631
(10% Buffer)		9,061
TOTAL	**23**	**16,000**

Sources of Funds			
Sources	**Total Required**	**Raised As At 31/1/1999**	**Comments**
Paid-up Capital	RM 5.0 billion	RM 3.0 billion	Additional RM2.0 billion to be raised when required.
Danamodal Bond	RM10.0 billion	RM 7.7 billion	Remaining RM2.3 billion may be raised later if necessary.
Offshore Borrowings/ Equity Issuance	RM 1.0 billion	-	Good prospects of getting funding under the Miyazawa initiative, if required.
	RM16.0 billion	**RM10.7 billion**	

Source. Danamodal

EXHIBIT 3.4

OPERATION OF CORPORATE DEBT RESTRUCTURING COMMITTEE (CDRC)

The CDRC was set up on July 1998 to achieve the following objectives:

1 To minimise losses to creditors, shareholders and other stakeholders through voluntary co-ordinated workouts;

2 Preserve viable businesses that are affected by the current economic conditions; and

3. To introduce and implement a comprehensive framework for debt restructuring.

Detailed 5 Stages Of CDRC Workout

Stage 1

Upon receipt of application form, the Secretariat would initiate a meeting between the debtor and one of the creditors/Financial Institutions to further understand the debtor company's position and to determine support of the said Financial Institution. Subsequently, should the said Financial Institution support the case for debt restructuring, the Secretariat would call for a meeting of all the affected Financial Institutions and the debtor to obtain their consensus to proceed with the debt restructuring exercise.

Should all affected Financial Institutions agree to consider restructuring their debts, they should agree to an informal standstill for a reasonable period of time to enable the appointment of consultants to conduct a review of the affairs of the debtor company.

Subsequently they should proceed to form a Creditors' Committee (if necessary) and nominate one amongst themselves, to be the Lead Creditor, to spearhead the negotiations and ensure that the process is completed in an expeditious and orderly manner

Stage 2

The Creditor's Committee will then determine the scope of work and appoint consultants to conduct a review of the company's affairs.

Stage 3

The consultants would conduct their review of the company's affairs and present their reports/findings, which include initial conclusions on the viability of the debtor's company's business and recommendations to restructure its business and/or debts, to the debtor and Creditors' Committee. The committee will consider the consultant's recommendations and will make the necessary recommendations to the other creditors

Stage 4

If the creditors are agreeable to proceed with the restructuring exercise, a formal standstill agreement will then be executed. The Creditors' Committee together with the debtor and the consultants would then formulate restructuring strategies/ proposals in the best interest of all concerned. Creditors' Committee members will present the restructuring proposals to the general body of creditors. Once creditors have agreed to the restructuring proposal, to proceed with implementation of the agreed restructuring proposal.

Stage 5

Implementation of strategies which will include obtaining shareholders' and other relevant regulatory bodies' approvals

Source: Corporate Debt Restructuring Committee

Roles, Functions And Formation Of The Creditors' Committee

Purpose

- To ensure orderly discussions between debtors and creditors.
- To actively manage and co-ordinate the entire restructuring process according to the defined objectives and deadlines.

Roles And Functions

The roles and functions of the Creditors' Committee are as follows:

- To set the terms of reference and to appoint consultants
- To set up and to adhere to realistic timeframe for the completion of the debt restructuring process.
- To co-ordinate with the debtors, creditors and consultants in the gathering of relevant and pertinent information pertaining to the debtor's business and its viability.
- To organise inter-creditor issues and negotiate with the debtors to determine the terms necessary for the debtors to receive continued financial support from the creditors
- To ensure that the Steering Committee is kept abreast periodically with the progress of all debt restructuring exercises including but not limited to disputes occurring between creditors and debtors.
- To act as liaison between the creditors, the debtors and the Steering Committee throughout the entire restructuring process
- To help garner support from the other creditors for the proposals
- To recommend and appoint any necessary independent consultants into the debtor's company to safeguard the interest of all parties during the course of the restructuring exercise.

Formation Of Creditors' Committee

- Members of the Creditors' Committee should represent a cross section of creditors.
- Creditors of each class with the largest exposure should be nominated as committee members.

- A member of the Steering Committee or Secretariat is to be appointed to all Creditors' Committee.

- As the committee is to represent the interest of all creditors, it is imperative that creditors commit resources of senior management who are familiar with the workout situations.

- A Lead Creditor is to be identified early in the restructuring process to actively manage and co-ordinate the entire restructuring process according to defined objectives and deadlines

- To ensure an expeditious dissemination of information to all creditors, each committee member should be assigned designated creditors to whom they are responsible.

Source. Corporate Debt Restructuring Committee

Roles, Functions And Appointment Of The Lead Creditor

Purpose

The purpose of having a Lead Creditor is as follows:

- To manage and co-ordinate the entire restructuring process between the debtors, the Creditors' Committee and the Steering Committee
- To steer the Creditors' Committee ensuring that deadlines and objectives are met during the course of the restructuring exercise

Roles And Functions

The roles and functions of the Lead Creditor are as follows:

- To convene and chair the Creditors' Committee meetings.
- To ensure that all committee members are notified in advance with regards to the committee meeting.
- To document and keep records relating to the Creditors' Committee meetings held.
- To act as liaison between the independent consultants, the Creditors' Committee and the debtors, to seek and gather information for the purposes of the restructuring exercise.
- To constantly keep the Creditors' Committee members updated with the progress and any major matters arising.
- To keep the Steering Committee updated periodically with the progress and any major matter arising.
- To co-ordinate and ensure that all creditors' views and interest are presented in the meetings.

Appointment Of Lead Creditor

- Preferably, the creditor with the largest exposure should be nominated as the Lead Creditor.
- The Lead Creditor should be appointed with the consensus of the Creditors' Committee members.

Source. Corporate Debt Restructunng Committee

Roles Of The Consultants

The roles of the Consultants are as follows·

- To act independently and objectively.
- To conduct a review on the debtors company's affairs and to report on their findings in accordance to the agreed upon scope of works and their recommendations thereon to the debtor and the creditors.
- To liaise with the Creditors' Committee on all significant developments during the progress of their work and also to report on transactions which are not in the ordinary course of business.
- To formulate restructuring proposals together with the debtor and the Creditors' Committee in the interest of all parties concerned
- To co-ordinate and monitor the implementation of the agreed upon restructuring plan to ensure expeditious and orderly conclusion of the exercise.

Source Corporate Debt Restructuring Committee

EXHIBIT 3.5

RELAXATION OF THE FOREIGN INVESTMENT COMMITTEE (FIC) GUIDELINES ON THE ACQUISITION OF PROPERTIES BY FOREIGN PARTIES

	Conditions Under Previous Guidelines	New Conditions Under Special Guidelines
a) Number of properties that can be purchased by a foreigner	2 units with at least 1 unit of condominium.	No limit
b) Purchase of shop lot/ office space	The property must be held under a locally incorporated company with • 70% Malaysian equity, including 30% Bumiputra equity for conducting business; and • 49% Malaysian equity including 30% Bumiputra if the property is for ownership per se	No conditions

The above relaxation is only applicable to those projects that satisfy the following criteria:

i) The purchase consideration must be more than RM250,000,

ii) The project must be newly completed or at least 50% in progress;

iii) Financing for the above acquisition must be obtained from overseas financial institutions outside Malaysia, and

iv) Those who do not comply with the above conditions will be subjected to existing guidelines.

Source. White Paper Status of the Malaysian Economy

EXHIBIT 3.6

EXCHANGE CONTROL MECHANISM (ECM) CLARIFICATIONS ON MALAYSIA'S NEW EXCHANGE CONTROL REGULATIONS EFFECTIVE 1ST SEPTEMBER 1998

	Issues	Clarification
1.	Definition of RM assets	• **Securities** Ringgit denominated securities issued by residents including bills of exchange, private debt securities, Cagamas bonds, Malaysian Government Securities, Treasury Bills, shares and warrants listed on the KLSE, etc • **Derivatives** traded on Malaysian exchanges (KLOFFE, MME and KLCE), and over-the-counter derivatives. • **Deposits** Fixed deposits and negotiable instruments of deposits • **Fixed assets**
2.	Conversion of investment in ringgit assets by non-residents into foreign currency	• If RM assets are held for less than 12 months, proceeds from the sale must be credited to the external account. For external account balances held in the form of fixed deposits, funds in such external account cannot be converted into foreign currency if the deposits were placed for less than 12 months. The one-year requirement applies to holdings of Malaysian assets in any form • If RM assets are held for more than 12 months, the proceeds from the disposal of the assets can be converted into foreign currency. • Short-term fixed deposits with maturity periods of less than one year, if rolled over up to a year, may be converted into foreign currency. **Effective date** • For securities purchased or deposits placed before 1 September 1998, the one year holding period starts from 1 September 1998. For securities purchased or deposits placed on or after 1 September 1998, the one year period starts from the date of purchase/placement of deposit.

	Issues	Clarification
3.	External Accounts held by non-resident individuals working in Malaysia and students studying in Malaysia, including accounts held by their spouses, children and parents. Spouses, children and parents must reside in Malaysia	• Individuals should provide evidence so that banks can be satisfied that they are genuinely employed in Malaysia, or studying in Malaysia, or residing in Malaysia.
	• Sources of funds	• No restrictions
	• Use of funds	• No restrictions
	• Conversion into foreign currency	• No restrictions
4.	External Account of non-residents residing outside Malaysia (Malaysians with Permanent Resident status and residing outside Malaysia and foreigners not residing in Malaysia)	
	• Sources of funds	• No restrictions. However, transfers from another external accounts are not allowed, except for transfers between accounts for the purchase of ringgit securities (see item 5). **Transitional arrangement for period up to 30 September 1998** • Transfer of funds from ringgit accounts held with banks abroad. • Cash, telegraphic transfer, etc.
	• Use of funds	• Purchase of ringgit assets/ Placement of fixed deposits.

	Issues	Clarification
	• Conversion into foreign currency	• If RM assets are held for less than 12 months, proceeds from the sale must be credited to the external account For external account balances held in the form of fixed deposits, funds in such external account cannot be converted into foreign currency if the deposits were placed for less than 12 months. The one-year requirement applies to holdings of Malaysian assets in any form • If RM assets are held for more than 12 months, then the proceeds from their disposal can be converted into foreign currency • Short-term fixed deposits with maturity periods of less than one year, if rolled over up to a year, may be converted into foreign currency. **Effective date** • For securities purchased or deposits placed before 1 September 1998, the one-year holding period starts from 1 September 1998. For securities purchased or deposits placed on or after 1 September 1998, the one-year period starts from the date of purchase/placement of deposit.
5.	Transfers between external accounts for the purchase of ringgit securities	• No restrictions. Transactions have to be effected through authorised depositories Rules on conversion into foreign currency apply.
6.	MSC Status Companies	• MSC status companies will continue to be exempted from all exchange control rules to meet their own requirements.
7.	Settlement for outstanding transactions entered into prior to 1300 hour on 1 September 1998	• All settlement for forex transaction and contracts for the sales of securities executed prior to 1300 hours on 1 September 1998 will only be allowed to be effected until 9 September 1998. Authorised dealers must verify evidences before effecting settlement on behalf of their customers. • Settlement through transfers between external accounts will be allowed during this period.

	Issues	Clarification
8	Exchange Rate Quotation – US dollar/RM	• For retail transactions, the ringgit exchange rate against US dollar would not be more than 3.7700/3.8300 for telegraphic transfers and 3.7600 for overdrafts.
9.	Buying and selling rates for the purchase/sale of foreign currencies against ringgit from **money changers**	• The maximum spread between buying and selling for the **US dollar, the Deutchemark, the pound sterling, the Japanese yen, the Hong Kong dollar** and the **Singapore dollar** is 2% (± 1% from the middle rate) For all other currencies, the spread between the buying and selling rate will be 3% (± 1.5% from the middle rate). • The middle rate for US dollar is the exchange rate quoted by Bank Negara Malaysia. • The middle rate for all other currencies against the ringgit would be the cross-rates determined based on the US dollar exchange rate against all the other currencies
10	Remittance of funds abroad for education purposes by residents	• Residents are allowed to remit funds abroad for education purposes upon presentation of the necessary documentary evidence (eg enrolment letter, student card) to the commercial banks. For remittances equivalent to more than RM10,000 residents are required to fill in the Form P.
11.	Outstanding trade contracts denominated in ringgit entered into prior 300 hours 1 September 1998	• These contracts can still be settled in ringgit subject to the importers/exporters' banks approval
12.	External accounts of non-resident corporations • Sources of funds	 • No restrictions. However, transfers from another external account are not allowed, except for transfers between external accounts for the purchase of ringgit assets (see item 5 in the previous clarification statement dated 4 September 1998).

	Issues	Clarification
		Transitional arrangement for period up to 30 September 1998 • Transfer of funds from ringgit accounts held with banks abroad • Cash, telegraphic transfer, etc
	• Use of funds	• Purchase of ringgit assets/ Placement of fixed deposits. • For defraying administrative and statutory expenses in Malaysia. • For payment of goods and services in Malaysia. • For the granting of loans and advances to staff in Malaysia pursuant to the terms and conditions of service.
	• Conversion into foreign currency	• If ringgit assets are held for less than 12 months, proceeds from the sale must be credited to the external account. For external account balances held in the form of fixed deposits, funds in such external account cannot be converted into foreign currency if the deposits were placed for less than 12 months. The one-year requirement applies to holdings of Malaysian assets in any form • If ringgit assets are held for more than 12 months, the proceeds from the disposal of the assets can be converted into foreign currency. • Short-term fixed deposits with maturity periods of less than one year, if rolled over up to a year, may be converted into foreign currency. **Effective date** • For securities purchased or deposits placed before 1 September 1998, the one-year holding period starts from 1 September 1998. For securities purchased or deposits placed on or after 1 September 1998, the one-year period starts from the date of purchase/placement of deposit.

	Issues	Clarification
13.	External accounts of Malaysians with permanent resident status and residing outside Malaysia	(To be read together with item 4 of the previous clarification statement dated 4 September 1998).
	• Sources of funds	• No restrictions.
	• Use of funds	• No restrictions
	• Conversion into foreign currency	• No restrictions.
14.	External accounts of non-residents residing outside Malaysia	(To be read together with item 4 of the previous clarification statement dated 4 September 1998).
	• Use of funds	• Purchase of ringgit assets/ Placement of fixed deposits • For defraying administrative and statutory expenses in Malaysia. • For payment of goods and services in Malaysia.
15.	External accounts of offshore entities in Labuan International Offshore Financial Centre	
	• Sources of funds	• Sale of foreign currencies. • Proceeds of credit facilities in ringgit as permitted in ECM 6. • Transfers from another external account belonging to companies in the same group is only allowed to defray administrative and statutory expenses in Malaysia.
	• Use of funds	• To defray administrative and statutory expenses in Malaysia and in the case of Licensed Offshore Insurance Entities, also for the purpose of reinsurance of domestic insurance business Other activities as permitted under item 2 of ECM 15.

	Issues	Clarification
16.	External accounts of embassies, Commissions, consulates Central Banks, international organisations and missions of foreign countries in Malaysia	
	• Sources of funds	• No restrictions
	• Use of funds	• No restrictions
	• Conversion into foreign currency	• No restrictions.
17.	Conversion of ringgit into foreign currency Malaysians migrating to another country	• No restrictions upon presentation of the necessary documentary evidence to the banks.
18.	Repatriation of dividends, interest, rental, commissions and profits	• No restrictions upon presentation of the necessary documentary evidence to the banks
19.	Procedure to remit ringgit funds placed abroad after 30 September 1998	• Residents and non-residents to apply for approval to BNM at the following address: Head of Department Balance of Payments Department 3rd Floor, Block A P.O. Box 10922 Jalan Dato' Onn 50480 Kuala Lumpur Malaysia Fax No.: 03-2937732
20.	Settlement for outstanding transactions entered prior to 1300 hours on 1 September 1998	• All outstanding contracts entered into prior to 1300 hours on 1 September 1998 can be settled on their respective maturity dates. In this respect, transfers between external accounts would only be allowed for the settlement of such contracts. All those who wish to settle their contracts after 9 September 1998 are required to submit a list of all outstanding contracts including name of counterparty, amount and the maturity date to Bank Negara Malaysia by 12 September 1998.

	Issues	Clarification
21.	Definition of currency notes	• Currency notes refer to currency notes and traveller's cheques.
22.	Import of currency notes	**For Non-Resident Travellers** • A non-resident traveller visiting Malaysia is permitted to carry with him/her any amount of traveller's cheques denominated in foreign currencies and foreign currency notes but is required to declare to the authorities the amount of traveller's cheques denominated in foreign currencies and foreign currency notes carried by him/her into Malaysia. • A non-resident traveller visiting Malaysia is permitted to carry with him/her ringgit currency notes up to RM1,000 only. **For Resident Travellers** • A resident traveller returning to Malaysia is permitted to carry with him/her any amount of traveller's cheques denominated in foreign currencies and foreign currency notes. • A resident traveller returning to Malaysia is permitted to carry with him/her ringgit currency notes up to RM1,000 only.
23.	Export of currency notes	**For Non-Resident Travellers** • A non-resident traveller leaving Malaysia is permitted to carry with him/her traveller's cheques denominated in foreign currencies and foreign currency notes up to the amount brought into Malaysia. • A non-resident traveller leaving Malaysia is permitted to carry with him/her ringgit currency notes up to RM1,000 only.

	Issues	Clarification
		For Resident Travellers • A resident traveller leaving Malaysia is permitted to carry with him/her traveller's cheques denominated in foreign currencies and foreign currency notes up to the equivalent of RM10,000. • A resident traveller leaving Malaysia is permitted to carry with him/her ringgit currency notes up to RM1,000 only.
24.	Payments by residents to non-residents for ringgit assets in Malaysia	• All payments by residents to non-residents for the purchase of ringgit assets in Malaysia must be settled in ringgit.
25.	Trading in derivatives on the Kuala Lumpur Commodity Exchange (KLCE), Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) and Monetary Exchange (MME)	**Designated External Accounts** Non-residents wishing to trade on the KLCE, KLOFFE and MME will be allowed to maintain designated external accounts solely for the purpose of trading in derivatives on these exchanges These designated external accounts have to be funded from the sale of **foreign currency**. Holders of such designated external accounts are permitted to do the following: 1. Transfer funds between designated external accounts belonging to the same account holder. 2. Transfer funds to the clearing members of the Malaysian Derivatives Clearing House (MDCH) for purposes of trading on the exchanges. 3 Receive funds from clearing members of MDCH arising from trading on the exchanges. 4. Freely convert balances in such accounts into foreign currency. 5. "Good faith" money or collateral held in the margin accounts can be in ringgit or any major currency and these balances can be held in any form approved by MDCH.

	Issues	Clarification
26.		**Existing External Accounts (Non-Designated)** • Existing external account holders (which are not designated accounts) may also trade on the above exchanges. However, the rules governing the sources and uses of funds in such external accounts would apply. In addition, no transfers can be made between a designated external account and a non-designated external account even though both accounts are held by the same account holder Profits from trades done on the exchanges may be sold for foreign currency for repatriation abroad.
27.	Guarantees	• Payments arising from all outstanding guarantees entered into prior to 1300 hours, 1 September 1998 will not require the approval of Bank Negara Malaysia (as per ECM notices dated 1 December 1994)
28.	Credit facilities by residents to non-residents approved prior to 1 September 1998	• Credit facilities extended to non-resident stockbroking companies would have to be withdrawn and settled in full by the next review date of the credit facilities but in any event not later than 30 November 1998. • Credit facilities extended to non-resident correspondent banks have to be withdrawn with immediate effect.
29.	Transfers of ringgit balances held by residents or non-residents with non-resident banks abroad to their respective resident or external accounts with financial institutions in Malaysia	• In the attachment to the Bank Negara Malaysia press statement dated 1 September 1998, ECM 3 states that "*transfers from external accounts to resident accounts in Malaysian banks are permitted until 30 September 1998*". Bank Negara Malaysia hereby notifies that the ECM notice is amended as follows: • Transfers of ringgit balances held by residents or non-residents with non-resident banks abroad (i.e. offshore ringgit accounts) their respective resident or external accounts with financial institutions in Malaysia in any amount are permitted **up to 30 September 1998** only if the transfer is: □ from an offshore ringgit account of a resident (resident account holder) held with a non-resident bank abroad to the resident **account of the same resident account holder** with a financial institution in Malaysia.

	Issues	Clarification
		▫ from an offshore ringgit account of a non-resident (non-resident account holder) held with a non-bank abroad to the external **account of the same non-resident account holder** with a financial institution in Malaysia. • Thereafter, such transfers for any amount would require the prior approval of Bank Negara Malaysia. Application for approval should be submitted to the Balance of Payments Department, Bank Negara Malaysia latest by 30 September 1998. • All other transfers from external accounts to resident accounts are subject to the rules governing the use of balances in external accounts. • In order to facilitate the transfers up to 30 September 1998, non-resident banks with whom the offshore ringgit accounts are maintained, will be allowed to transfer funds from their external account with a bank in Malaysia to the accounts of their customers with a financial institution in Malaysia, external or resident as the case may be.
30.	Trade guarantees	**Definition** • Trade guarantees are facilities to guarantee the payment for the purchase of goods and services **Trade guarantees obtained by residents from domestic banks in ringgit or foreign currency after 1300 hours on 1 September 1998** • All residents are freely allowed to obtain trade guarantees in foreign currency from domestic banks where the tenure of the guarantee does not exceed 12 months • In addition, non-resident controlled companies (NRCCs) operating in Malaysia, which obtain such trade guarantees (in ringgit or foreign currency) are required to comply with the 60.40 requirement.

	Issues	Clarification
		Trade guarantees obtained by residents from offshore sources after 1300 hours on 1 September 1998 • The trade guarantees obtained from offshore sources would be included in the computation of the resident's total foreign currency borrowing • These trade guarantees obtained from offshore sources, including Labuan Offshore Financial Centre, must be denominated in foreign currency. • Prior approval from the Controller would be required if the resident's total foreign currency borrowing exceed the aggregate of RM5 million equivalent.
31.	Non-financial guarantees	**Definition** • Performance bonds, tender bonds, guarantee for the supply of goods / services, shipping guarantees, etc. **Non-financial guarantees obtained by residents from offshore sources after 1300 hours on 1 September 1998** • Residents are freely allowed to issue non-financial guarantees in favour of non-residents or on behalf of non-residents. • Residents are also freely allowed to obtain non-financial guarantees from offshore sources. • These non-financial guarantees must be denominated in foreign currency • All payments between the resident and the non-resident must be made in foreign currency.
32.	Financial guarantees (domestic)	**Definition** • Financial guarantees are guarantees to secure the repayment of an advance, a loan or similar credit facility.

	Issues	Clarification
		Guarantees issued/renewed by residents (i.e. banks, corporates or individuals) in favour of non-residents (ECM 4) after 1300 hours on 1 September 1998 • All **financial guarantees above the equivalent of RM5.0 million issued by residents** (whether banks, corporates or individuals) **in favour of non-residents**, are required to be registered with Bank Negara Malaysia (BNM) upon issuance. • Guarantors should submit the following information on the guarantee to BNM: ❑ Name of issuer ❑ Name of party on whose behalf the guarantee is issued ❑ Amount guaranteed ❑ Beneficiary (name and address) ❑ Purpose of guarantee • The guarantees must be denominated in foreign currency. • Payment under the guarantee can be freely made upon: ❑ acknowledgement of receipt of the above ❑ information by BNM ❑ informing BNM when the guarantee is called upon • All payments under the guarantee between the resident and non-resident party must be made in foreign currency.
33.	Financial guarantees (domestic)	**Guarantees issued/renewed by residents (i.e. banks, corporates or individuals) on behalf of non-residents (ECM 6) after 1300 hours on 1 September 1998** • All **financial guarantees issued by residents above the equivalent of RM5.0 million** (whether banks, corporates or individuals) **on behalf of non-residents**, are required to be registered with Bank Negara Malaysia (BNM) upon issuance.

	Issues	Clarification

		• Guarantors should submit the following information on the guarantee to BNM
		  ▫ Name of issuer
		  ▫ Name of party (name and address) on whose behalf the guarantee is issued
		  ▫ Amount guaranteed
		  ▫ Beneficiary (name and address)
		  ▫ Purpose of guarantee
		• The guarantees must be denominated in foreign currency.
		• Payment under the guarantee can be freely made upon:
		  ▫ Acknowledgement of the receipt of the above information by BNM, and
		  ▫ Informing BNM when the guarantee is called upon
		• All payments under the guarantee between the resident and non-resident party must be made in foreign currency.
		• Consequential receivables from the guarantees being called upon would have to be reported to BNM.

34.	Financial guarantees from Licensed Offshore Banks in Labuan or non-resident individuals, non-resident shareholders, associate or related companies and which are not financial institutions	• Obtained by residents from Licensed Offshore Banks or non-resident individuals, non-resident shareholder which are subsidiaries, associate or related companies and which are not financial institutions, after 1300 hours on 1 September 1998. • Residents are allowed to obtain financial guarantees from Licensed Offshore Banks or non-resident individuals, non-resident shareholders, associate or related companies and **which are not** financial institutions.

	Issues	Clarification
		• The following information should be submitted to BNM· □ Name of issuer □ Name of party on whose behalf the □ Guarantee is issued □ Amount guaranteed □ Beneficiary (name and address) □ Purpose of guarantee • The financial guarantees obtained from all the parties stated above must be denominated in foreign currency. • Payment under the guarantee can be freely made upon: □ Acknowledgement of the receipt of the above information by BNM, and □ Informing BNM when the guarantee is called upon. • All payments when the guarantee is called upon must be in foreign currency. • Consequential debts arising from the payment under the guarantee being called upon would have to be reported to BNM and would be included in the computation of the resident's total foreign currency borrowing.
35.	Financial guarantees from non-resident financial institutions	• Obtained by residents from non-resident financial institutions, after 1300 hours on 1 September 1998 • Residents are allowed to obtain financial guarantees in aggregate up to the equivalent of RM5 million from non-resident financial institutions. • The following information on the guarantee should be submitted to BNM: □ Name of issuer □ Name of party on whose behalf the guarantee is issued □ Amount guaranteed □ Beneficiary (name and address) □ Purpose of the guarantee

	Issues	Clarification

		• The guarantees must be denominated in foreign currency.
		
		• Payment under the guarantee can be freely made upon:
		
		  ▫ Acknowledgement of receipt of the above information by BNM; and
		
		  ▫ Informing BNM when the guarantee is called upon.
		
		• Prior approval from the Controller would be required if the resident's total foreign currency borrowing, including financial guarantees obtained from non-resident financial institutions, exceed the aggregate of RM5 million equivalent.

36.	Invoicing for imports and exports	• All residents should ensure that the currency of invoicing the import and export of goods and services should be in currency and not in ringgit.
37.	Computation of the 12-month holding period for shares purchased through rights issues and call warrants	The 12 month period for shares arising out of rights issue and call warrants to start: • From 1 September 1998 if the date of issue/purchase of the rights or call warrants is prior to or on 1 September 1998. • From the date of issue/purchase of the rights or call warrants if the rights or call warrants are issued/purchased after 1 September 1998.
38.	Margin financing by stockbroking company to non-residents	• Local stockbroking companies continue to be allowed to extend margin financing to non-residents for the purchase of shares in the KLSE. • Lending subject to KLSE's rules.
39.	Payment made by local stockbrokers to local clearing-house on behalf of foreign stockbroker for purchase of shares on the KLSE prior to receiving funds from the foreign stockbroker	• Allowed for payment made on behalf of the foreign stockbroker for period of less than 3 working days. • Such "out-of-pocket" expenses by local stockbrokers would not be deemed as credit facility to non-residents.

	Issues	Clarification
40.	Repatriation of profit by non-residents arising from contra transaction	• Non-residents are freely allowed to convert and repatriate profits arising from contra transactions upon presentation of necessary documentary evidence to the banks.
41	What is the legal basis for the imposition of levy?	• The levy is imposed pursuant to regulations made under the Exchange Control Act 1953.
42.	Who is liable to pay levy?	• The levy is imposed on foreign funds **other than foreign direct investments** (FDI). • The amount of levy depends on the duration the funds are held in Malaysia
43.	What is a FDI?	A FDI is an investment made by non-resident in: • A company where the non-resident is entitled to exercise or control the exercise of not less than 10% of the votes attached to the voting shares of the company; • A company where the directors are accustomed, or are under the obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the non-resident; or • A body, whether corporate or non-corporate, where the management is accustomed, or is under an obligation, whether formal or informal, to act in accordance with the directions or wishes of the non-resident.
44.	What is the status of FDI with regards to the levy system?	• FDIs are not subject to levy. In fact, the 12-month rule introduced on 1 September 1998 has never been imposed on the FDIs • It has always been the government policy to encourage long-term investment.
45.	How to determine levy payable?	(A) For funds brought in **before 15 February 1999**: • the principal amount repatriated after one year from 1 September 1998 or one year from the actual date the amount came into the country (if it is after 1 September 1998) will not attract any levy;

	Issues	Clarification
		• If the principal amount is repatriated within one year, it will be subject to levy at a decreasing rate, depending on the duration the principal is held, as follows: **Period held** — **% of Levy** Up to 7 months — 30 Exceeding 7 months – up to 9 months — 20 Exceeding 9 months – up to 12 months — 10 Exceeding 12 months — 0 • All profits realised during the one year period will not attract levy, even if it is repatriated after the one year period; • If an investment is made during the one year holding period, but the profit is realised only after the one year holding period, that profit will still be exempted from levy. • For investments made after the one year holding period, the levy of 10% will apply on the profit generated. ***Example:*** 1. Profit realised during one-year period 01/10/98 — Funds brought in — RM 2 million 10/10/98 — Purchase shares — RM 2 million 15/11/98 — Sold shares — RM 2.3 million Profit realised — RM 0.3 million If repatriated at any time, even after 12 months no levy. 2. 01/10/98 — Funds brought in — RM 2 million 10/10/98 — Purchase shares (during 12-month holding period of principal) — RM 2 million 10/11/99 — Sold shares (after 12-month holding period of principal) — RM 2.3 million Profit realised — RM 0.3 million If repatriated, no levy.

	Issues	Clarification
		3. 01/10/98 Funds brought in RM 2 million 20/11/99 Purchase shares (after 12-month holding period of principal) RM 2 million 22/11/99 Sold shares (after 12-month holding period of principal) RM 2 3 million Profit realised RM 0.3 million If repatriated, attract 10% levy 4. 01/09/98 Funds brought in RM 2 million 15/11/98 Funds brought in RM 1 5 million 14/02/99 Funds brought in RM 1 million 03/10/99 Repatriate RM 4.5 million ***Levy imposed:*** Principal RM 1 million x 20% = RM 0.2 million (7 mths < P ≤ 9 mths) RM 1.5 million x 10% = RM 0.15 million (9 mths < P ≤ 12 mths) RM 2 million x 0% = 0 (P > 12 mths) Total repatriated RM 4 5 million – RM 4 15 million = RM 0 35 million

	Issues	Clarification

(B) Funds brought in **on or after 15 February 1999**

- The principal amount is not subject to levy upon repatriation;

- Profits realised and repatriated within 12 months after investment is made are subject to a levy of 30% of the profits;

- Profits realised and repatriated after 12 months from the date of investment are subject to a levy of 10% of the profits; and

- For profits realised during the 12-months period of the investment, but repatriated after 12-months from the date of investment, such profits are subject to a levy of 10%.

Example:

1.	18/02/99	Funds brought in	RM 2.0 million
	18/02/99	Purchase shares	RM 2.0 million
	20/03/99	Sold shares (within 12 months from date of transaction)	RM 2.3 million
		Profit realised	RM 0.3 million

If repatriated before 18.2.2000, attract 30% levy.

If repatriated after 18.2.2000, attract 10% levy.

2.	18/02/99	Funds brought in	RM 2.0 million
	18/02/99	Purchase shares (during 12-month holding period of principal)	RM 2.0 million
	20/03/2000	Sold shares (after 12-month holding period of principal)	RM 2.3 million
		Profit realised	RM 0.3 million

If repatriated at any time, attract 10% levy.

	Issues	Clarification
46.	How would the value of shares and other fixed income ringgit instruments be determined?	• For share purchases transacted on the Kuala Lumpur Stock Exchange before 1 September 1998, the value would be fixed at the closing market price on 28 August 1998, the last trading day before 1 September 1998; • For the fixed income instruments, the value would be fixed at the nominal value on the same date; and • For ringgit assets purchased or obtained on or after 1 September 1998, the valuation would be based on the cost of acquiring the assets, supported with documentary evidence.
47	How is the monitoring of the funds to be repatriated done?	• For funds that came in **before 15 February 1999**, it is the duty of the non-resident to provide documentary evidence on the type of funds to be repatriated, whether principal or profit and on the length of time of holding of funds; • For funds that came **in on or after 15 February 1999**, the bank would monitor on per account basis Such incoming funds are to be credited into a Special External Account, segregated from those funds that came in before 15 February 1999.
48.	What types of funds would be exempted from levy?	• For funds that came **in before 15 February 1999**:- ❑ Principal which has been held for more than 12 months; ❑ Dividends, interest and rental earned; ❑ Profits realised within 12 month holding period of the principal ❑ Profits on investment made during 12 month holding period, but realised after the one year holding period. ❑ **Principal and profit earned via Designated External Account for trading on the COMMEX or KLOFFE.**

	Issues	Clarification
		• For funds that came in on or after **15 February 1999:** ▫ Principal. ▫ Dividends, interest and rental earned. ▫ **Principal and profit earned via Designated External Account for trading on the COMMEX or KLOFFE.**
49.	Are gains from zero coupon bonds subject to levy?	• All gains from zero coupon bonds are deemed as interest and are, therefore, exempted from levy.
50.	Can a fund management company offset gains from one client against losses of a different client?	• Funds of all clients in the **same account** would be considered on a net basis.
51.	Are fund managers required to maintain individual external accounts for each client?	• Not necessarily. However, if the fund manager wants to treat each fund/client separately, then it is necessary to operate separate account for each client. • All funds that are brought **in on or after 15 February 1999** would need to be placed in separate Special External Account.
52.	Is there any form to be completed for the repatriation of funds?	• Yes, there are two types of forms: ▫ **BNM/JKPW/EA1 (pink)** for repatriation of funds that came before 15 February 1999; and ▫ **BNM/JKPW/EA2 (green)** for repatriation of funds that came in on or after 15 February 1999. • The forms are to be completed only upon repatriation by the non-resident or authorised persons. The remitting bank is to check on compliance with the levy system.
53.	Can one claim rebate for any losses?	• For funds that come in on or after 15 February 1999, levy would be imposed only on any gains over and above the initial sum brought in up to the point of repatriation. Any subsequent losses are not eligible for rebate but can be offset against any subsequent gains.

	Issues	Clarification
54.	How can a bank ensure that documentary evidence is not being used more than once?	• The banks are required to stamp on the documentary evidence to make sure that it is not used more than once, as per instruction in BNM's circular letter dated 3 December 1998
55.	Banks authorised to collect levy	The following has been authorised to collect levy. • All commercial banks, • Bank Islam Berhad, and • Merchant Banks as follows: ❑ Arab Malaysian Merchant Bank Berhad ❑ Aseambankers Malaysia Berhad ❑ Commerce International Merchant Bankers Berhad ❑ Malaysian International Merchant Bankers Berhad ❑ Perwira Affin Merchant Bank Berhad ❑ RHB Sakura Merchant Bankers Berhad
56.	Is there any fees or commission to be paid to the commercial banks for the repatriation or collection of levy?	• The banks would be collecting only the normal fees/commission currently paid for the repatriation of funds.
57.	When is the date for the collection of levy?	• It would be the value date for the conversion of funds
58.	Would contra profits be subject to levy?	• Contra profits made **after 15 February 1999** would be subject to levy
59.	Does the restriction on transfer of funds between External Accounts still apply?	• Yes, it is still subject to ECM 3
60.	Is the transfer of funds from the EA to SEA of the same account holder allowed?	• Yes, subject to payment of levy **on principal** if the funds transferred were held in the External Accounts for not more than one year.

	Issues	Clarification
61.	What are the rules for the imposition of levy for funds repatriated?	The general rules are as follows: • For funds that came in **before 15 February 1999, realised profit on investment made during the 12-month holding period of the principal can be taken out without levy. However, in the case where the principal amount is repatriated,** principal with the shortest holding period is deemed to be repatriated first • For funds that come **in on or after 15 February 1999, if profits were to be repatriated where some profit attract 30% levy and some attract 10%,** then profit with the shortest holding period **(i.e. which attract 30%)** is deemed to be repatriated first.
62.	Relaxation in the import and export of ringgit from RM1,000 to RM10,000 for border traders at 7 specified areas along the Malaysia - Thailand border	• The relaxation takes effect from 1 March, 1999. • The amount of ringgit that the border traders can have in their possession at any one time has been increased from RM1,000 to RM10,000. • The border traders will be issued with a Traveller's Declaration Pass (TDP) and are not required to complete the Traveller's Declaration Form (TDF) each time they cross the border. • The TDP will be used as a formal declaration that the TDP holder is not carrying more than RM10,000 and not more than RM10,000 equivalent in foreign currency. • Thai nationals, living in the corresponding areas, are also eligible to apply for the TDP. • The areas identified are as follows: ❑ Bukit Kayu Hitam in Kedah ❑ Padang Besar & Wang Kelian in Perlis ❑ Pengkalan Hulu in Perak ❑ Pengkalan Kubor, Bukit Bunga & Rantau Panjang in Kelantan • The border traders, who are TDP holders, are still subject to Immigration & Customs checks. • TDP should be used for trade related purposes only.

	Issues	Clarification
63.	Can domestic financial institutions accept guarantee and standby letters of credits denominated in ringgit equivalent from non-residents to secure ringgit denominated credit facilities or performance bonds extended by the domestic financial institutions to resident clients?	Malaysian financial institutions are allowed to accept offshore guarantees and standby letters of credits which are expressed in **ringgit equivalent** provided· • the guarantee and standby letters of credit are to secure **ringgit denominated credit facilities or performance bonds** extended by the financial institutions to their resident client; and • the payment, in the event the guarantees or standby letters of credits are called upon, are made in foreign currency.
64.	Can financial institutions uplift ringgit deposits of non-residents to settle ringgit credit facilities extended to resident clients?	• Malaysian financial institutions are allowed to up-lift the ringgit deposits of non-residents to settle the ringgit credit facilities extended to resident clients without having to convert the ringgit deposits into foreign currency. • The resident borrowers are required to repay to the non-resident guarantors any consequential loans in foreign currency equivalent.
65.	Can financial institutions receive sale proceeds from sale of Malaysian shares or immovable property belonging to non-residents to settle credit facilities extended to residents?	• Malaysian financial institutions are allowed to receive proceeds from the sale of Malaysian shares or immovable property belonging to non-residents and which have been pledged as securities, to settle credit facilities extended to residents. • The resident borrowers, however, are required to repay to the non-resident guarantors any consequential loans in foreign currency equivalent
	Levy System	
66.	Repatriation of funds by non-residents arising from transaction of shares of companies listed on the Malaysian Exchange of Securities Dealing and Automated Quotation Bhd (MESDAQ)	• Repatriation of funds by non-residents arising from investment in shares listed on MESDAQ are exempted from payment of exit levy. • The non-resident investors are required to provide documentary evidence to the remitting banks in order for the banks to ascertain that the funds to be repatriated are arising from transactions of shares listed on MESDAQ.

	Issues	Clarification
67.	Would income earned and gains derived from sale of the following financial instruments and papers be treated as profit or interest?	
	• Malaysian Government Bills (MGS), Treasury Bills (TB), Cagamas bonds, Danamodal and Danaharta bonds	• Income received from holding of the MGS, TB and Private Debt Securities are deemed as interest and are exempted from payment of exit levy. • Capital gains arising from sale of the above types of securities are considered as profit except for capital gains from zero-coupon bonds, which are deemed as interest.
	• Islamic papers such as Unsecured Redeemable Islamic Debts Securities.	• All capital gains from Islamic financial instruments are also exempted from the levy.
68.	Can a Special External Account (SEA) be funded from the sale of foreign currency made with a licensed money-changer?	• SEAs cannot be funded with ringgit cash irrespective of sources
69.	Where the original copy of documentary evidence is not available, can the foreign investor present a duplicate copy of the documentary evidence or statement of transactions?	• Banks may accept duplicate or faxed copies of documentary evidence provided it has in place a system that is able to detect the use of the same document for more than once, and the document provided is consistent with its cash settlement records for the particular foreign client.
70.	What would proceeds derived from the sale of rights or Provision Allotment letters (PALs) for shares be treated as?	Proceeds arising from sale of rights/PALs for shares are profits and would be subject to levy as follows: • If repatriated within 12 months of selling the rights/PALs, the levy is 30% on the profit. • If repatriated after 12 months of selling the rights/PALs, the levy is 10% on the profit.

	Issues	Clarification
71.	Can settlement between two non-residents for the sale and purchase of ringgit asset be made in a foreign currency?	• Settlements between two non-residents for the sale and purchase of securities registered in Malaysia must be made in ringgit through External Accounts and not in foreign currency.
72.	For investment using funds brought in on or after 15 February 1999, when would the date of investment start for shares purchased arising from rights issue or conversion from call warrants?	The date of investment for shares purchased arising from rights issue or conversion from call warrants would start from the date of purchase of rights or call warrants. ***Example 1:*** • Call warrants purchased on 30 November 1998. • Purchased shares via call warrants on 19 February 1999 using funds brought into the country on 18 February 1999. • The date of investments of shares is deemed to be 30 November 1998. • If sold the shares before 30 November 1999, realised profits would attract 30% levy if repatriated before 30 November 1999, or 10% levy if repatriated on or after 30 November 1999. • If sold the shares on or after 30 November 1999, the levy is 10% on repatriation of profits realised. ***Example 2:*** • Purchased the rights on 18 February 1999. • Purchased shares via rights on 26 February 1999. • The date of investment of share is deemed to be 18 February 1999. • If sold the shares before 18 February 2000, realised profits would attract 30% levy if repatriated before 18 February 2000, or 10% levy if repatriated on or after 18 February 2000. • If sold the shares on or after 18 February 2000, the levy is 10% upon repatriation of the profits realised.

	Issues	Clarification
73	Can the computation of levy and hence, the completion of BNM/JKPW/EA1 for repatriation of funds from an Omnibus account be done at individual client level?	• No, the computation of levy and the completion of Form BNM/JKPW/EA1 is as per account basis. • Nevertheless, the omnibus External Account holder is allowed to segregate the funds belonging to clients who brought in new funds into Malaysia on or after 1 September 1998, into separate External Accounts for each of such clients. • The funds belonging to the other clients who did not bring new funds into Malaysia on or after 1 September 1998, may continue to be co-mingled in the omnibus External Account.
74.	Are non-residents working in Malaysia required to pay levy for· • The transfer of funds from their existing EAs to SEAs, • Repatriation of funds which are profits realised from funds brought into Malaysia and not based on income earned in Malaysia.	• Non-residents working in Malaysia do not have to pay levy when they transfer funds from their existing EAs to their own SEAs or repatriate funds out of the country from their EAs. • Nevertheless, they are required to deposit fresh funds brought from overseas into SEAs. Profit realised on funds in the SEAs will be subject to levy upon repatriation.
75.	Are Malaysians with permanent resident status abroad and reside overseas required to pay levy for repatriation of funds from their EAs or SEAs?	• Malaysians with permanent resident status abroad and reside overseas do not have to pay levy when they transfer funds from their existing EAs to their own SEAs or repatriate funds out of the country from their EAs. • Nevertheless, they are required to deposit fresh funds brought from overseas into SEAs. Profit realised on funds in the SEAs will be subject to levy upon repatriation.

	Issues	Clarification
76.	Can a foreign investor produce a foreign contract note for the purchase of Malaysian share, as evidence of investment in Malaysia?	• Banks are allowed to accept foreign contract notes as documentary evidence for repatriation of funds subject to the condition that the remitting bank ensures that the same evidence is not used again for another repatriation or that the local contract note for the same transaction is not used for another repatriation.
77.	For foreign broker who buys or sells Malaysian securities on behalf of residents, would levy be paid under the following situations: • Remittance of funds from EA/SEA of foreign broker to residents who are abroad; and • Payment of funds by foreign broker from its EA/SEA to credit into the resident's ringgit account in Malaysia.	• Remittance of funds by foreign broker to residents working or living abroad would not attract levy. The foreign stockbroking companies, however, have to provide documentary evidence to prove that the funds belong to residents working or living abroad • There is no levy to be paid for the transfer of funds from foreign brokers' EA/SEA to resident's local account if underlying transaction is for sale/purchase of ringgit asset.
78.	Can a resident in Malaysia buy or sell shares via a foreign broker?	• There is no exchange control restriction for a resident in Malaysia to buy or sell Malaysian shares through a foreign broker. • Accordingly, while the foreign brokers may buy or sell KLSE shares on behalf of residents residing in Malaysia, they are not allowed to retain the ringgit funds of residents. • Similarly, foreign fund managers are also not allowed to retain ringgit funds of any residents in EA or SEA.

	Issues	Clarification
79.	Can a Malaysian stockbroker. • Offset amount due to or from foreign broker and only pays or receives net amount vis-à-vis the foreign stockbroker arising from sale and purchase of Malaysian securities; or • On settlement date of a married deal contract between two foreign stockbrokers, offset amount due to or from among the foreign stockbrokers and only receive the net difference from one of the stockbrokers?	 • Offsetting of gross settlement for sale/or purchase of securities registered in Malaysia between the resident stockbroker and the foreign stockbroker is not allowed. • Offsetting of the gross settlement for sales and/or purchase of securities registered in Malaysia between two foreign stockbrokers for a married deal via a resident stockbroker is also not allowed.
80.	Can a resident stockbroking company pay the proceeds from sale of Malaysian securities to a third party instead of the foreign stockbroking firm with whom its business dealings is with?	• Third party settlements for the sale of Malaysian securities is not allowed **other than as named in the contract note**

EXHIBIT 3.7

NON-PERFORMING LOANS (NPLs) IN COMMERCIAL BANKS, MERCHANT BANKS AND FINANCE COMPANIES

	COMMERCIAL BANKS (Non Perfoming Loans/ Total Loans) %	MERCHANT BANKS (Non Perfoming Loans/ Total Loans) %	FINANCE COMPANIES (Non Perfoming Loans/ Total Loans) %	BANKING SYSTEM (Total Non Performing Loans) RM Million
Mar 97	3.2	1 7	4.2	12,168
Jun 97	3 5	2 0	4.3	13,963
Sep 97	3.4	2.0	5.1	15,000
Dec 97	3.3	3.6	5.0	25,229
Jan 98	3.9	5 3	8 0	29,397
Feb 98	4 7	6.2	9.9	34,552
Mar 98	5.8	5 0	10.6	38,381
Apr 98	6.3	7 1	12 2	44,259
May 98	6.6	8.5	13 4	48,413
Jun 98	7.3	9 1	13.6	52,871
Jul 98	8.3	12.0	15 8	59,902
Aug 98	9.4	14.0	17.2	67,399
Sep 98	9.1	9.5	16.2	65,919
3 months	10 5	17.3	19.0	
6 months	7.6	8.8	9.2	
Oct 98	9 0	10 2	14 6	65,324
3 months	11.0	22.3	21 6	
6 months	7.7	9 4	10 9	
Nov 98	9.3	12.1	14.8	
3 months	11.8	25.7	22 4	
6 months	7.9	11.5	11 8	
Dec 98	7.3	11.5	14.0	
3 months	9.7	25.6	22.7	
6 months	5.9	10.9	11.9	
Jan 99	8.0	13.4	13.7	
3 months	10.5	28.6	22 0	
6 months	7.2	12.0	12 3	
Feb 99	8.2	13.9	13.2	
3 months	11.0	30.2	22.0	
6 months	7.5	13.3	12.0	
Mar. 99	7.1	10.8	13.4	
3 months	9.4	28.4	21.6	
6 months	6.4	11.2	12 2	

Source: Bank Negara Malaysia

EXHIBIT 3.8

PROGRESS OF DISBURSEMENT OF SPECIAL FUNDS AS AT 31 JANUARY 1999

Fund	CUMULATIVE					
	Amount Allocated (RM million)	Number of Cases Approved	Cases Approved (RM million)	Amount Disbursed (RM) a	Amount Repaid (RM) b	Outstanding Balance (RM) a - b
Fund for Small and Medium	1,500	1,018	1,001,809,000 00	321,368,720 16	7,667,262.17	313,701,457.99
Industries of which :						
BNM Fund	500					
KWAP Fund	1,000	1,018	1,001,809,000.00	321,368,720.16	7,667,262.17	313,701,457.99
Rehabilitation Fund for Small and Medium Industries	750	24	7,899,500.00	50,000 00	0.00	50,000.00
of which .						
BNM fund	750	24	7,899,500.00	50,000.00	0 00	50,000.00
Fund for Food	700	1,703	496,518,221 60	386,824,266.09	117,218,858.81	269,605,407.28
of which ·						
BNM Fund	300	1,008	288,325,066.40	279,215,511.45	114,757,350.16	164,458,161.29
KWAP Fund	400	695	208,193,155.20	107,608,754.64	2,461,508.65	105,147,245.99
Special Scheme for Low and Medium Cost Houses	2,000	44	307,340,995.00	29,108,178 56	0.00	29,108,178 56
of which :						
BNM Fund	1,000	44	307,340,995.00	29,108,178.56	0.00	29,108,178.56
Govt. Fund	1,000					
New Enterpreneurs Fund	1,250	2,187	1,072,240,065.52	970,009,701 75	313,643,964.84	656,365,736.91
BNM Fund						

Source: *Bank Negara Malaysia*

EXHIBIT 3.9

DEBT RESTRUCTURING PROCESS UNDER SECTION 176 OF THE COMPANIES ACT 1965

1. Company in financial difficulty prepares a preliminary conceptual scheme (PCS) for restructuring to the Court (usually High Court). The PCS contains a draft Explanatory Statement (ES)/conceptual plan explaining the scheme and Restraining Order (RO) stopping all credit action against the company.

2. The Court reviews the PCS and either refuses of grants the RO:

   a) If Court refuses Restraining Order (RO),

      - The company either files fresh Section 176 application, or consider other options;
      - Creditors can take/ pursue with legal action against the company e g. receivership or liquidation

   b) If Court grants RO,

      - Company is given a time-frame to work out a **detailed ES** for creditors' approval to implement the restructuring scheme;
      - During this time-frame, creditors are **not allowed** to take/pursue with legal action against the company e.g. liquidation or receivership;
      - Before the end of the time-frame, company must hold a court-convened creditors meeting to approved the scheme.

3. The detailed ES is given to each creditor before the court-convened meeting. A copy of the finalised ES is also kept at the registered office 21 days before the meeting.

4. During the court-convened meeting, creditors will review the ES and decide whether to vote in favour of the scheme·

   a) If the required approval from shareholders and creditors (**secured or unsecured**) is not obtained,

      - Suggested scheme cannot be implemented and therefore creditors can take/ pursue with legal action against the company.

   b) If the required approval from shareholders and creditors obtained,

      - Scheme is presented to the Court for sanction (endorsement).

5. Court sanctions the scheme approved by the creditors.

6. Approved scheme, with the Court's sanction, is filed with the Registrar of Companies (ROC). The restructuring scheme will then be effective from the date of filing with ROC and can be implemented.

* *Section 176 of the Companies Act 1965 states when a meeting of a class of creditors/shareholders is held, approval for that class of creditors/shareholders is granted when* ***at least 51% in number representing 75% in value of the creditors/shareholders present*** *approve the scheme*

FLOW CHART OF SECTION 176 PROCEDURE

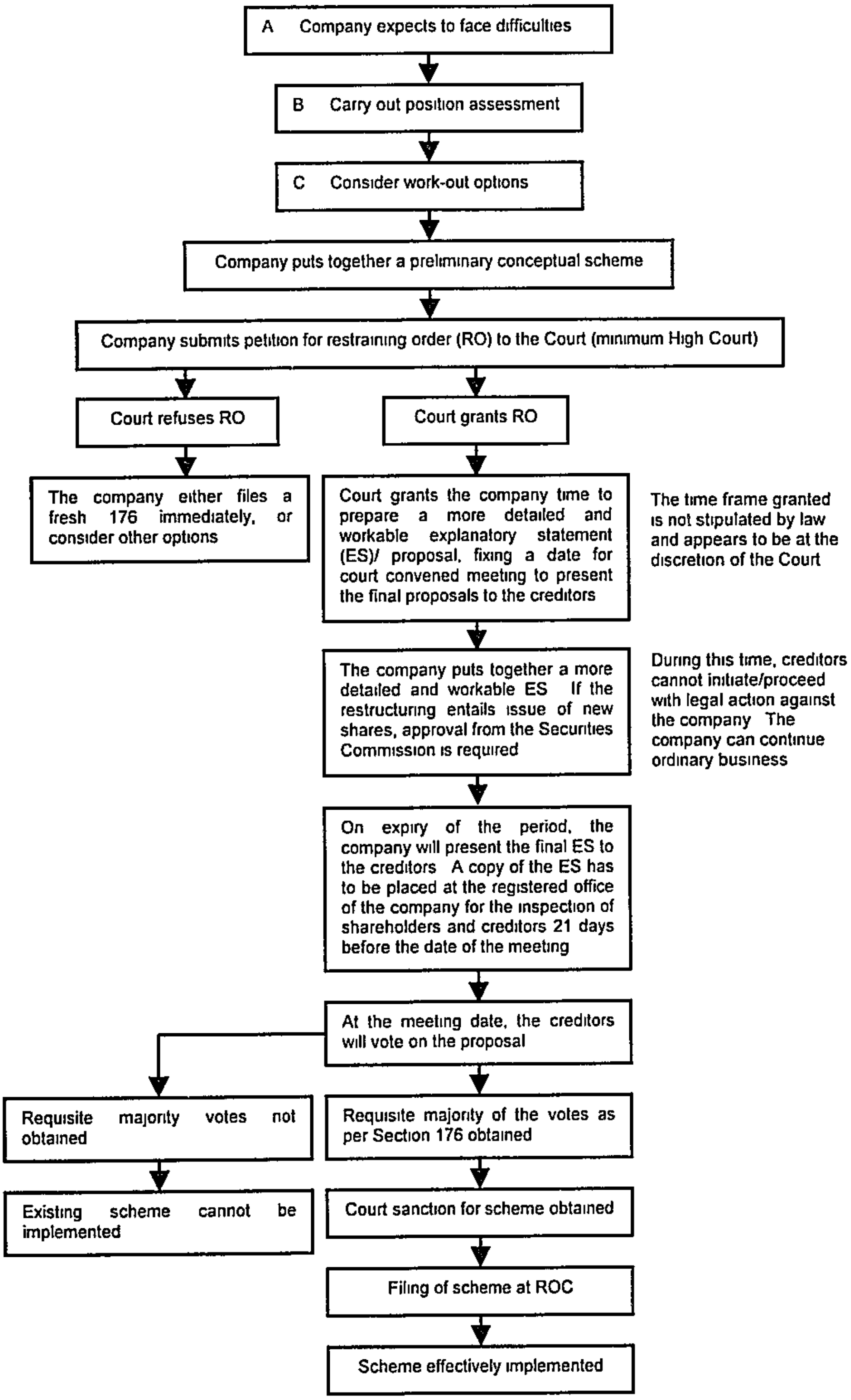


EXHIBIT 3.10

COMPANIES (AMENDMENT) ACT 1998 (CA) (EXCLUDING SECTION 176 AMENDMENT)

The amendments to the CA which came into effect from 1 September 1998 were aimed at tightening further the existing provision of the CA, in line with the amendments in the Securities Industry Act 1983, Futures Industry Act 1993, Securities Commission Act 1993, Securities Industry (Central Depositories) Act 1991 and the Securities Industry (Reporting of Substantial Shareholding) (Amendment) Regulations 1998.

The followings are the amendments to the CA

1. As an alternative to the cancellation of share buy back, the company may opt to retain the shares in treasury The provision permitting a company to provide financial assistance to any person for the purpose of purchasing its shares has also been removed.

2. The period granted to a person for taking up unissued shares of a public company upon being granted the option to do so has **been extended from 5 years to 10 years**.

   Companies are also required to keep a register of options granted to persons to take up unissued shares in the company. The particulars of the person must be entered in the register within 14 days after the grant of the option

3. The maximum fine for non-compliance in furnishing information and particulars on shareholding has been **increased from RM50,000 to RM1 million**.

4. The definition of substantial shareholder has been redefined as a person holding **not less than 2%** of the shares in a company. This is a reduction from the previous shareholding limit of 5%. This definition has also been extended to nominee companies and bare trustees.

5. The notification period to a company for the following transsactions involving a substantial shareholder has been reduced from **14 days to 7 days**.

   - A person becoming a substantial shareholder
   - Changes in substantial shareholding interests
   - A person ceasing to be a substantial shareholder

   The fine for non-compliance of the above has been **increased from RM5,000 to RM1 million**. The fine for continuing offence has also been **increased from RM500 to RM50,000** per day.

6. The fine for failing to disclose a person's beneficial interest in the voting shares has been **increased from RM5,000 to RM1 million**

   The Kuala Lumpur Stock Exchange (KLSE) and the Securities Commission (SC) were empowered to require a member of a company to disclose his/her interest in the shares of the company.

7. The role of the Central Depository System (CDS) has been strengthened, in that now a person would be recognised as a member of a listed company by registering his/her securities with the CDS, along with his/her name and address.

   Further, the transfer of shares in a company deposited with a central depository would now have to be compulsorily transferred only by way of book entries. Therefore, a listed company would no longer be able to register and effect each transfer.

   The record of the depositors is also not subject to rectification by the Court. However, the Court would have the power to grant remedies to the aggrieved parties

   Any central depository and its record of depositors would also be protected from any proceedings in relation to the disposal of property after the commencement of winding up proceedings of a company.

8. Dividends to be paid was limited to an amount not exceeding the after-tax profit of that financial year, or the average of the dividends declared for the 2 years preceding that financial year. However, this provision would not apply to subsidiaries of holding companies, private companies which are wholly-owned by Malaysians and a company whose financial year commenced before **1 July 1997.**

Source: The Malaysian Association of The Institute of Chartered Secretaries and Administrators Technical and Professional Updates (September 1998)

EXHIBIT 3.11

AMENDMENTS TO SECTION 176 OF THE COMPANIES ACT 1965 (CA)

The amendments to Section 176 of the CA was mainly additional insertions after subsection 10 of Section 176 of the CA as follows:

1. Granting of a restraining order by the court to a company against creditors for a period of not more than 90 days or any longer period if:

    - The court is satisfied that a proposal for a scheme of compromise between the company and creditors representing at least one-half in value of all the creditors,

    - The restraining order (RO) is for the purpose of enabling the company to formalise a scheme of compromise with its creditors;

    - A statement in the prescribed form as to the affairs of the company made up to a date not later than 3 days before the application is lodged with the application, and

    - The proposal approves a person to act as a **director** by way of nomination by majority of the creditors, or appointment notwithstanding the provisions of the CA or the Memorandum and Articles (M&A) of the company.

2. Granting the **directors** approved the right of access to all records of the company at all times and any information that may assist him in his duties.

3. Any disposition and acquisition of the company's property other than in the ordinary course of business after the granting of the RO, other than otherwise orders, shall be void.

4. Every officer of the company shall be guilty of an offence under the CA if the company is found to have disposed or acquired property in a manner described in (3) above, and the penalty shall be imprisonment for 5 years or RM1 million, or both.

5. Where an order is made under subsection 10 of Section 176, the company shall within 7 days:

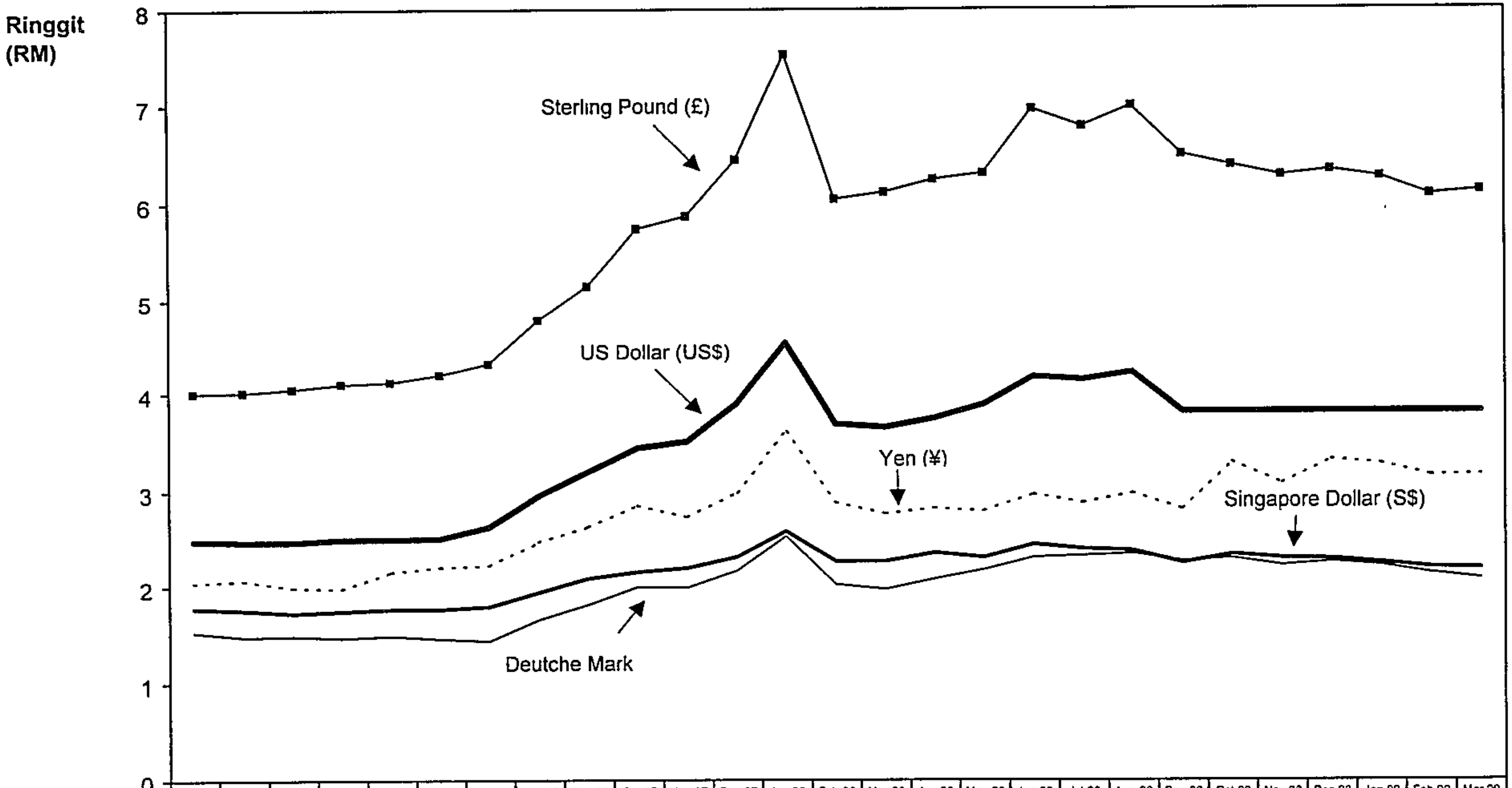
    - Lodge an office copy of the order with the Registrar of Companies (ROC); and

    - Publish a notice of the order in a daily newspaper circulating generally throughout Malaysia.

    Failure to comply with the above order shall render the company and every officer of the company guilty of an offence against the CA, and the penalty shall be RM100,000.

EXHIBIT 4.1

EXCHANGE RATES
MALAYSIAN RINGGIT AGAINST MAJOR FOREIGN CURRENCIES



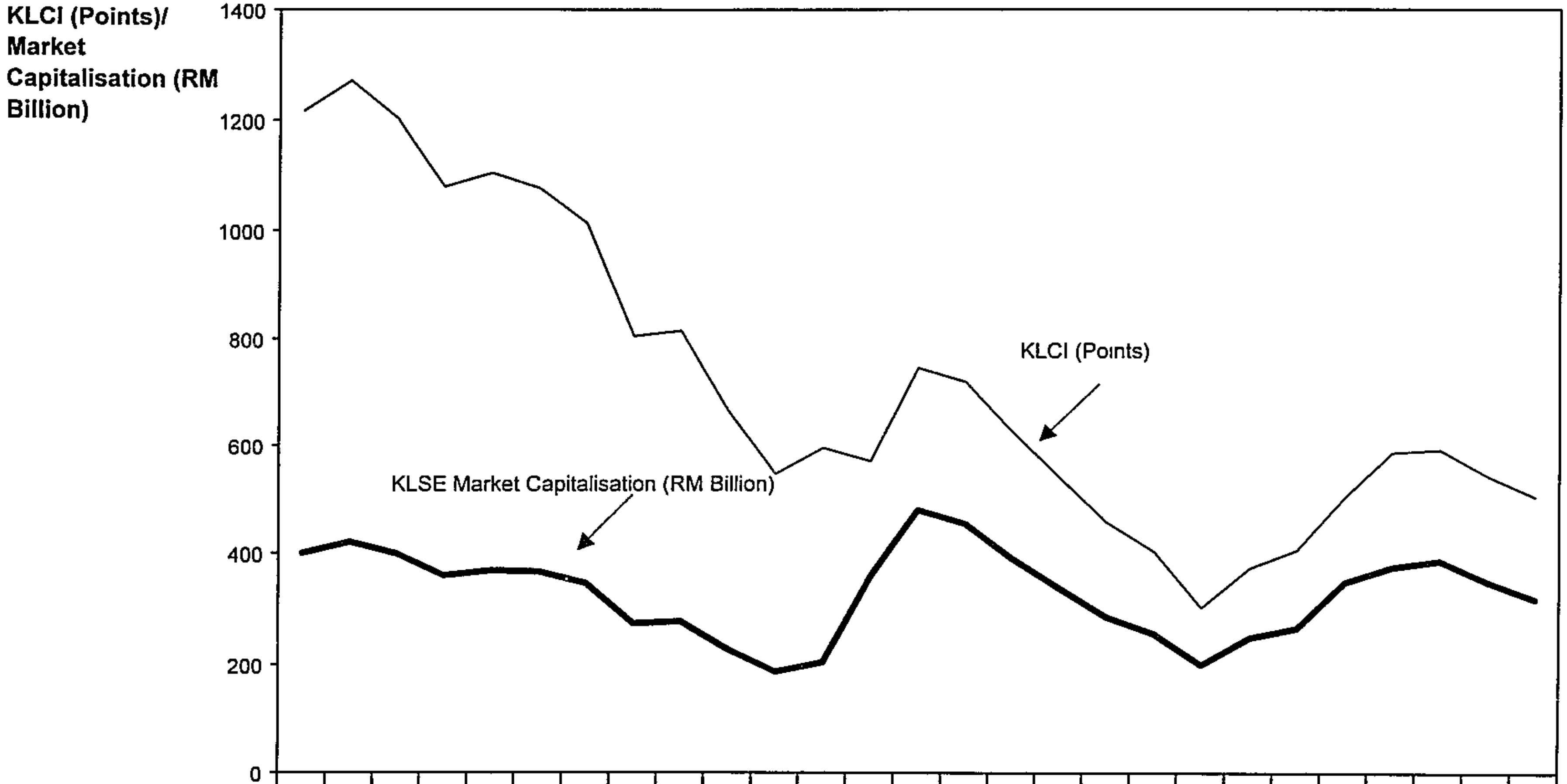
	Jan-97	Feb-97	Mar-97	Apr 97	May-97	Jun-97	Jul-97	Aug 97	Sep-97	Oct 97	Nov 97	Dec 97
RM per unit of US$	2.49	2.48	2.48	2.51	2.51	2.52	2.64	2.96	3.20	3.44	3.50	3.89
RM per unit of £	4.00	4.01	4.05	4.10	4.12	4.20	4.32	4.79	5.15	5.74	5.87	6.44
RM per unit of S$	1.77	1.75	1.72	1.74	1.76	1.76	1.79	1.94	2.09	2.16	2.20	2.32
RM per 100 unit of ¥	2.04	2.07	1.99	1.98	2.16	2.21	2.23	2.48	2.64	2.86	2.74	2.99
RM per unit of DEM	1.52	1.47	1.48	1.46	1.48	1.45	1.43	1.65	1.81	2.00	1.99	2.17

	Jan 98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug 98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar 99
RM per unit of US$	4.55	3.68	3.64	3.74	3.88	4.18	4.14	4.22	3.80	3.80	3.80	3.80	3.80	3.80	3.80
RM per unit of £	7.53	6.04	6.11	6.24	6.30	6.96	6.78	6.99	6.49	6.38	6.27	6.33	6.26	6.08	6.12
RM per unit of S$	2.59	2.27	2.27	2.36	2.31	2.45	2.40	2.38	2.25	2.34	2.30	2.29	2.25	2.20	2.19
RM per 100 unit of ¥	3.60	2.69	2.77	2.83	2.80	2.97	2.88	2.98	2.81	3.29	3.07	3.31	3.27	3.15	3.18
RM per unit of DEM	2.54	2.02	1.97	2.08	2.18	2.31	2.33	2.35	2.27	2.30	2.22	2.26	2.22	2.14	2.08

Source: Bank Negara Malaysia

EXHIBIT 4.2

KUALA LUMPUR COMPOSITE INDEX (KLCI) AND MARKET CAPITALISATION



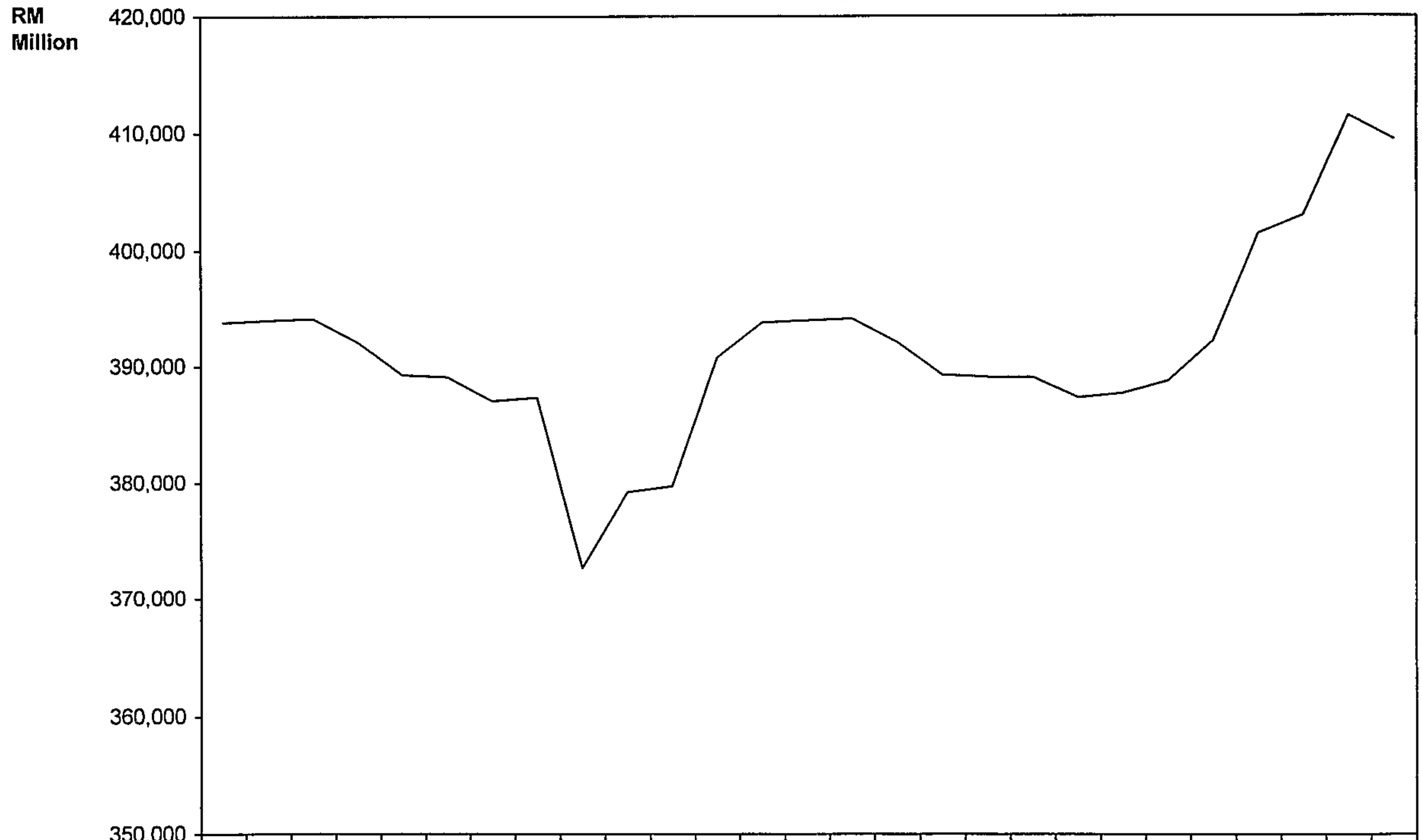
	Jan-97	Feb-97	Mar-97	Apr-97	May 97	Jun-97	Jul-97	Aug-97	Sep-97	Oct 97	Nov 97	Dec-97
KLCI (Points)	1216.7	1270.7	1203.1	1080.2	1104.8	1077.30	1012.8	804.40	814.57	664.69	545.44	594.44
Market Cap (RM Billion)	400	420	399	360	369	367	346	274	278	228	187	204

	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
KLCI (Points)	569.51	745.36	719.52	625.97	538.24	455.64	402.65	302.91	373.52	405.33	501.47	586.13	591.43	542.23	502.82
Market Cap (RM Billion)	358	478	453	390	337	286	256	200	249	266	348	375	386	349	318

Source: Kuala Lumpur Stock Exchange (KLSE)
National Economic Action Council (NEAC)

EXHIBIT 4.3

BROAD MONEY, M3

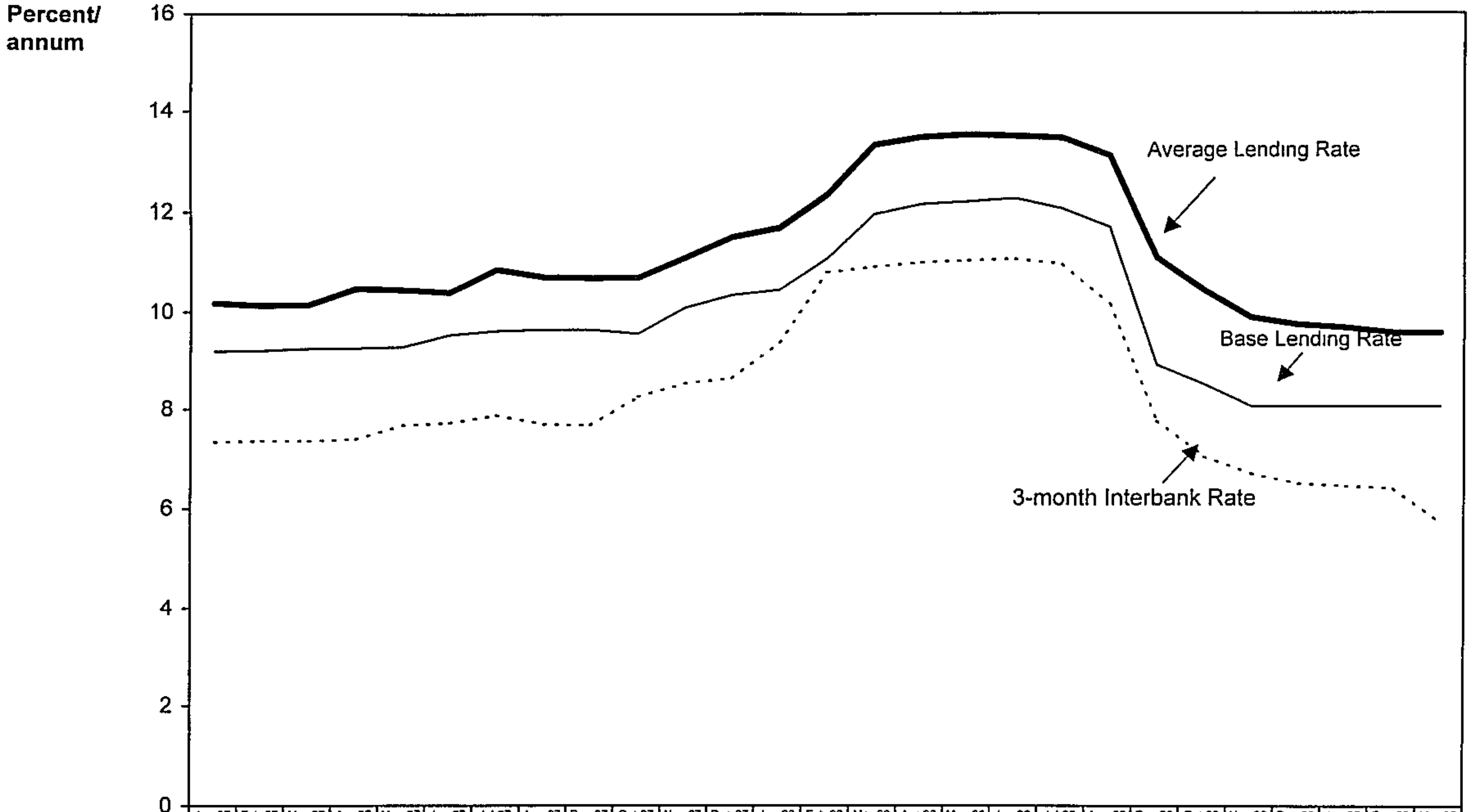


	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Broad Money M3 (RM Million)	393 797	393 980	394 150	392 099	389 316	389 127	387 103	387 372	372 750	379 264	379 770	390 809	393 797	393 980	394 150	392 099	389 316	389 127	389 103	387 372	387,742	388 792	392 222	401 459	403 019	411 494	409 492

Source : Bank Negara Malaysia

EXHIBIT 4.4

INTEREST RATES-
COMMERCIAL BANKS



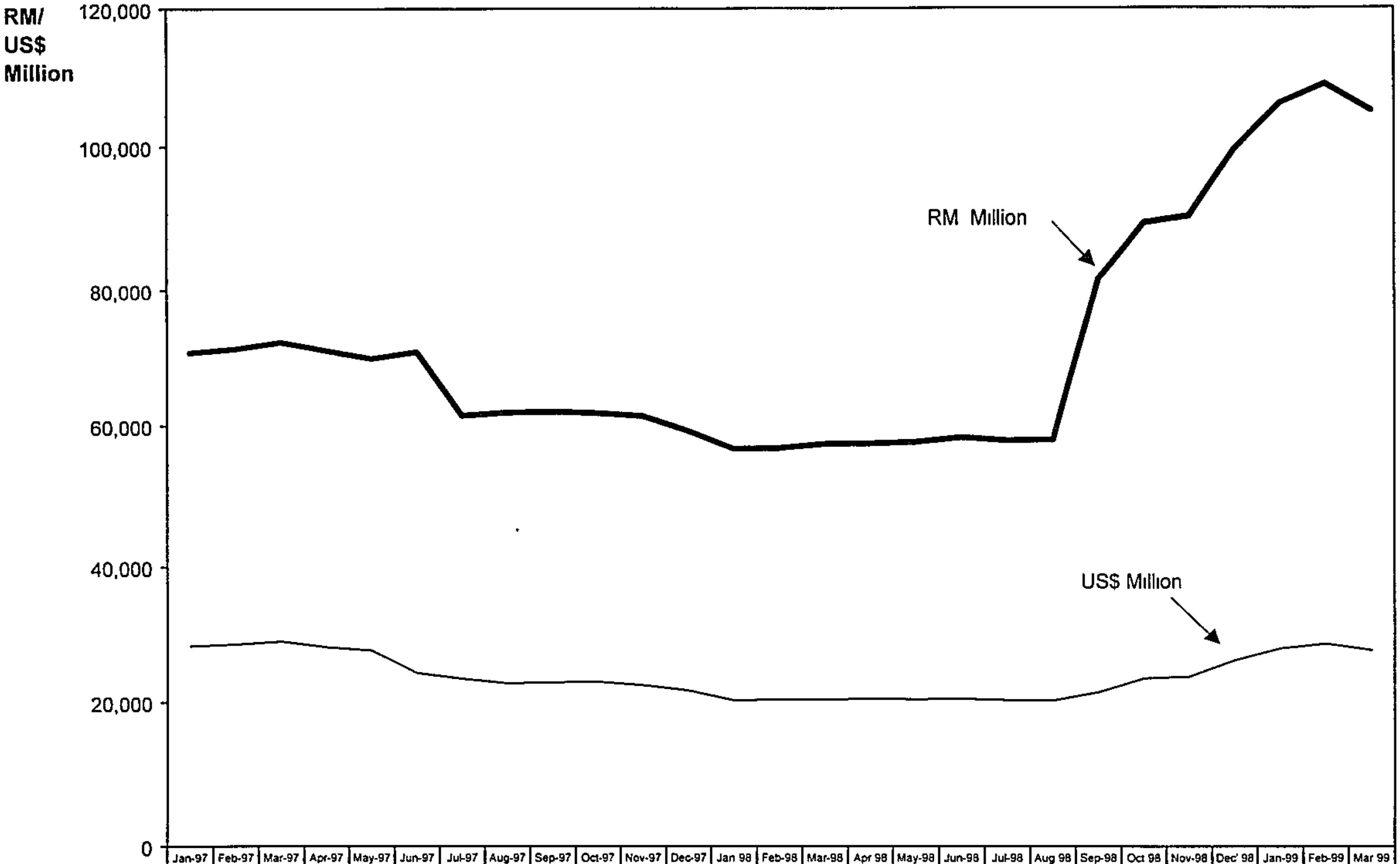
	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98
Base Lending Rate (% per annum)	9 19	9 20	9 24	9 25	9 27	9 50	9 58	9 61	9.61	9 53	10 07	10 33	10 44
Avg Lending Rate (% per annum)	10 18	10 13	10 14	10 46	10 43	10 38	10 85	10 70	10 68	10 69	11 09	11 51	11 69
3-mnth Interbank Rate (% per annum)	7 34	7 36	7 36	7 39	7 67	7 71	7 86	7 68	7 65	8 22	8 50	8.60	9 35

	Feb-98	Mar 98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct 98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Base Lending Rate (% per annum)	11 08	11 96	12 16	12 21	12 27	12 07	11 70	8 89	8 49	8 04	8 04	8 04	8 04	8 04
Avg Lending Rate (% per annum)	12 35	13 33	13 49	13 54	13 51	13 47	13 11	11 09	10.43	9 87	9 72	9 66	9 56	9 56
3-mnth Interbank Rate (% per annum)	10 80	10 91	11 00	11 04	11 07	10 97	10 14	7 75	7 02	6 68	6 48	6 43	6 39	5 70

Source: Bank Negara Malaysia

EXHIBIT 4.5

EXTERNAL RESERVES



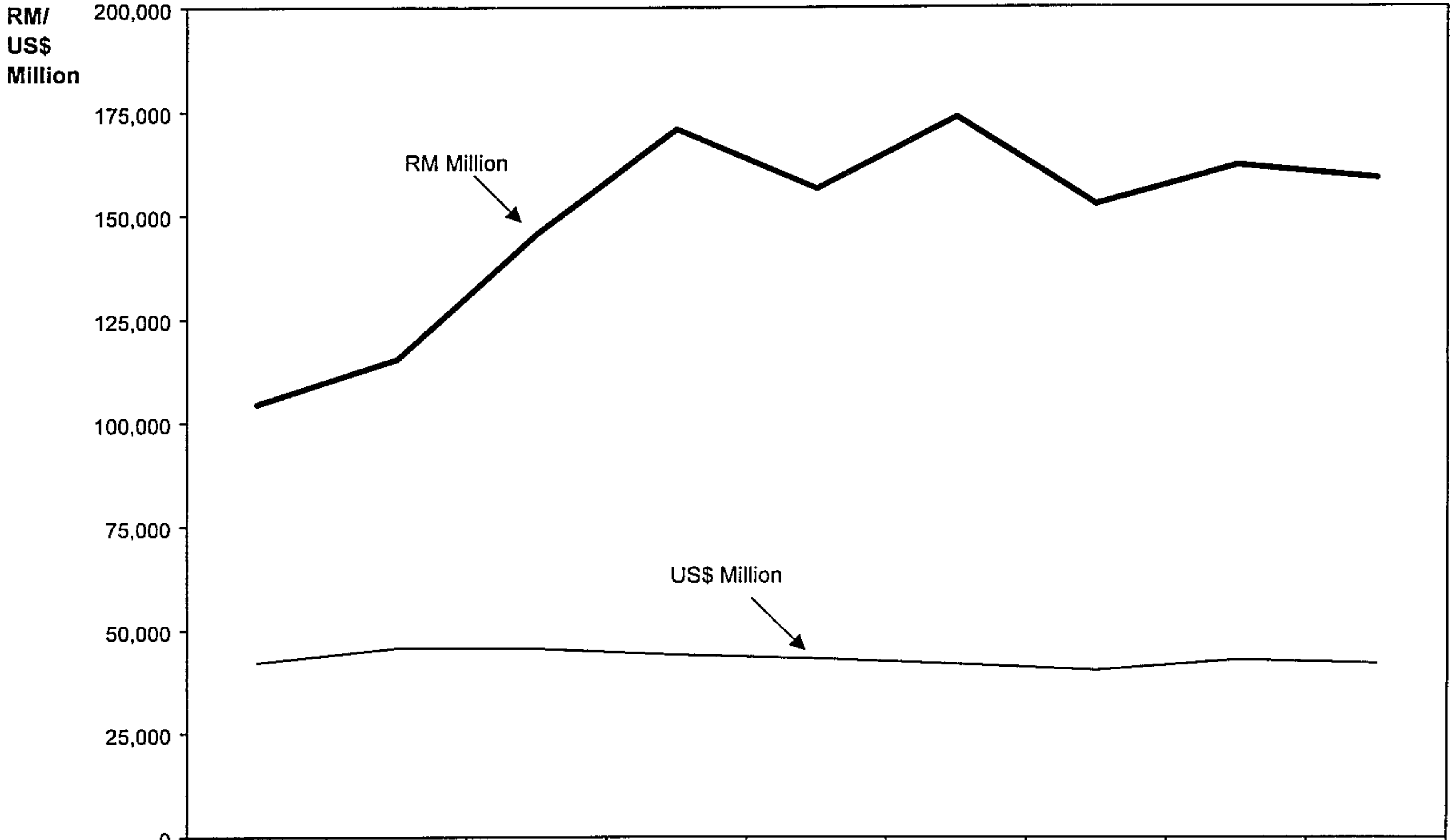
	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97
RM Million	70 661	71 256	72 235	71 004	69 790	70 782	61 464	61 660	62 000	61 608	61 411	59 255
US$ Million	28 414	28 695	29 139	28,277	27,760	24 357	23 467	22 810	22 945	22,993	22 475	21,706

	Jan 98	Feb-98	Mar-98	Apr 98	May-98	Jun-98	Jul-98	Aug 98	Sep-98	Oct 98	Nov-98	Dec' 98	Jan-99	Feb-99	Mar 99
RM Million	56 714	56 631	57,398	57 455	57 680	58 329	57 895	57,998	81 607	89 367	90 233	99 554	106 344	109 149	105,268
US$ Million	20 247	20 426	20,401	20 476	20 412	20 481	20 306	20 234	21 451	23 494	23 715	26,168	27,955	28 696	27 707

Source · Treasury and Bank Negara Malaysia

EXHIBIT 4.6

EXTERNAL DEBT

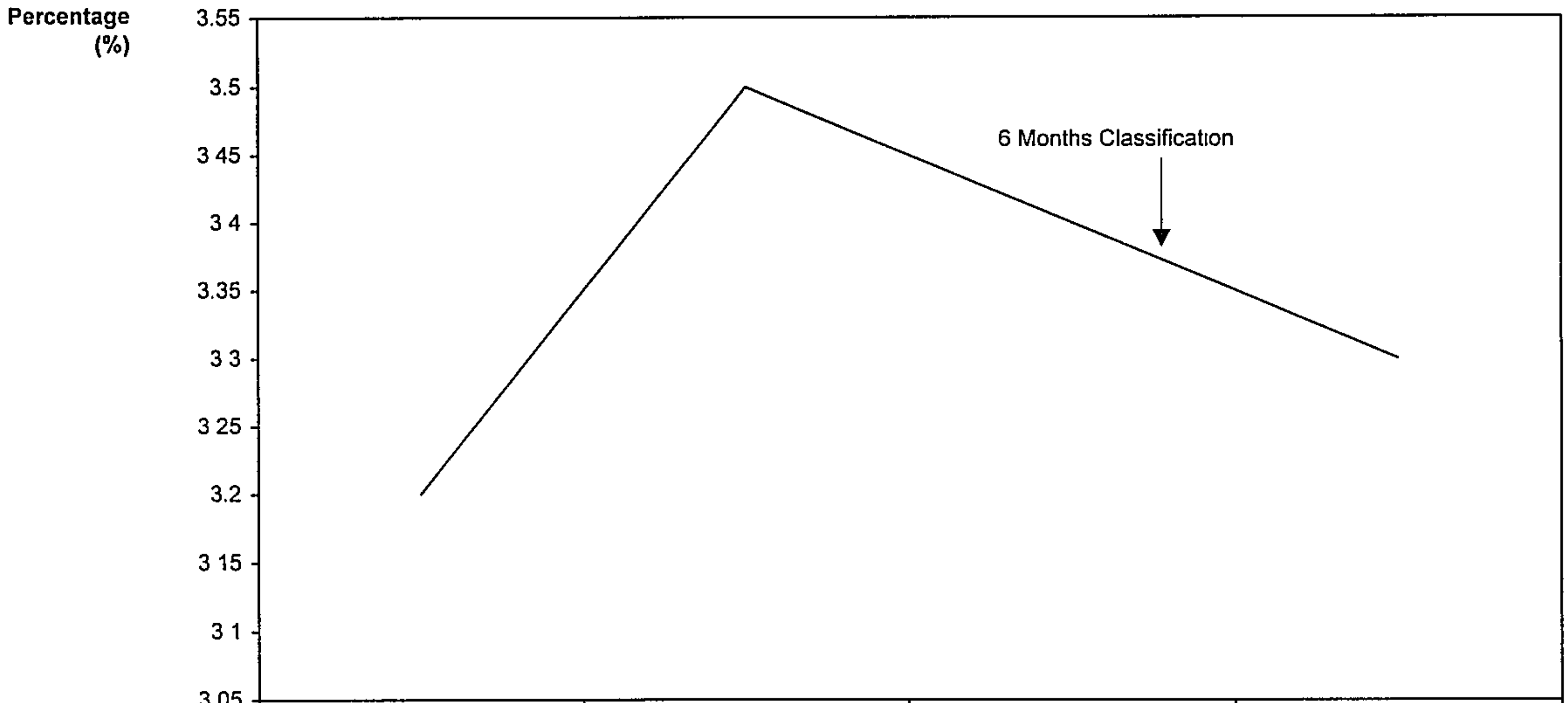


	Mar-97	Jun-97	Sep-97	Dec-97	Mar-98	Jun-98	Sep-98	Dec-98	Mar-99
RM Million	104,397	115,271	145,380	170,757	156,295	173,711	152,557	161,903	158,773
US$ Million	42,113	45,679	45,467	43,916	42,903	41,607	40,147	42,606	41,782

Source : Treasury and Bank Negara Malaysia

EXHIBIT 4.7 (a)

NON PERFORMING LOANS OF COMMERCIAL BANKS IN 1997(QUARTERLY)
(as a Percentage of Total Outstanding Loans)

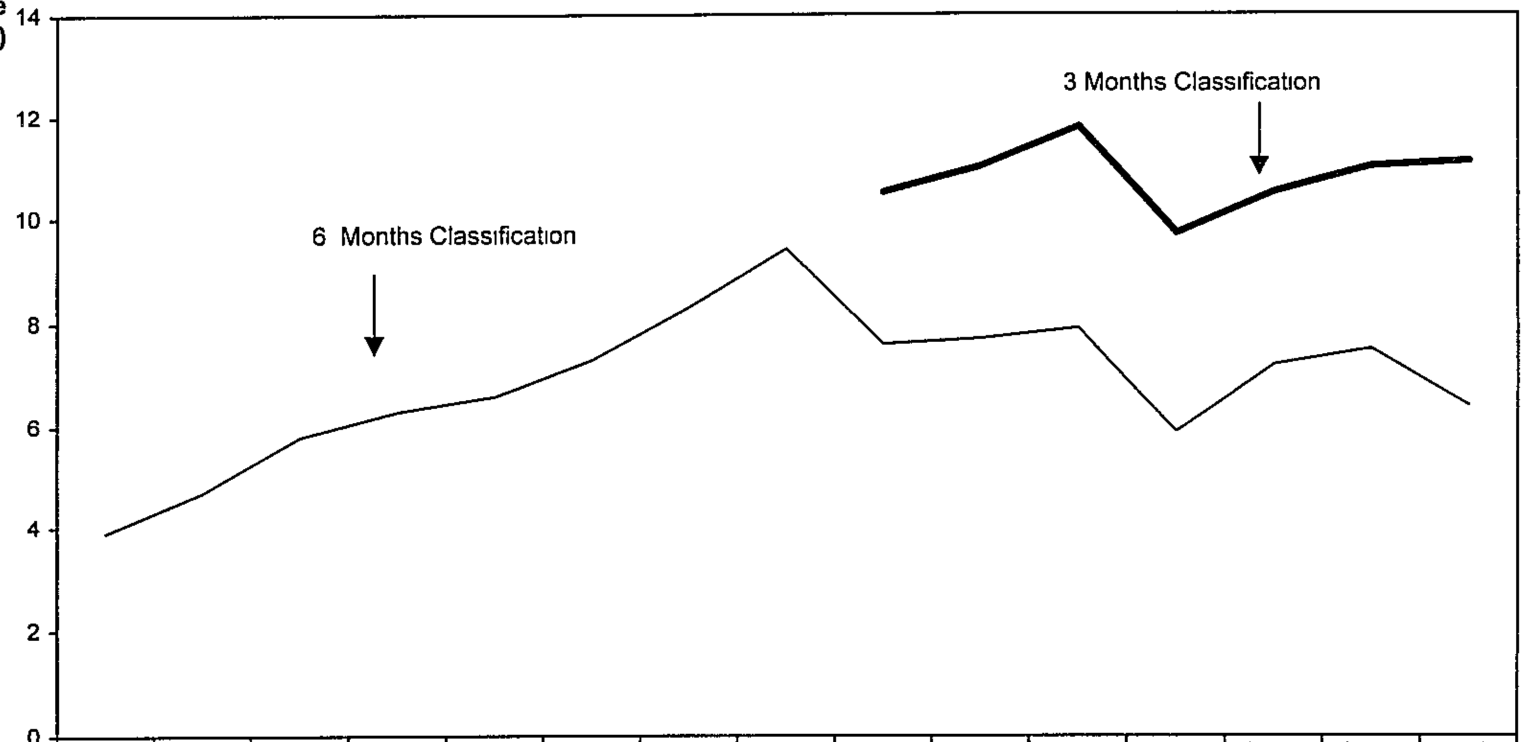


	Mar-97	Jun-97	Sep-97	Dec-97
6 Months (%)	3 2	3.5	3.4	3.3

Source. Bank Negara Malaysia

EXHIBIT 4.7 (b)

NON PERFORMING LOANS(MONTHLY) OF COMMERCIAL BANKS FROM JANUARY 1998 TILL MARCH 1999 (As a Percentage of Total Outstanding Loans)

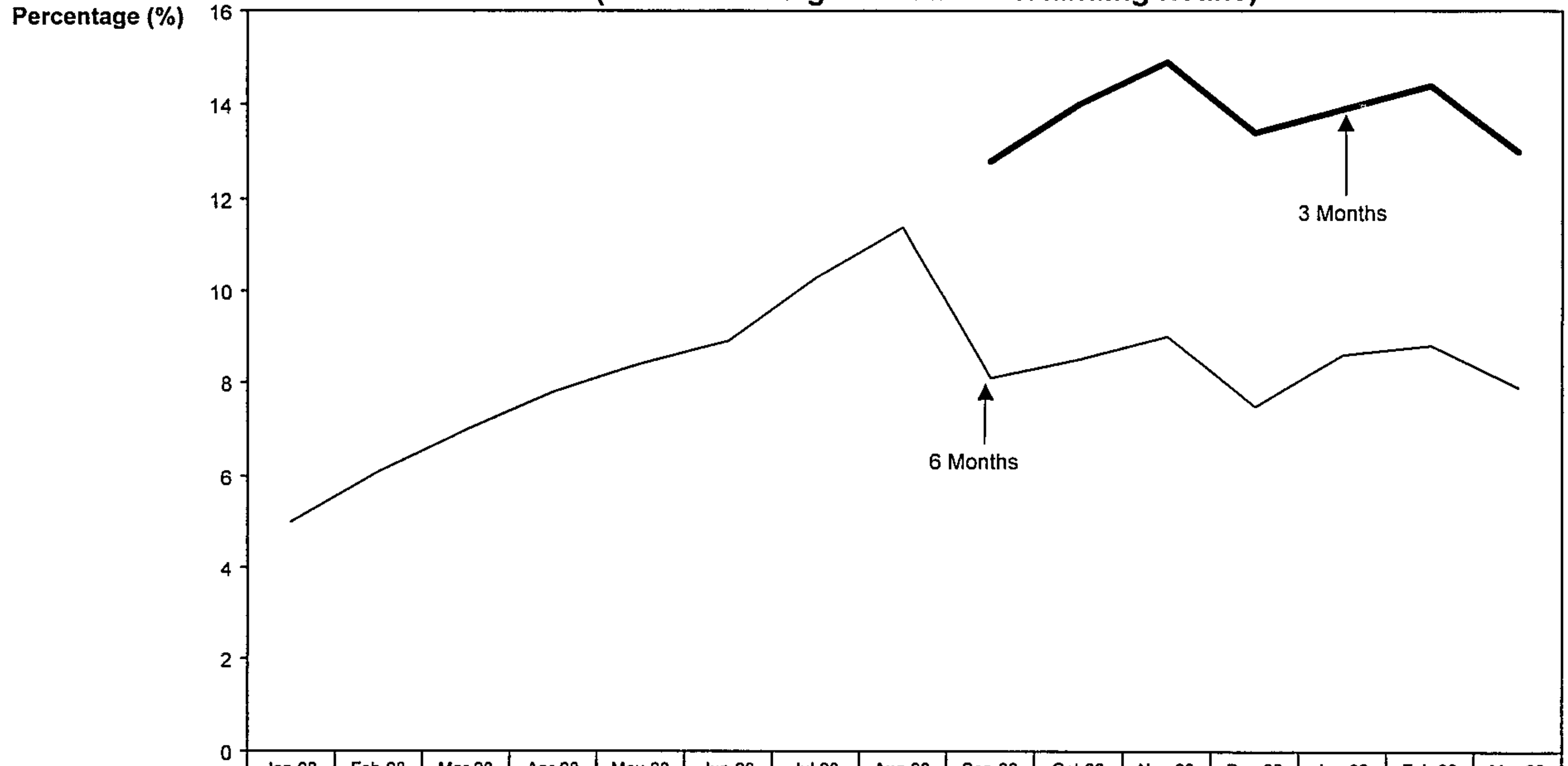


	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
3 Months (%)									10.5	11 0	11 8	9 7	10 5	11 0	11 1
6 Months (%)	3 9	4 7	5 8	6 3	6.6	7 3	8 3	9 4	7 6	7 7	7 9	5 9	7 2	7 5	6 4

Source: Bank Negara Malaysia

EXHIBIT 4.8

NON PERFORMING LOANS IN THE BANKING SYSTEM
(As a Percentage of Total Outstanding Loans)

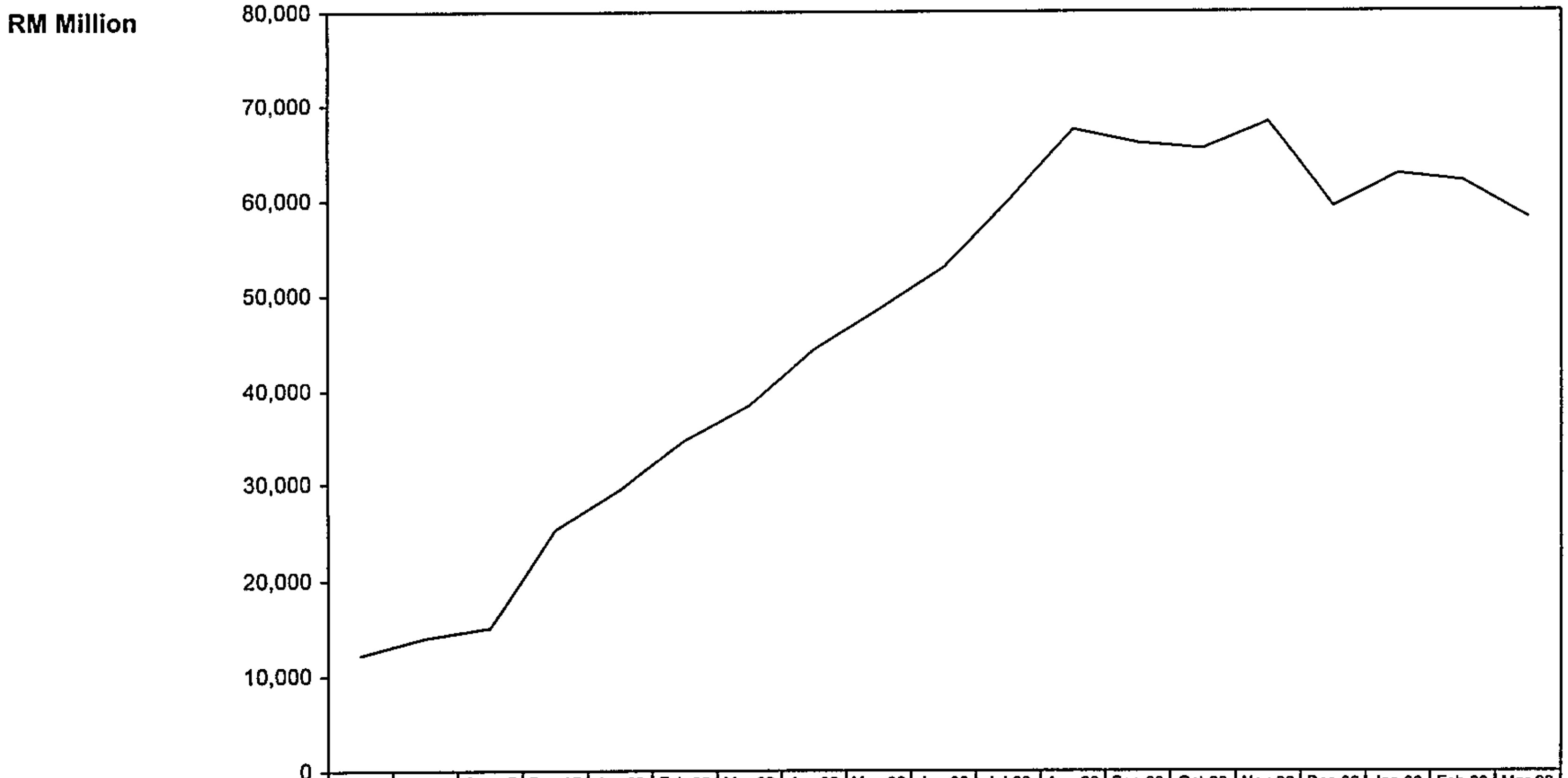


	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
3 Months (%)									12.8	14.0	14.9	13.4	13.9	14.4	13.0
6 Months (%)	5.0	6.1	7.0	7.8	8.4	8.9	10.3	11.4	8.1	8.5	9.0	7.5	8.6	8.8	7.9

Source: National Economic Action Council

EXHIBIT 4.9

TOTAL NON PERFORMING LOANS OF THE BANKING SYSTEM
(RM Million)

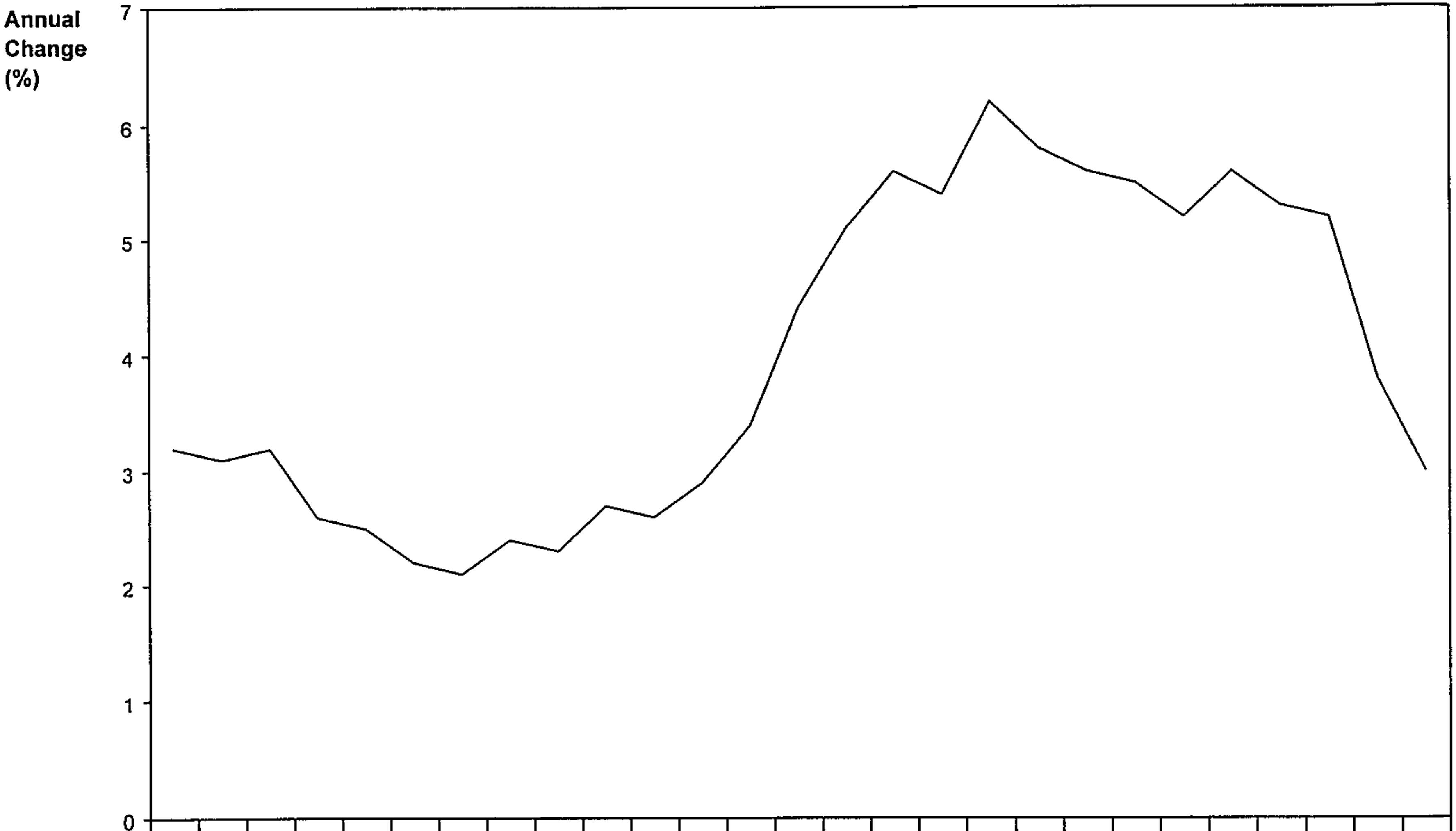


	Mar-97	Jun-97	Sep-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Non Performing Loans (RM Million)	12,168	13,963	15,000	25,229	29,397	34,552	38,381	44,259	48,413	52,871	59,902	67,399	65,919	65,324	68,207	59,277	62,628	61,909	58,143

Source: Bank Negara Malaysia

EXHIBIT 4.10

CONSUMER PRICE INDEX (CPI)

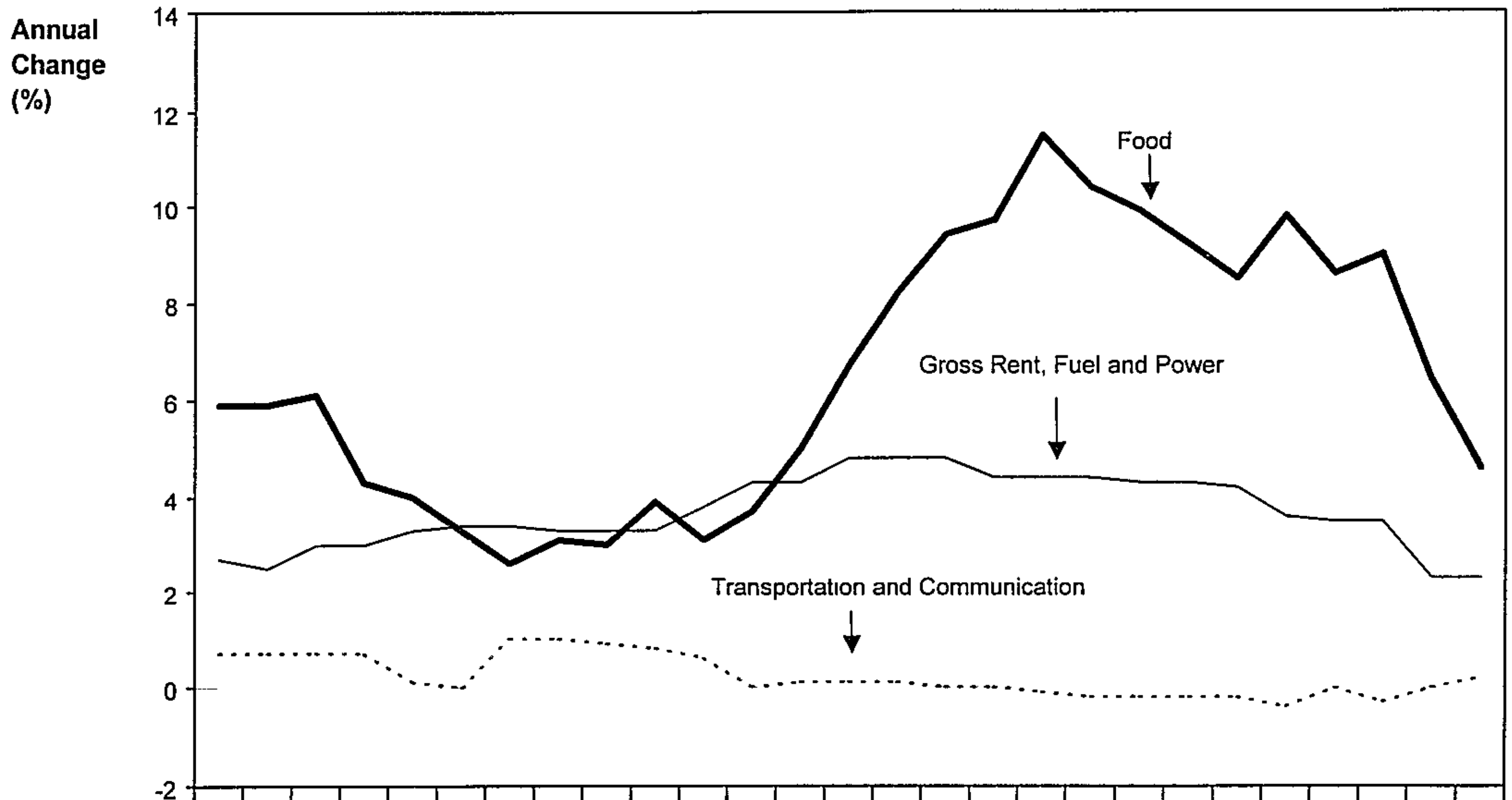


	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
CPI (annual change %)	3 2	3 1	3 2	2 6	2 5	2 2	2 1	2 4	2 3	2 7	2 6	2 9	3 4	4 4	5 1	5 6	5 4	6 2	5 8	5 6	5 5	5 2	5 6	5 3	5 2	3 8	3 0

Source· Department of Statistics

EXHIBIT 4.11

CONSUMER PRICE INDEX
INDICES FOR SELECTED NECESSITIES

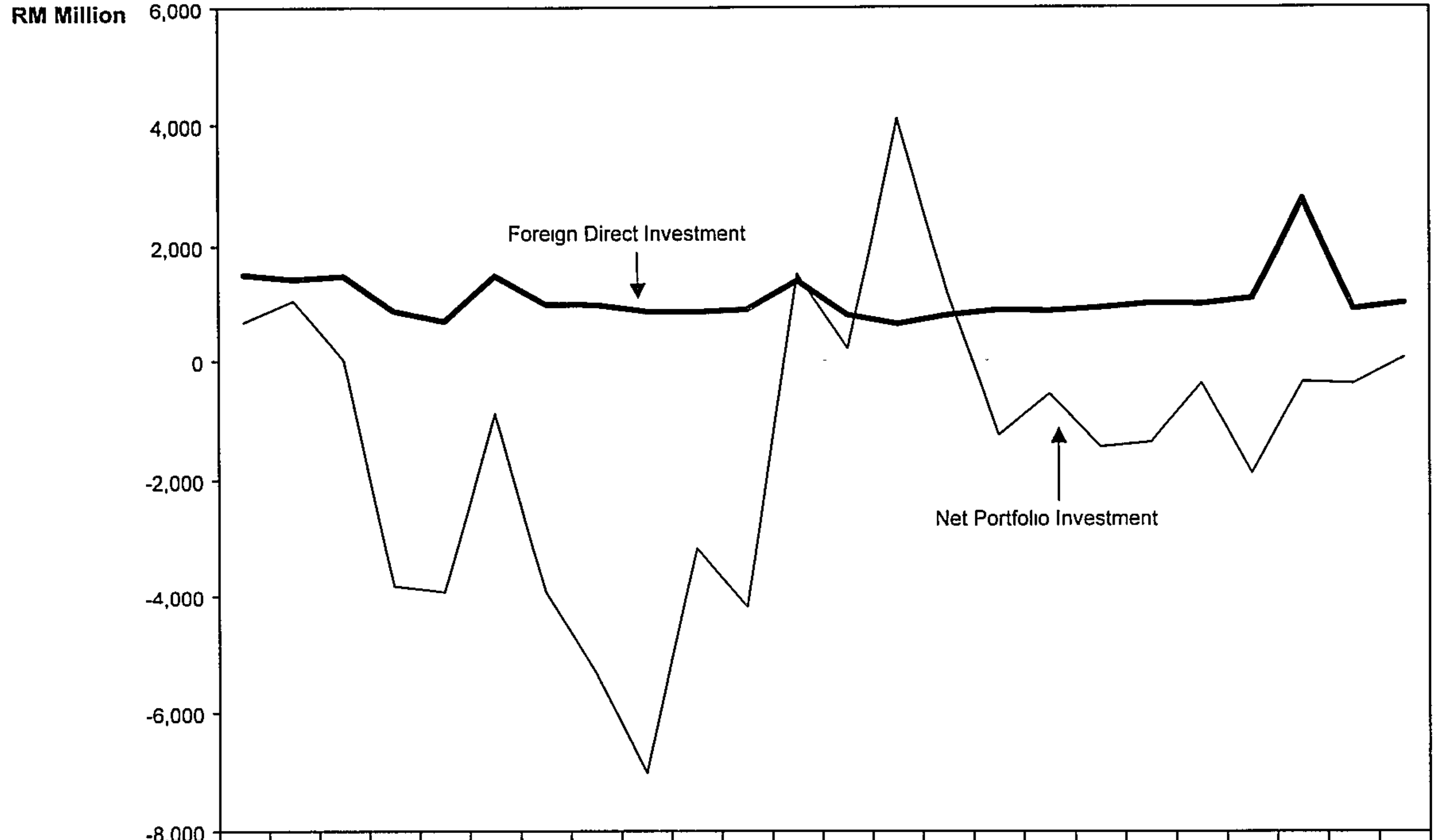


	Jan-97	Feb-97	Mar-97	Apr-97	May 97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Food (annual change %)	5.9	5.9	6.1	4.3	4.0	3.3	2.6	3.1	3.0	3.9	3.1	3.7	5.0	6.7	8.2	9.4	9.7	11.5	10.4	9.9	9.2	8.5	9.8	8.6	9.0	6.4	4.6
Gross Rent, Fuel and Power (annual change %)	2.7	2.5	3.0	3.0	3.3	3.4	3.4	3.3	3.3	3.3	3.8	4.3	4.3	4.8	4.8	4.8	4.4	4.4	4.4	4.3	4.3	4.2	3.6	3.5	3.5	2.3	2.3
Transportation and Communication (annual change %)	0.7	0.7	0.7	0.7	0.1	0.0	1.0	1.0	0.9	0.8	0.6	0.0	0.1	0.1	0.1	0.0	0.0	-0.1	-0.2	-0.2	-0.2	-0.2	-0.4	0.0	-0.3	0.0	0.2

Source: Department of Statistics

EXHIBIT 4.12

FOREIGN DIRECT INVESTMENTS AND NET PORTFOLIO INVESTMENT

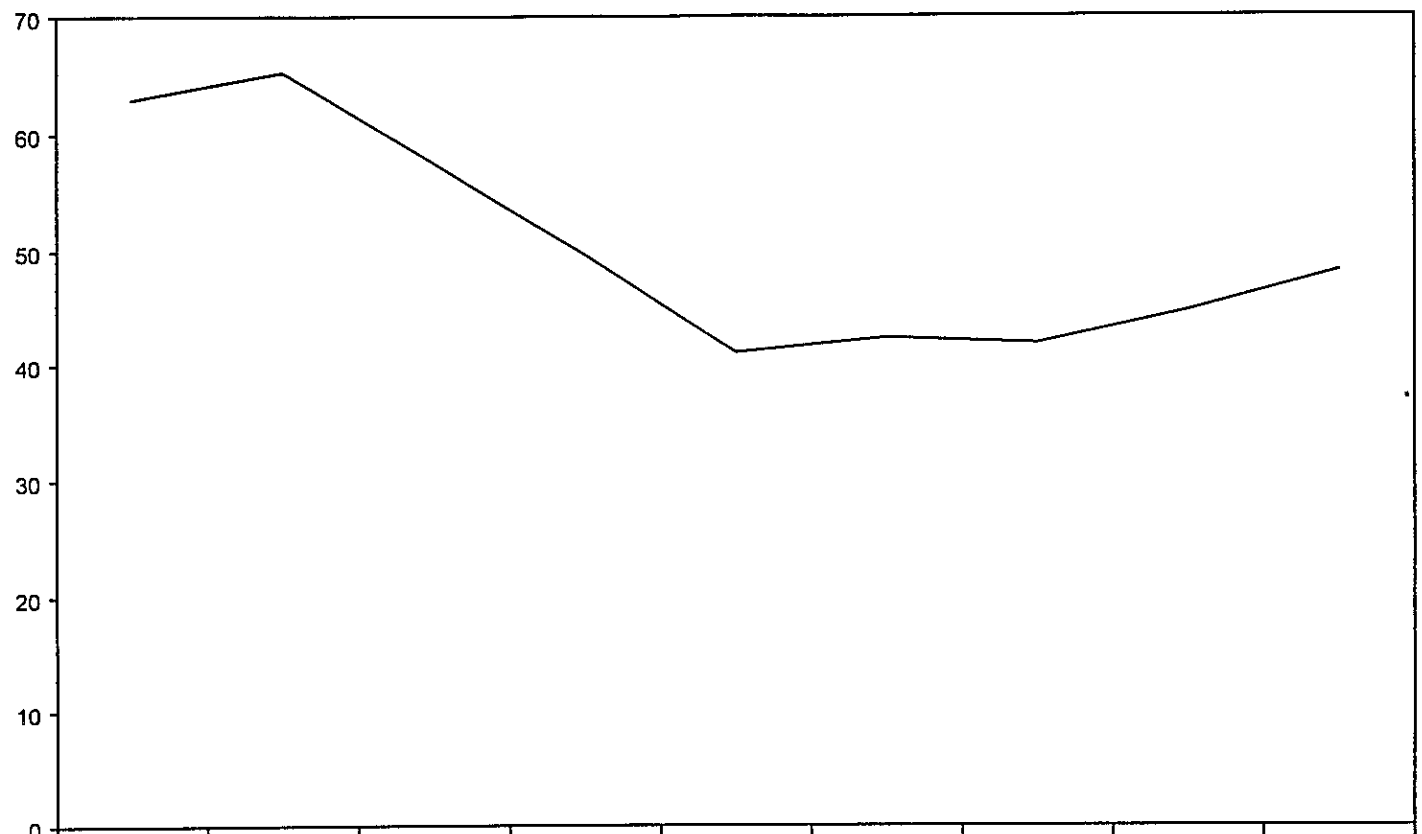


	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98
Foreign Direct Investment (RM Million)	1,512	1,428	1,484	866	683	1,482	983	976	863	855	897	1,403	802	642	795	884	866	926	1,001	991	1,088	2,777	899	1,003
Net Portfolio Investment (RM Million)	676	1,053	10	-3 823	-3,926	-905	-3,932	-5,347	-7,038	-3,158	-4 198	1,521	213	4 092	1,179	-1,267	-571	-1,463	-1,382	-387	-1,899	-366	-398	43

Source : Cash BOP Reporting System, Bank Negara Malaysia

EXHIBIT 4.13

BUSINESS CONDITIONS INDEX (BCI)



	1st Q' 97	2nd Q' 97	3rd Q' 97	4th Q' 97	1st Q' 98	2nd Q' 98	3rd Q' 98	4th Q' 98	1st Q' 99
BSI (Points)	62.9	65 2	57.5	49.6	41.0	42 3	41 8	44 7	48.2

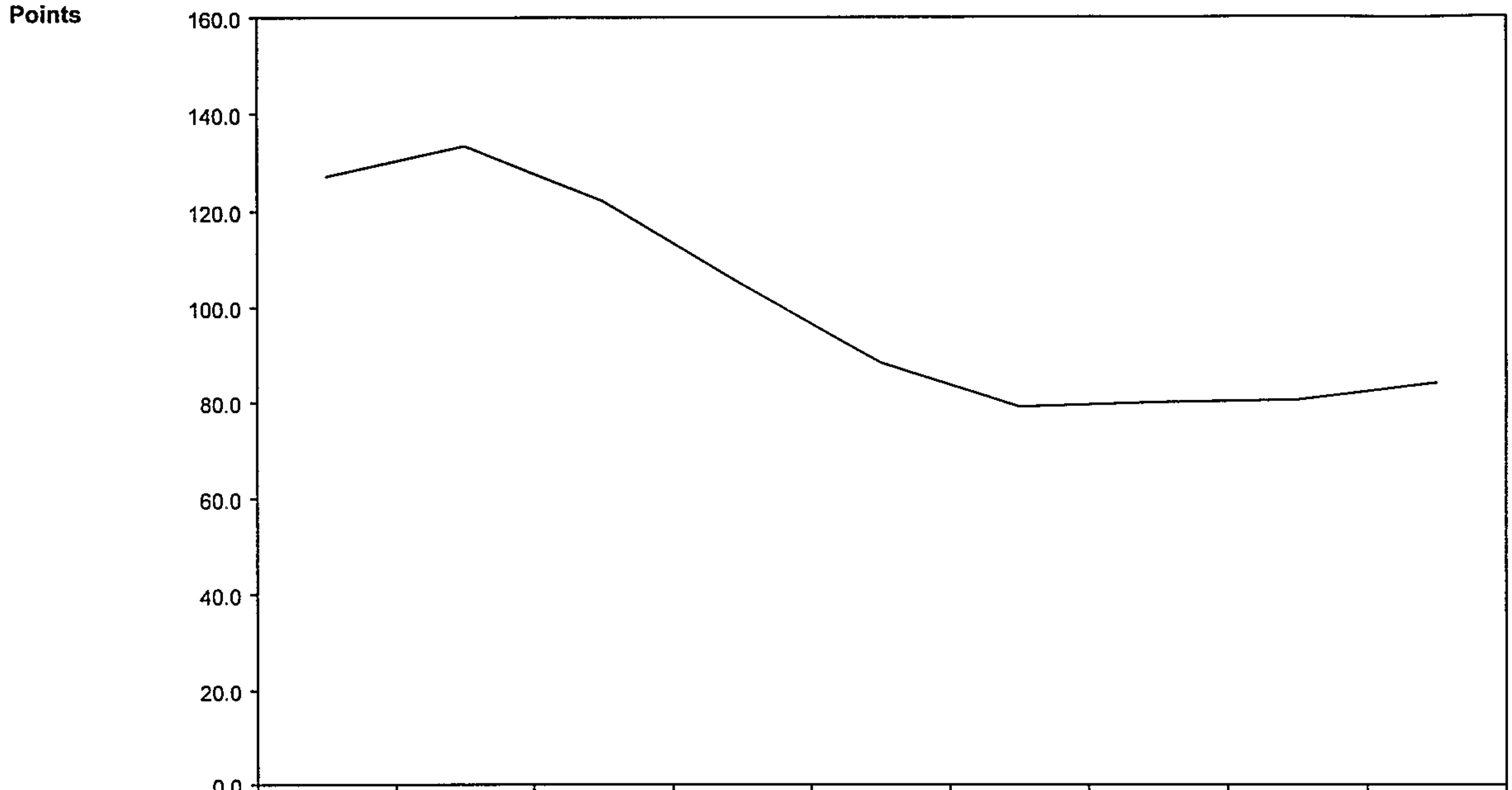
Source: Malaysian Institute of Economic Research

Business Conditions Index comprises of :-

1. Sales for products
2. Production volume
3. New orders received locally
4. Investment in new plant and equipment
5. New orders received from abroad
6. Capacity utilisation level
7. Expected production
8. Expected export sales

EXHIBIT 4.14

CONSUMER SENTIMENTS INDEX (CSI)



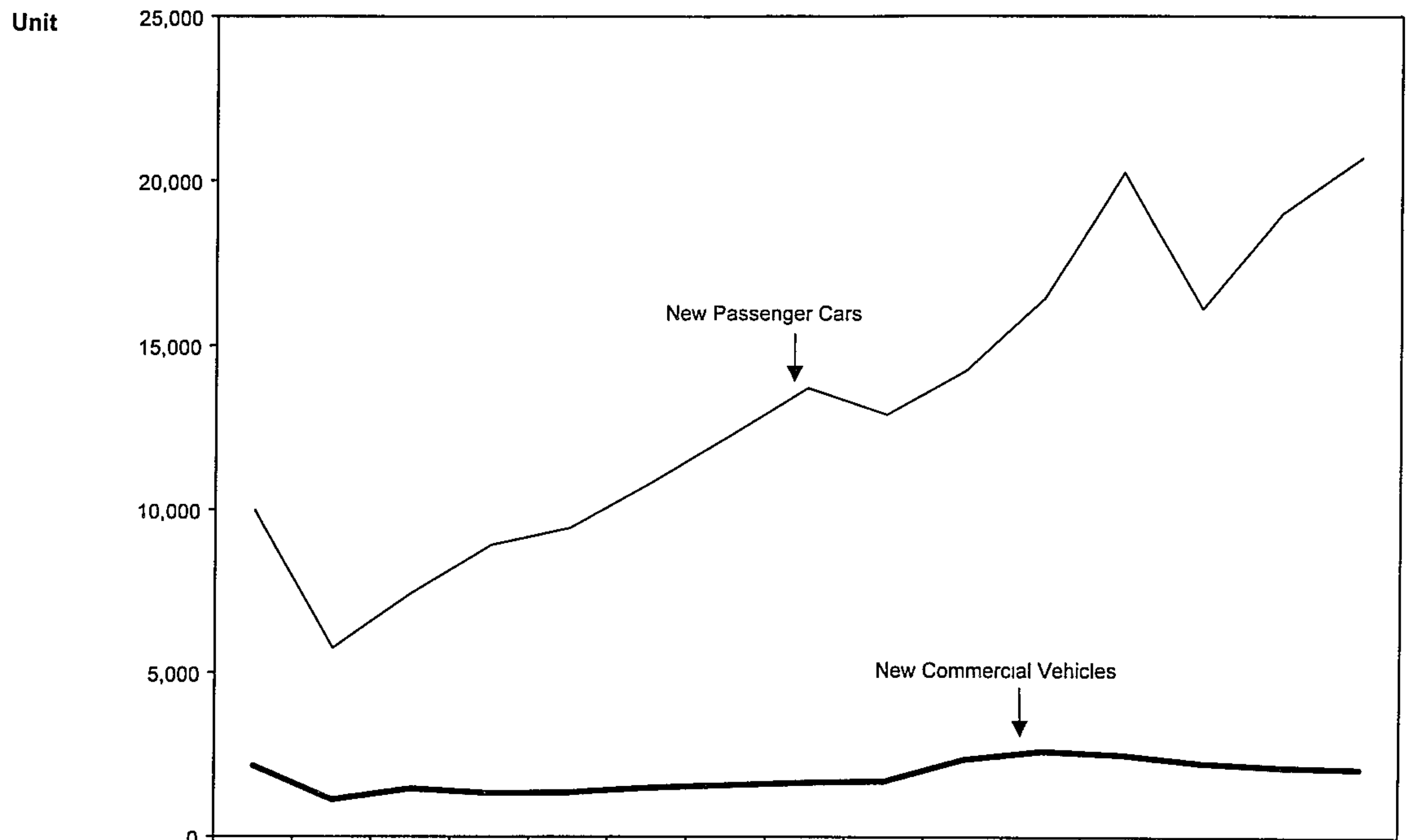
	1st Q' 97	2nd Q' 97	3rd Q' 97	4th Q' 97	1st Q' 98	2nd Q' 98	3rd Q' 98	4th Q' 98	1st Q' 99
CSI (Points)	127.2	133.4	122 1	104 9	88.5	79.1	80 0	80.5	84 0

Source: Malaysian Institute of Economic Research

Consumer Sentiments Index comprises of:-
1 Curent family's financial income position
2.Expected family's financial income position
3 Expected availability of jobs

EXHIBIT 4.15

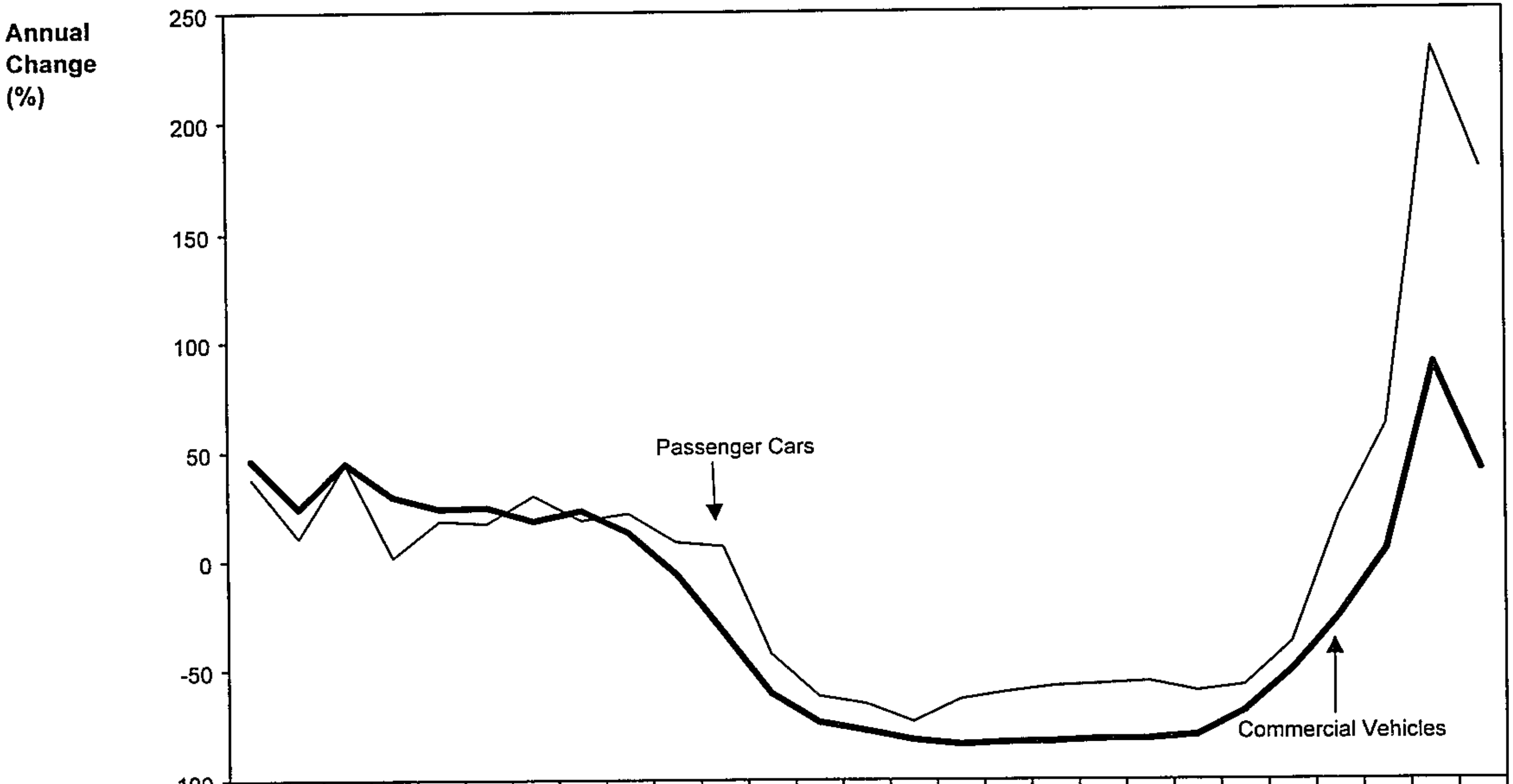
CAR PURCHASES



	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
New Passenger Cars (Unit)	9,984	5,723	7,427	8,919	9,428	10,758	12,198	13,701	12,883	14,232	16,427	20,248	16,106	19,035	20,694
New Commercial Vehicles (Unit)	2,194	1,148	1,491	1,343	1,370	1,512	1,599	1,681	1,724	2,396	2,654	2,545	2,291	2,172	2,106

Source: National Economic Action Council (NEAC)

SALES OF COMMERCIAL VEHICLES AND PASSENGER CARS



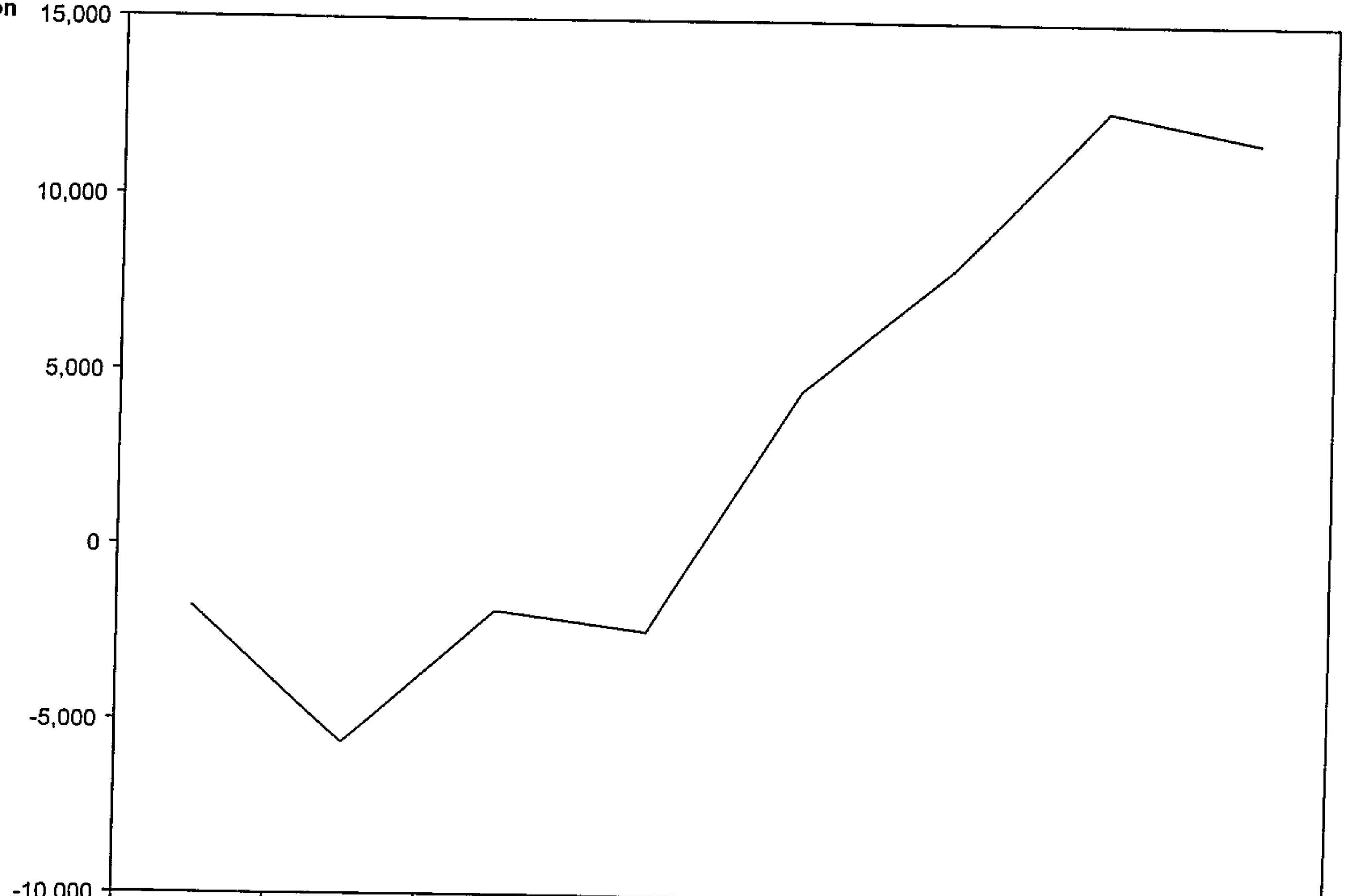
	Jan-97	Feb-97	Mar 97	Apr-97	May-97	Jun-97	Jul-97	Aug 97	Sep-97	Oct 97	Nov-97	Dec-97	Jan-98
Sales of Commercial Vehicles (annual change %)	46 3	24 1	45 1	29 6	24 0	24 6	18 4	23.2	13 0	-6.2	-33 3	-61 0	-74 0
Sales of Passenger Cars (annual change %)	37 8	10 6	44 8	1 6	18 4	17 4	30 1	18 7	21 8	8 6	6 7	-42 9	-62 2

	Feb-98	Mar 98	Apr-98	May-98	Jun 98	Jul-98	Aug 98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Sales of Commercial Vehicles (annual change %)	-77 8	-82 0	-84 1	-83 1	-82 7	-81 8	-81 7	-80 1	-69 3	-50 5	-26 4	4 4	89 2	41 2
Sales of Passenger Cars (annual change %)	-65 6	-73 7	-63 7	-60 4	-57 9	56 9	-55 8	-60 1	-57 6	-37 9	19 9	61 3	232 5	178 6

Source : Department of Statistics
Malaysian Motor Traders Associaton (MMTA)
Ministry of International Trade and Industry (MITI)

EXHIBIT 4.17

CURRENT BALANCE

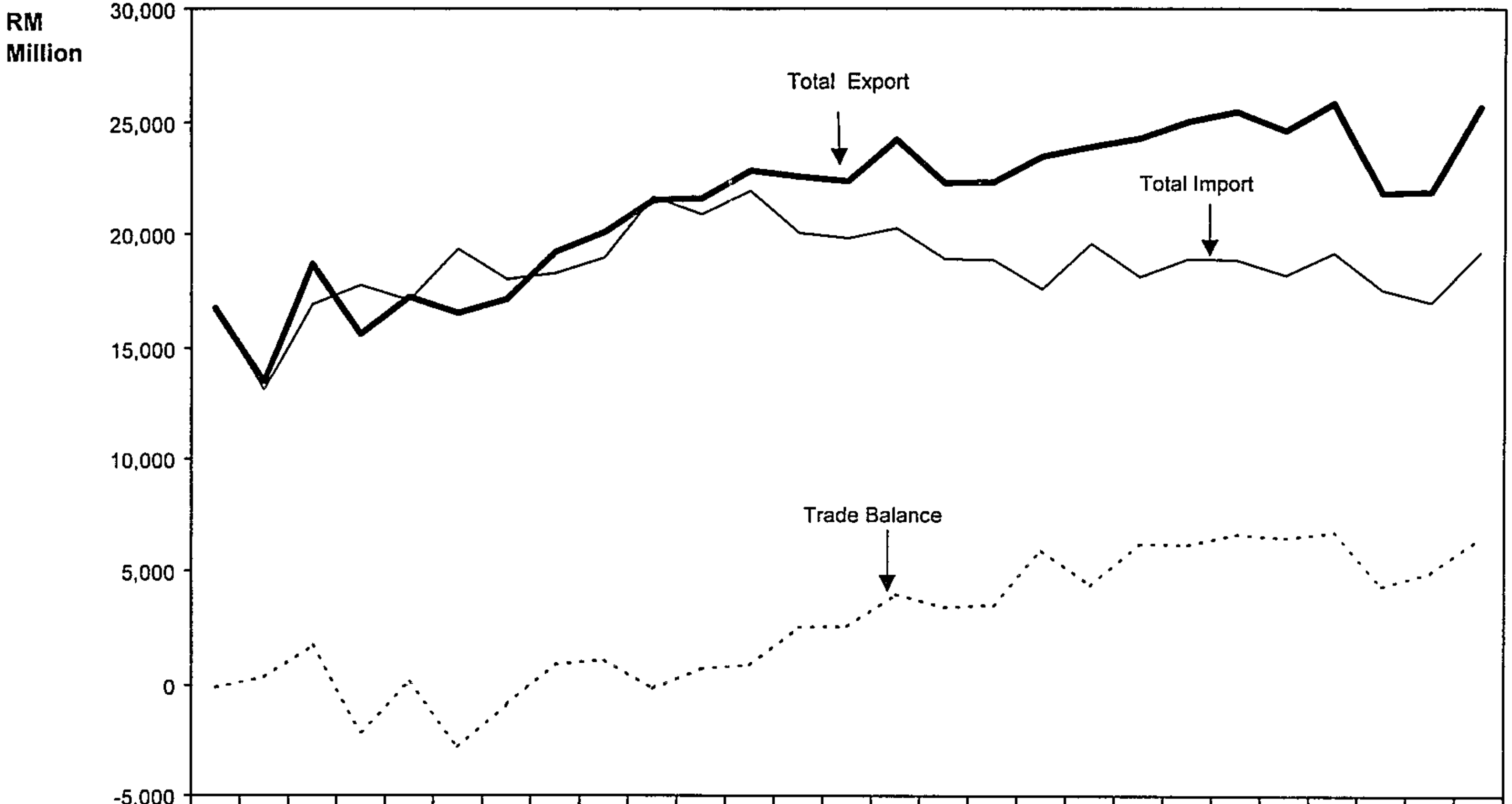


	1st Quarter 97	2nd Quarter 97	3rd Quarter-97	4th Quarter-97	1st Quarter-98	2nd Quarter-98	3rd Quarter-98	4th Quarter 98
Current Balance (RM Million)	-1,800	-5,656	-1,900	-2,450	4,534	8,022	12,541	11,697

Source: Department of Statistics

EXHIBIT 4.18

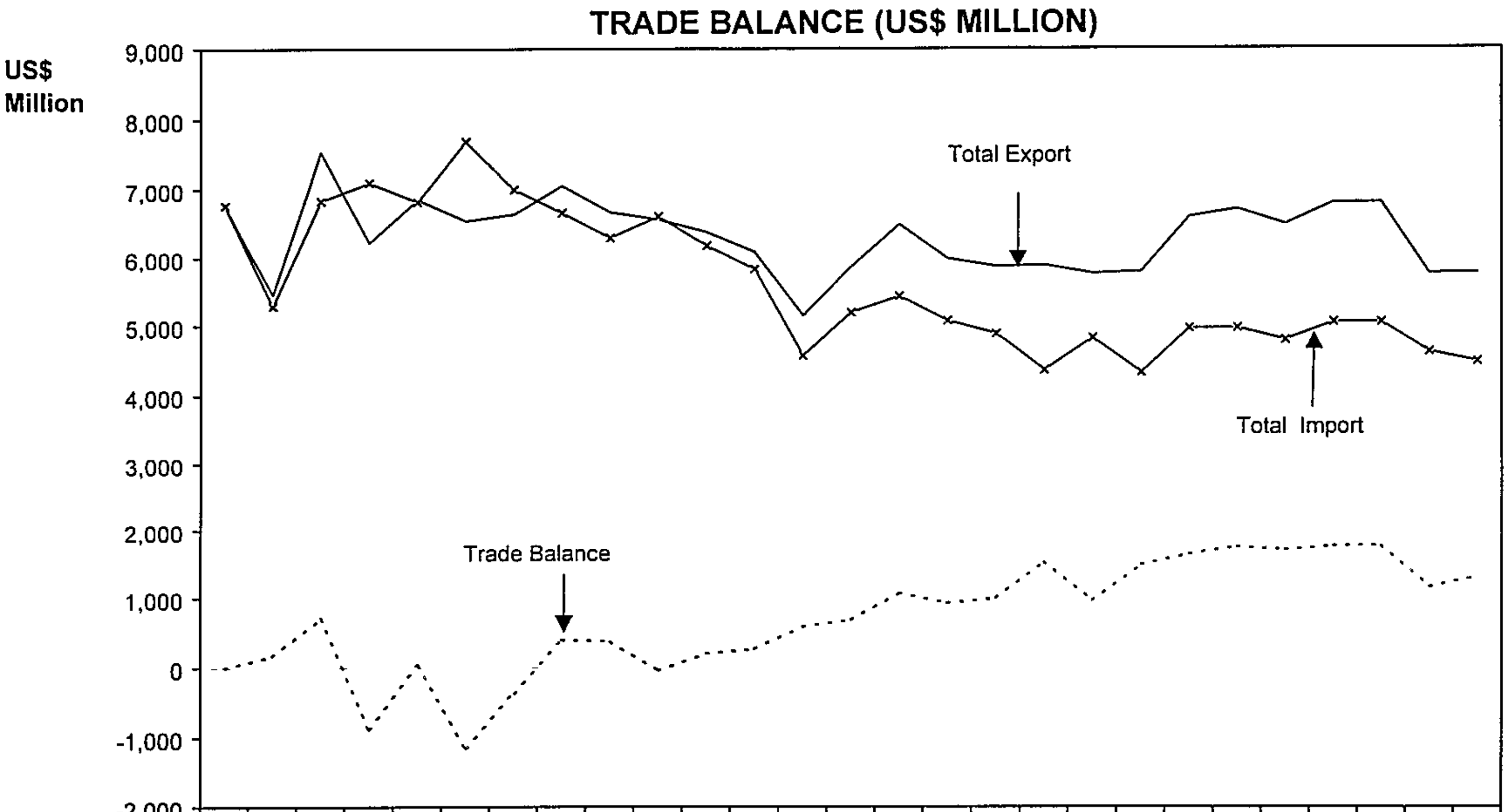
TRADE BALANCE



	Jan-97	Feb-97	Mar 97	Apr-97	May-97	Jun-97	Jul-97	Aug 97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr 98	May 98	Jun-98	Jul-98	Aug-98	Sep-98	Oct 98	Nov-98	Dec 98	Jan-99	Feb-99	Mar-99
Total Export (RM Million)	16 754	13 521	18 678	15 634	17 253	16 543	17 153	19 214	20 087	21,547	21 629	22,878	22 602	22 403	24 254	22,314	22 366	23 504	23 936	24 319	25 055	25 489	24 649	25 866	21 860	21 928	25 674
Total Import (RM Million)	16 857	13 153	16 925	17 759	17 096	19,343	18,007	18,272	18,956	21 699	20,894	21,975	20 057	19,823	20,275	18 902	18 851	17,588	19 576	18,122	18 910	18 852	18,190	19,162	17 543	17,000	19,184
Trade Balance (RM Million)	-102 9	367 8	1 752 9	-2 126	157	2 800	854	942	1 131	-151	735	903	2,545	2,580	3 979	3 411	3 515	5 915	4 360	6 197	6 145	6 637	6 459	6,704	4,317	4 928	6 490

Source Department of Statistics

EXHIBIT 4.19

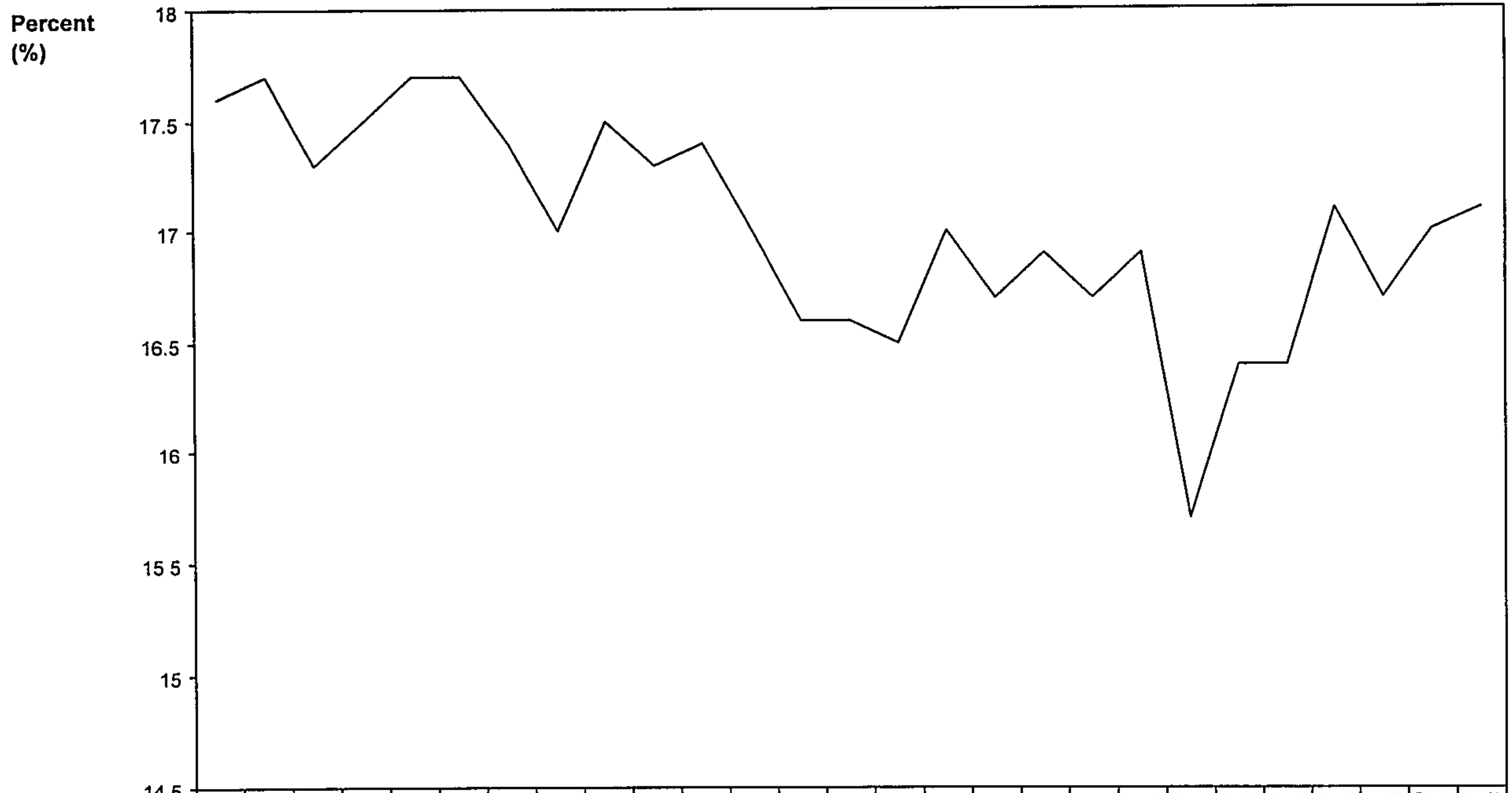


	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug 97	Sep-97	Oct 97	Nov-97	Dec 97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct 98	Nov-98	Dec-98	Jan 99	Feb-99	Mar 99
Total Export (US$Million)	6,761	5 457	7 542	6,226	6 853	6 541	6 637	7 050	6 667	6 557	6 370	6 078	5 138	5 857	6 483	5 979	5 861	5 880	5 761	5 793	6 596	6 708	6 487	6 800	6 805	5 763	5 771
Total Import (US$Million)	6,766	5 290	6,831	7 099	6 818	7,686	6,998	6 657	6,291	6 603	6,170	5 823	4,559	5,183	5 420	5 065	4 876	4 355	4 814	4 317	4 958	4 961	4,787	5 043	5 042	4 616	4 474
Trade Balance(US$Million)	-5	167	711	-873	35	-1,145	-361	393	376	-46	200	255	579	674	1 063	914	985	1 525	947	1 476	1 638	1 747	1 700	1,757	1,763	1,147	1 297

Source:National Economic Action Council

EXHIBIT 4.20

LIQUIDITY RATIO-COMMERCIAL BANKS

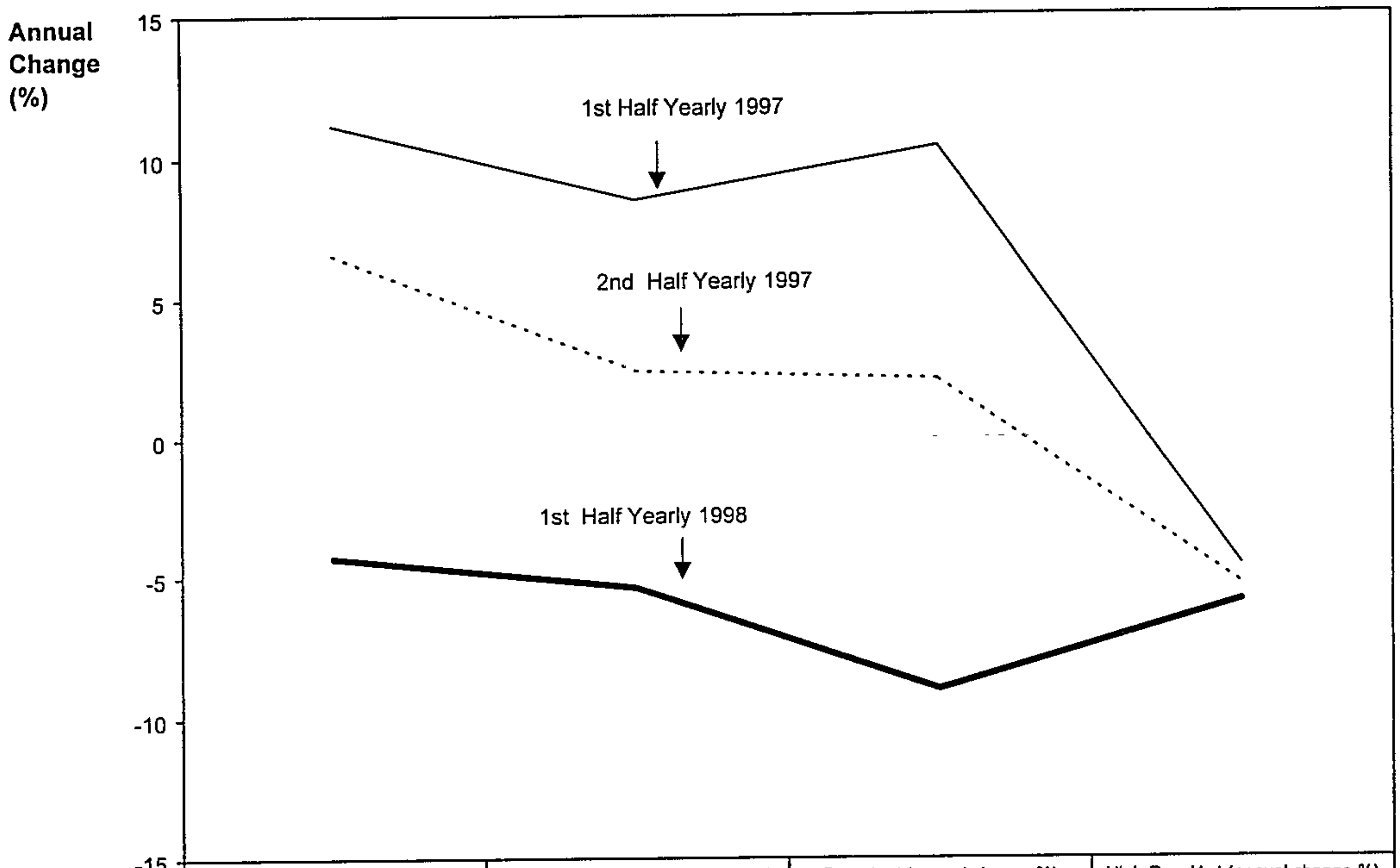


	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug 97	Sep-97	Oct 97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec' 98	Jan-99	Feb-99	Mar-99
Liquidity (%)	17.6	17.7	17.3	17.5	17.7	17.7	17.4	17.0	17.5	17.3	17.4	17.0	16.6	16.6	16.5	17.0	16.7	16.9	16.7	16.9	15.7	16.4	16.4	17.1	16.7	17.0	17.1

Source : Bank Negara Malaysia

EXHIBIT 4.21

HOUSE PRICE INDICATORS

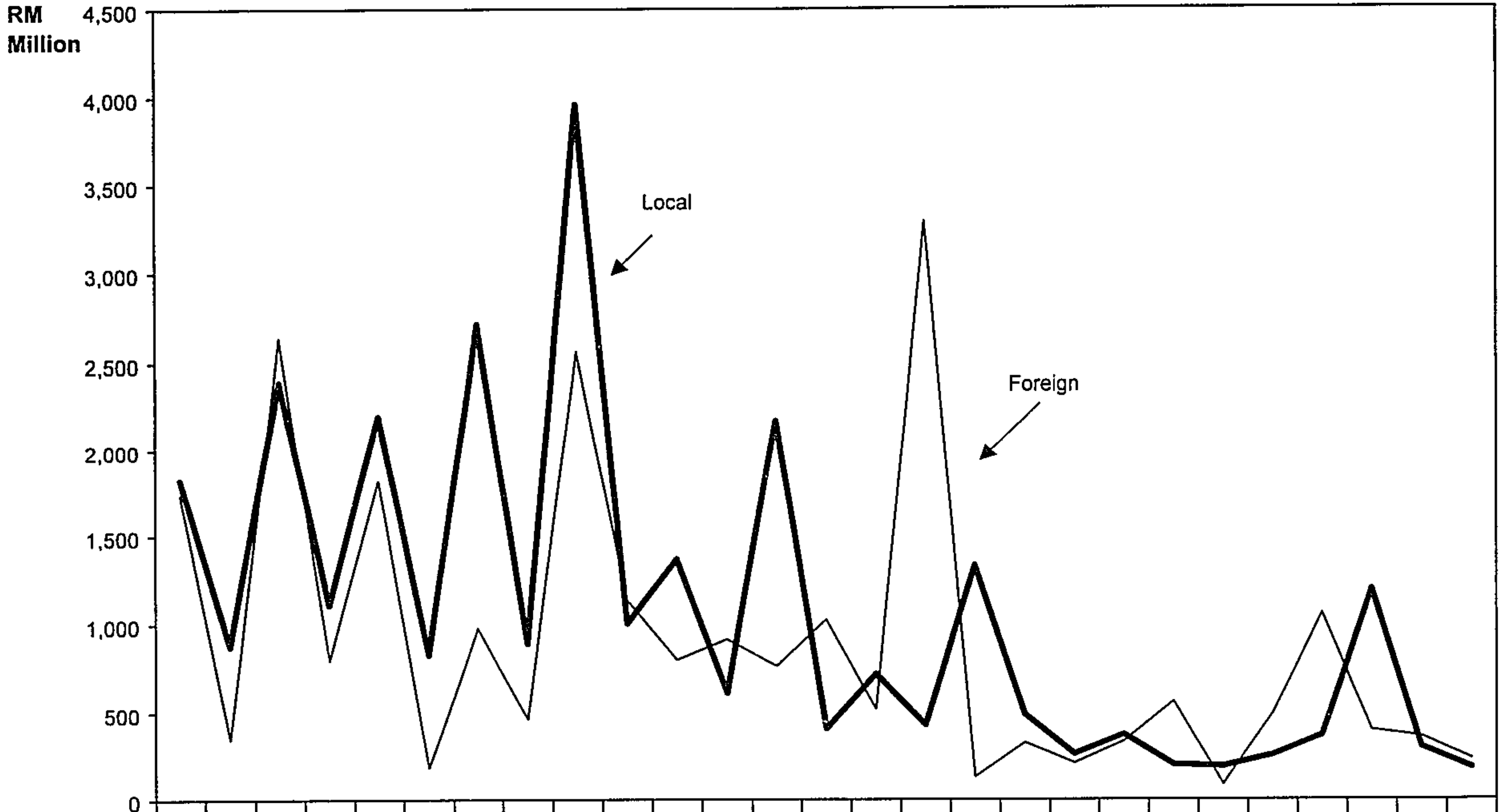


	Terraced (annual change %)	Semi-Detached (annual change %)	Detached (annual change %)	High-Rise Unit (annual change %)
1st Half Yearly 1997	11 2	8 5	10 4	-4 6
2nd Half Yearly 1997	6 6	2.4	2.1	-5.3
1st Half Yearly 1998	-4 3	-5 4	-9 0	-5.9

Source :Department of Valuation and Property Services

EXHIBIT 4.22

APPLICATIONS FOR MANUFACTURING PROJECTS

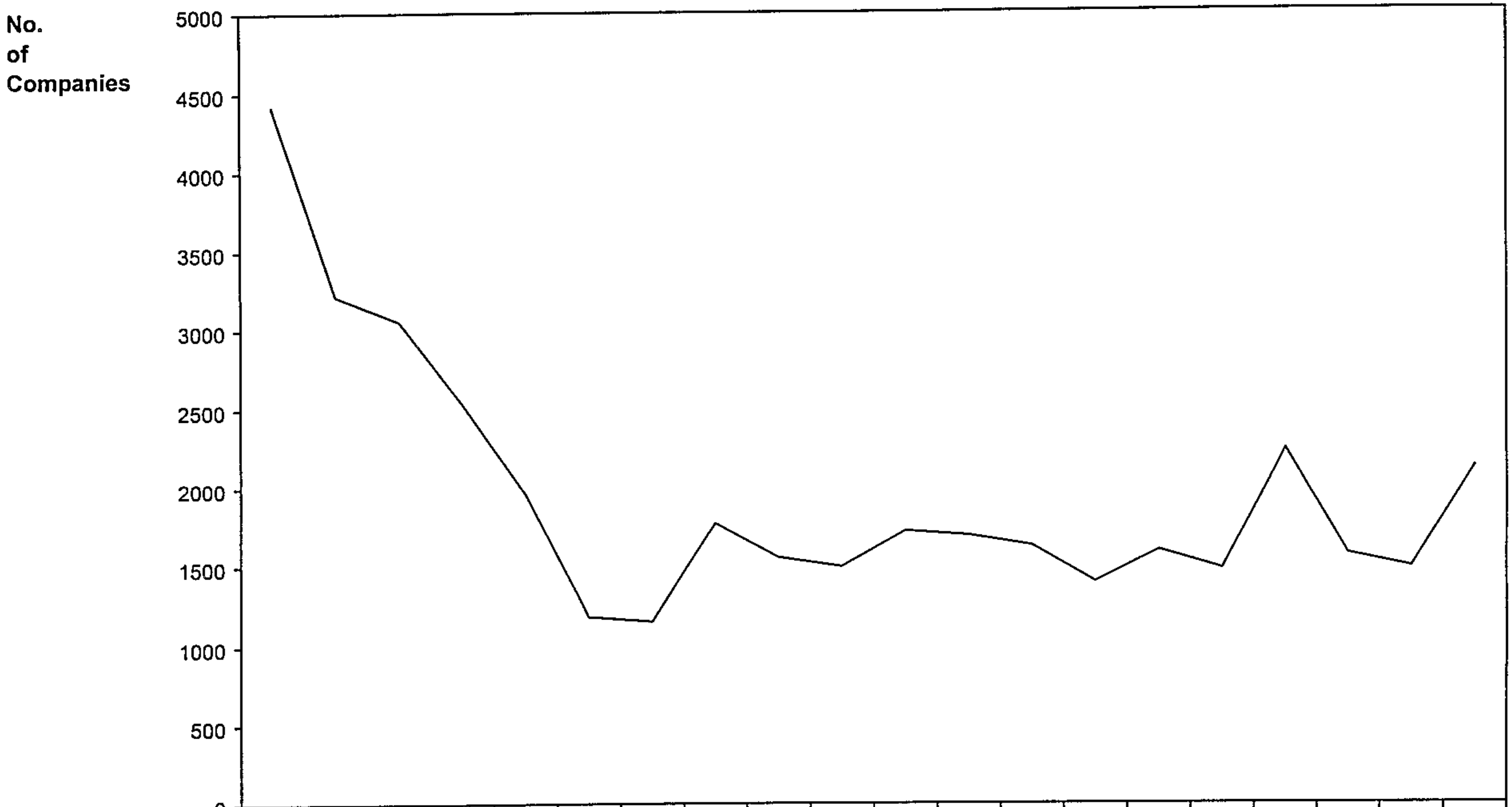


	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Local (RM Million)	1,823	877	2,396	1,110	2,203	831	2,713	894	3,959	1,005	1,370	614	2,176	408	720	430	1,332	490	262	374	199	188	253	369	1,194	301	180
Foreign (RM Million)	1,735	346	2,637	798	1,822	183	980	465	2,563	1,137	801	915	765	1 025	520	3,294	128	326	208	335	565	84	493	1 060	398	362	232

Source: Malaysian Industrial Development Authority (MIDA)
National Economic Action Council (NEAC)

EXHIBIT4.23

INCORPORATION OF NEW COMPANIES

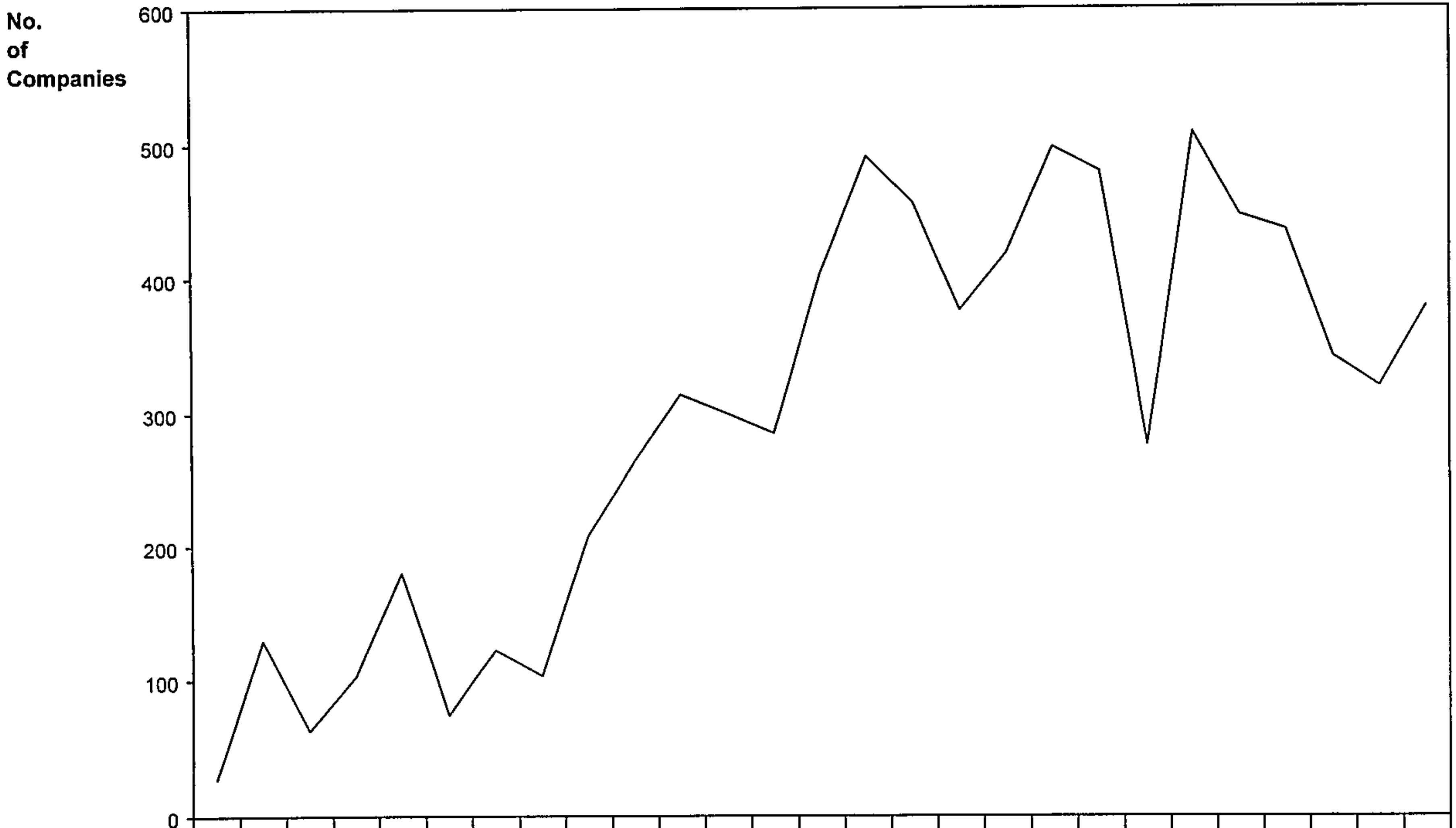


	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Incorporated Companies	4419	3216	3055	2541	1961	1182	1152	1766	1546	1487	1713	1684	1618	1389	1586	1469	2233	1561	1479	2120

Source: Registrar of Companies

EXHIBIT 4.24

LIQUIDATED COMPANIES



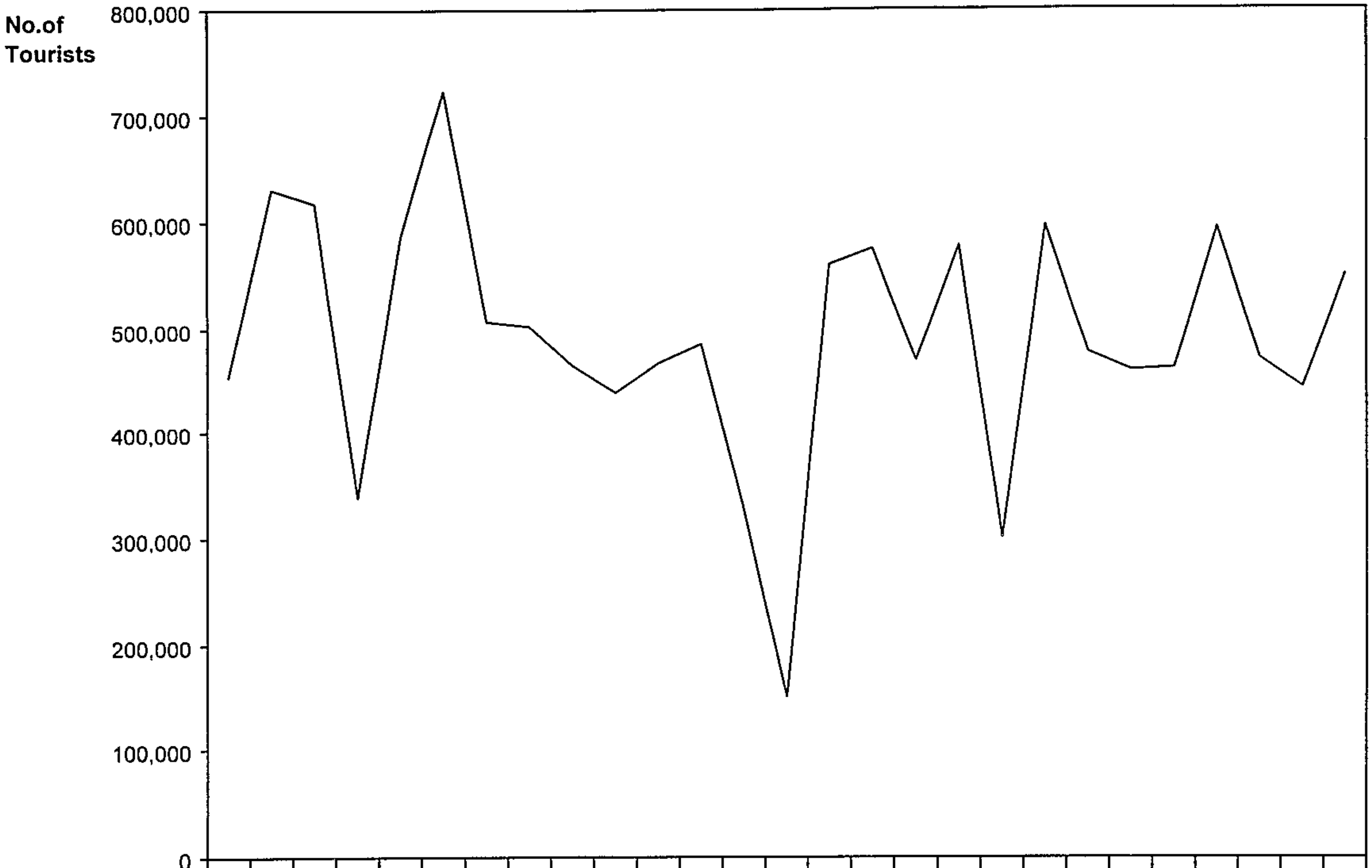
	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98
Liquidated Companies	28	129	64	103	180	75	122	103	208	264	314	300	285

	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Liquidated Companies	404	491	457	376	419	498	480	276	509	447	436	341	319	378

Source: Registrar of Companies

EXHIBIT4.25

TOURIST ARRIVALS TO PENINSULAR MALAYSIA



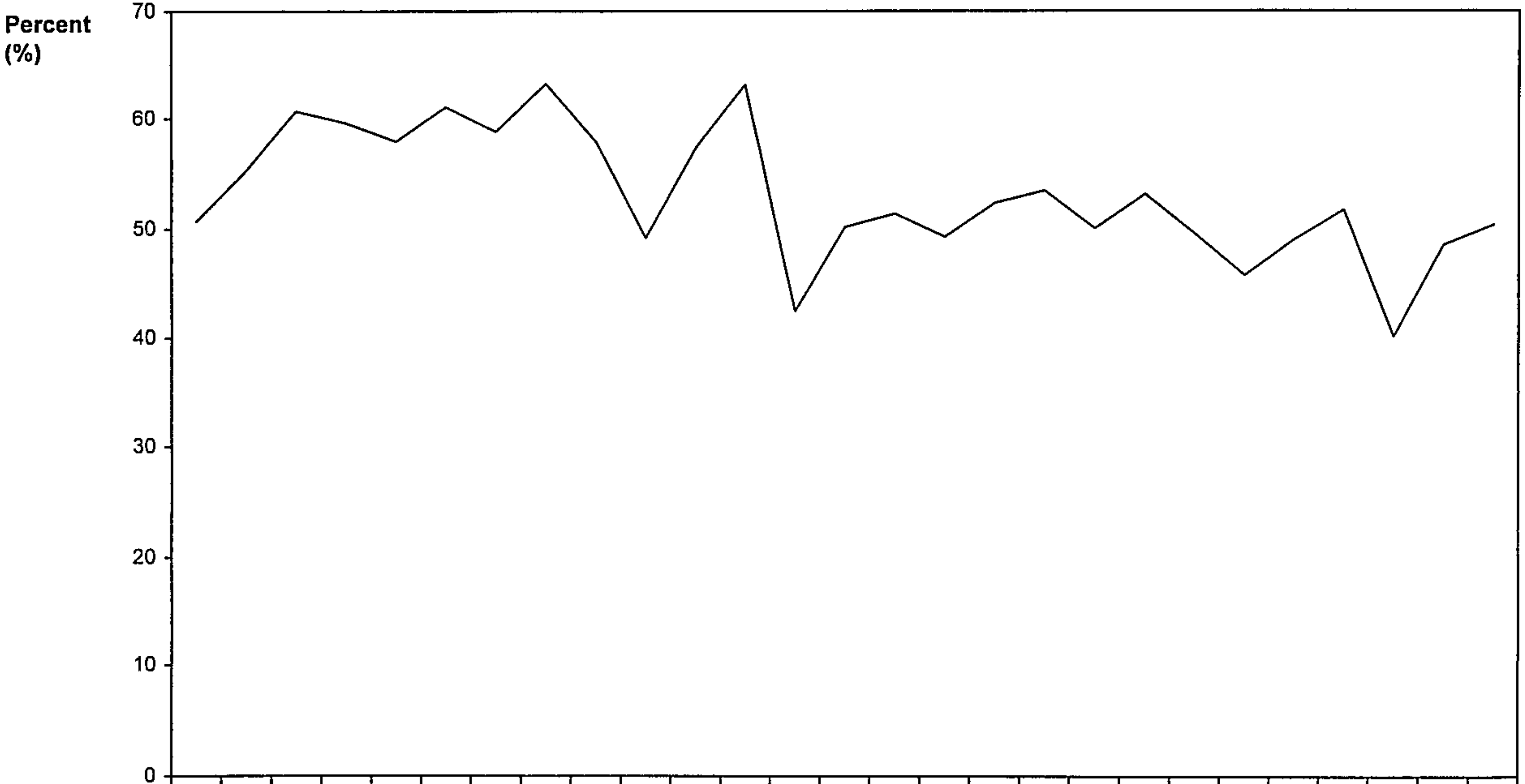
	Jan-97	Feb-97	Mar 97	Apr-97	May-97	Jun-97	Jul-97	Aug 97	Sep-97	Oct 97	Nov 97	Dec-97	Jan-98	Feb-98	Mar-98
Tounst Arnvals (No of Tounsts)	453 86	630 08	616 84	337 70	585 64	723 52	506 59	501,95	464,80	438,14	466,76	485,01	323,93	149,52	559,42

	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov 98	Dec-98	Jan-99	Feb-99	Mar-99
Tounst Arnvals (No of Tounsts)	574,26	469 47	577 01	299 48	596 23	477 08	459 71	461 98	593 62	471,17	442 88	549 66

Source: Malaysia Tourism Promotion Board

EXHIBIT 4.26

HOTEL OCCUPANCY RATES

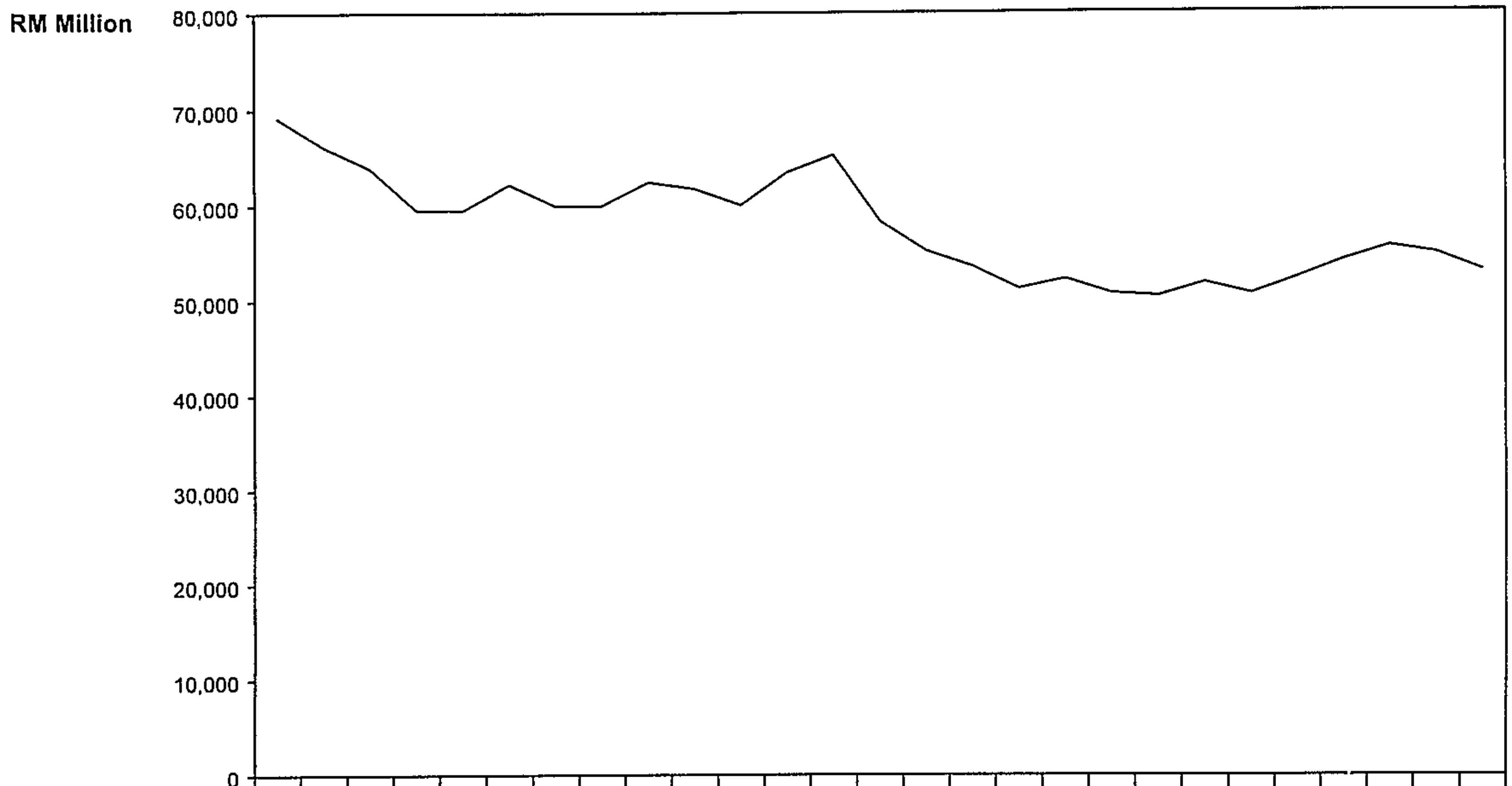


	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Occupancy (%)	50.7	55.3	60.7	59.6	57.9	61.1	58.8	63.3	57.9	49.2	57.3	63.2	42.5	50.2	51.4	49.3	52.4	53.5	50.1	53.2	49.6	45.8	49.1	51.8	40.2	48.6	50.4

Source: Malaysia Tourism Promotion

EXHIBIT 4.27

MONETARY AGGREGATE:M1



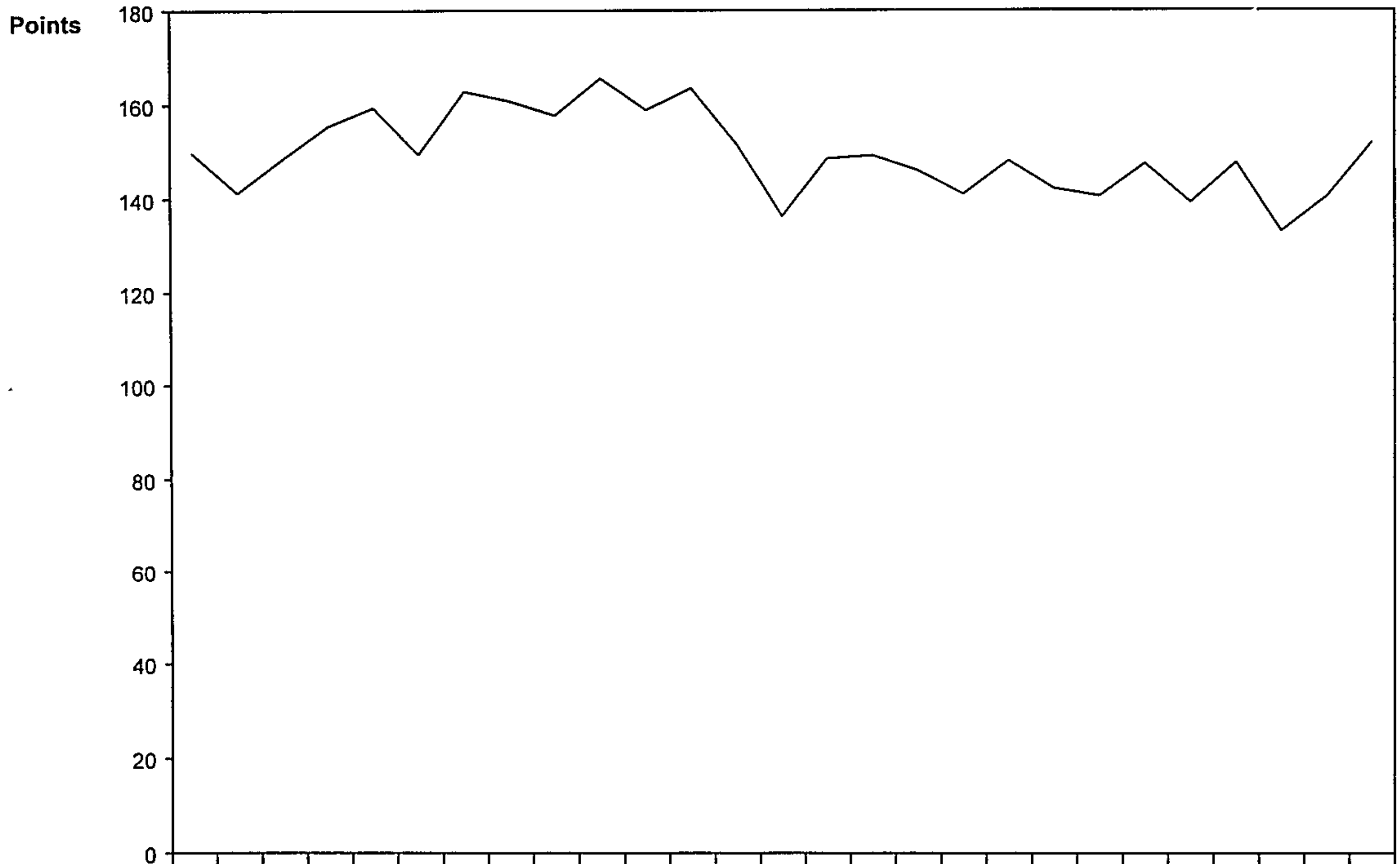
	Jan 97	Feb-97	Mar 97	Apr-97	May 97	Jun-97	Jul-97	Aug 97	Sep 97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98
M1 (RM Million)	69 172	66 181	63 888	59 543	59 489	62 176	59 891	59 926	62 388	61 699	59 946	63 365	65 188	58 194

	Mar 98	Apr-98	May-98	Jun 98	Jul 98	Aug-98	Sep-98	Oct 98	Nov-98	Dec-98	Jan 99	Feb-99	Mar-99
M1 (RM Million)	55 125	53 480	51 188	52 208	50 640	50 346	51 769	50 594	52 293	54 135	55 582	54 879	53 047

Source: Bank Negara Malaysia

EXHIBIT 4.28

INDUSTRIAL PRODUCTION INDEX

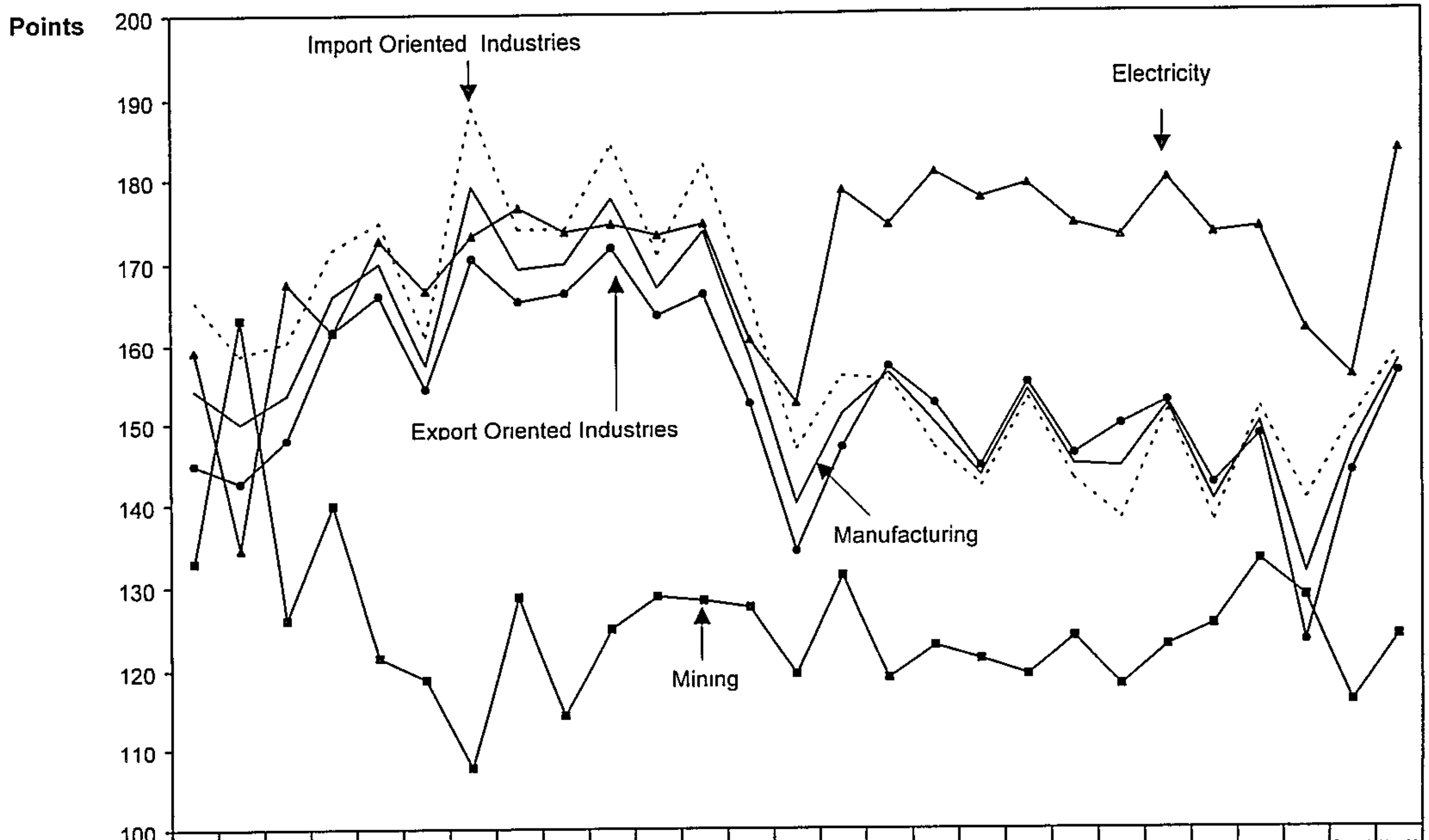


	Jan-97	Feb-97	Mar-97	Apr 97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Industrial Production Index	149 8	141 3	148 6	155 5	159 4	149 6	162 8	160 8	157 8	165 6	158 9	163 5	151 7	136 3	148 6	149 3	146 1	141 0	148 2	142 2	140 6	147 6	139 3	147 8	133 1	140 5	152 0

Source: Bank Negara Malaysia

EXHIBIT 4.29

PRODUCTION INDEX OF SELECTED SECTORS



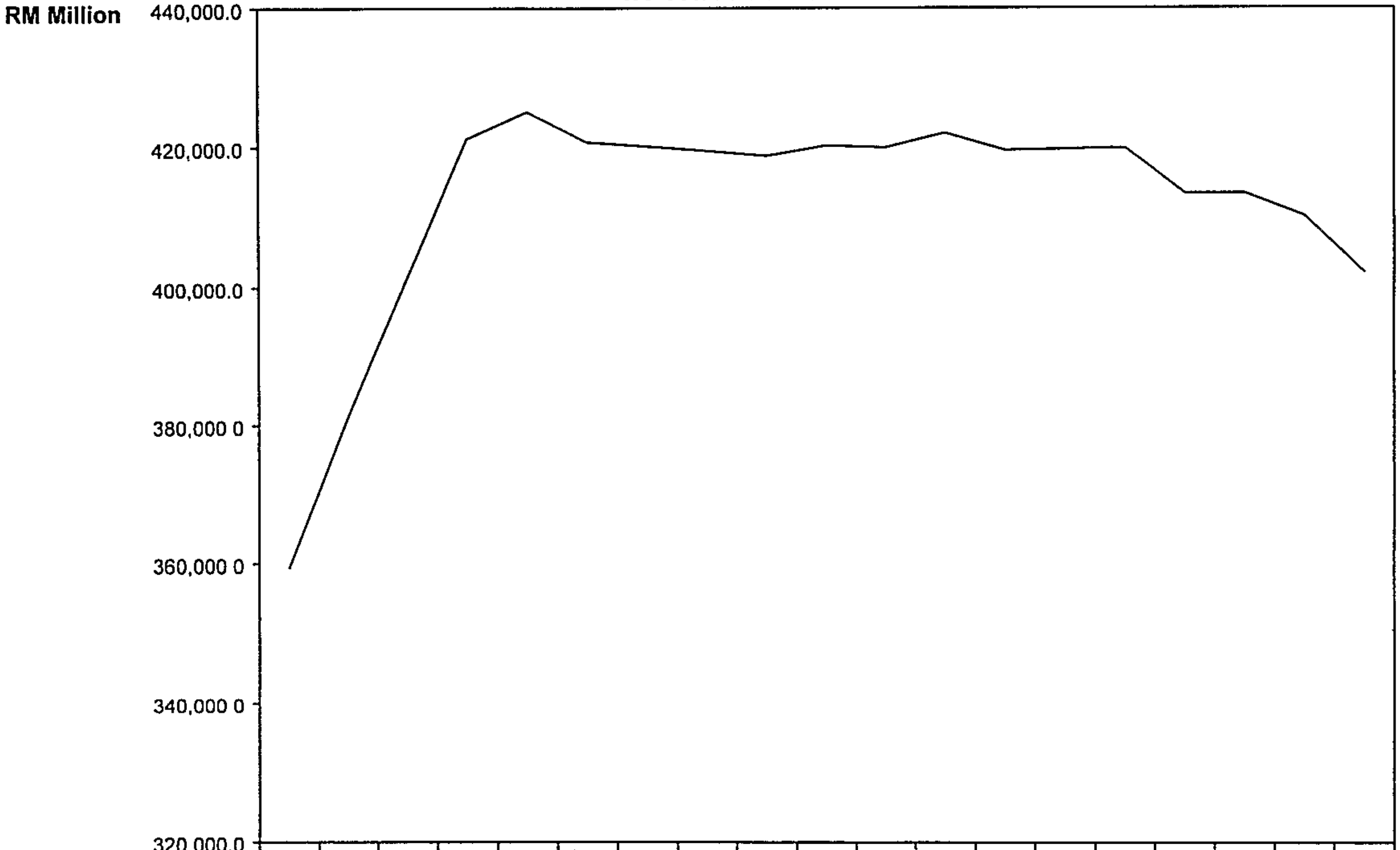
	Jan-97	Feb-97	Mar 97	Apr 97	May-97	Jun-97	Jul-97	Aug 97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98
Mining (Points)	132.9	163.2	126.1	139.8	121.5	118.8	107.6	128.7	114.3	124.9	128.7	128.2	127.4
Electricity (Points)	159.2	134.5	167.6	161.6	172.6	166.7	173.1	176.4	173.5	174.4	173.1	174.4	160.5
Manufacturing (Points)	154.2	150.0	153.6	166.1	169.9	157.4	179.0	169.2	169.8	177.5	166.9	173.5	158.3
Export Oriented Industries (Points)	144.8	142.6	147.9	161.7	166.1	154.3	170.4	165.3	166.3	171.6	163.6	166.1	152.3
Import Oriented Industries (Points)	165.3	158.7	160.4	171.5	174.7	161.1	188.6	173.8	173.9	184.1	170.9	181.7	165.5

	Feb-98	Mar-98	Apr 98	May-98	Jun-98	Jul 98	Aug-98	Sep-98	Oct-98	Nov 98	Dec-98	Jan-99	Feb-99	Mar-99
Mining (Points)	119.4	131.1	118.9	122.8	121.2	119.3	123.9	118.0	122.8	125.3	132.9	128.5	115.9	123.9
Electricity (Points)	152.4	178.4	174.2	180.6	177.4	179.1	174.3	172.8	179.8	173.1	173.7	161.6	155.7	183.3
Manufacturing (Points)	139.9	151.0	156.2	149.8	143.3	154.0	144.6	144.3	152.0	140.2	149.8	131.3	146.7	157.5
Export Oriented Industries (Points)	134.1	146.8	157.0	152.3	144.4	154.9	145.9	149.8	152.5	142.2	148.2	123.3	143.6	156.1
Import Oriented Industries (Points)	146.7	155.8	155.3	146.9	142.0	152.8	142.9	138.0	151.3	137.7	151.6	140.4	150.1	159.1

Source: Bank Negara Malaysia

EXHIBIT 4.30

OUTSTANDING LOANS IN THE BANKING SYSTEM

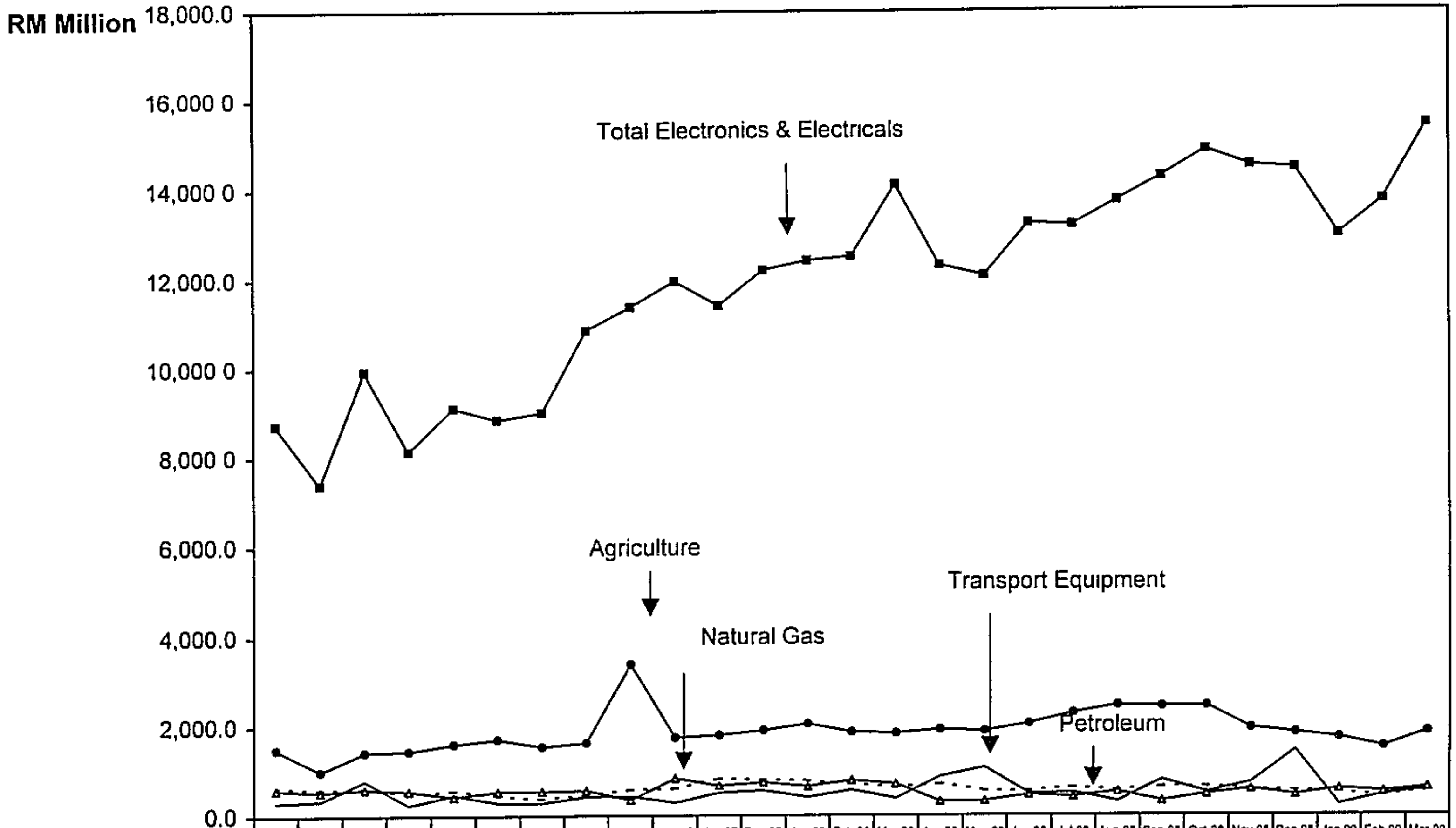


	Mar-97	Jun-97	Sep-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
Outstanding Loans (RM Million)	359 403 9	381,266 3	401 420 9	421,202 5	425 082 1	420 702 1	420,109 2	419,469 4	418 763.2	420 222 8	419,919 6	422 032.5	419 557 4	419 761 3	419,938 7	413 526 6	413 503 4	410 305 7	402 254 8

Source: Bank Negara Malaysia

EXHIBIT 4.31

COMPOSITION OF EXPORT



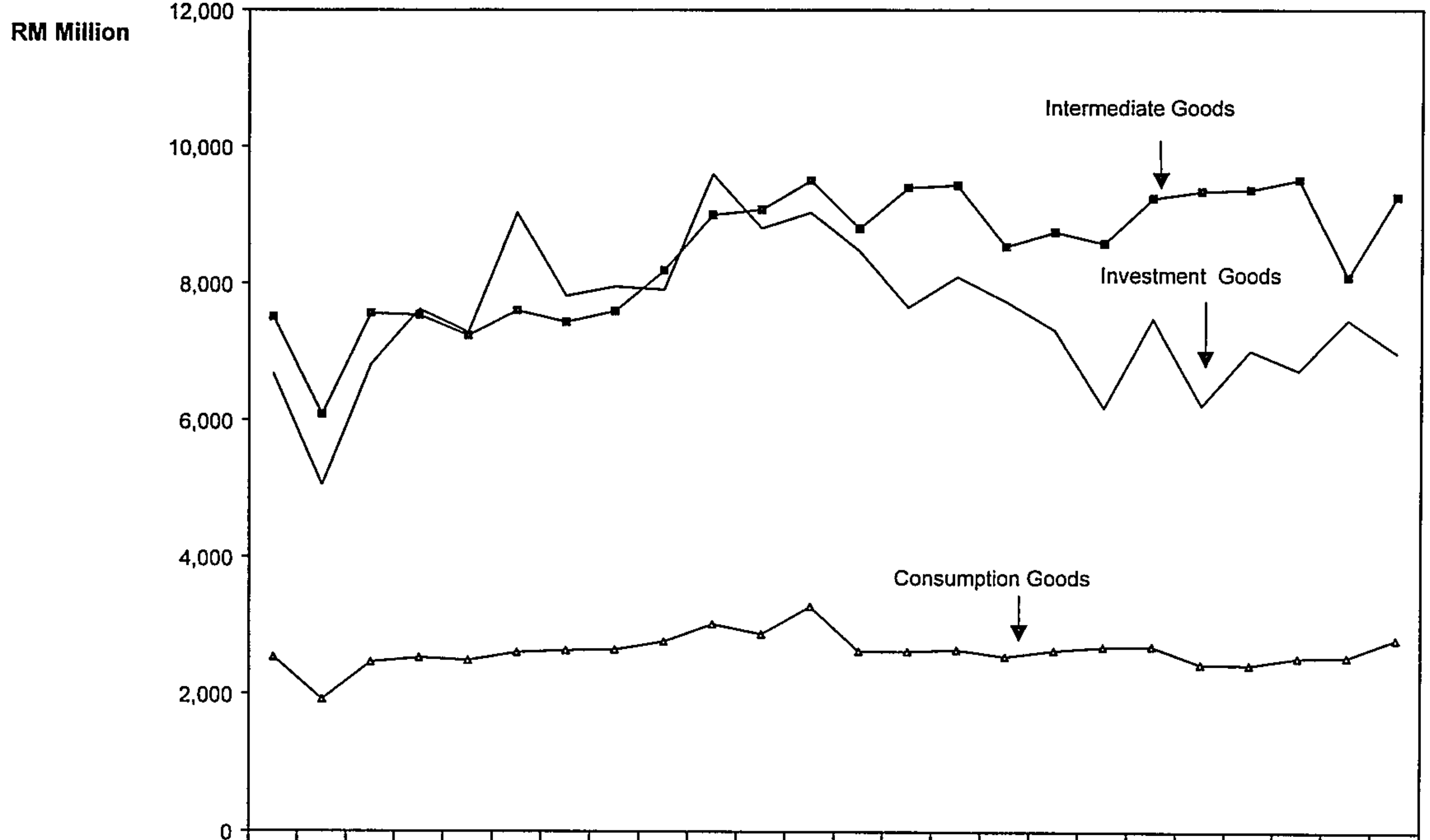
	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct 97	Nov-97	Dec-97	Jan-98	Feb-98
Agriculture (RM Million)	1 497 7	1,007 7	1 434 4	1 458 1	1 611 1	1 716 5	1,555 1	1 641 1	3,396 5	1,755 4	1 802 1	1 903 7	2,048 8	1 865 6
Petroleum (RM Million)	650 0	605.0	616 2	493 5	566 6	447 6	379 9	477 6	584 2	613 6	834 4	799 1	784 9	710 7
Natural Gas (RM Million)	593 8	536 9	603 4	553 6	428 2	546 7	547 5	565 1	353 2	841 5	667 6	740 1	651 8	781 4
Total Electronics & Electricals (RM Million)	8 727 5	7 385 2	9 946 8	8 138 4	9 122 1	8 855 8	9 014 6	10 861	11 385	11 967	11 412	12 208	12 420	12.516
Transport Equipment (RM Million)	300 4	342 5	791 9	242 4	466 5	295 3	289 8	424 7	440 1	292 9	511 5	560 9	404 9	570 0

	Mar 98	Apr-98	May-98	Jun-98	Jul-98	Aug 98	Sep-98	Oct 98	Nov-98	Dec-98	Jan-99	Feb-99	Mar 99
Agriculture (RM Million)	1 837 5	1 919 2	1 882 4	2 049 0	2 264 5	2 454 0	2,432 3	2 443 9	1 942 1	1 840 1	1,729 1	1,521 3	1 860 7
Petroleum (RM Million)	632.5	709 5	550 5	541 6	624 4	554 3	635 4	636 9	584 1	545 0	510 1	418 6	546 0
Natural Gas (RM Million)	702 6	308 6	321 6	459 0	411 6	526 3	317 4	467 8	581 4	451 8	576 0	515 7	614 1
Total Electronics & Electricals (RM Million)	14 103	12 311	12 076	13,254	13,218	13 750	14.274	14 857	14 504	14 444	12 997	13 747	15 417
Transport Equipment (RM Million)	378 7	867 3	1 073 4	481 2	503 7	310 3	790 0	506 8	725 6	1 451 7	229 6	448 1	570 0

Source: Bank Negara Malaysia

EXHIBIT 4.32

COMPOSITION OF IMPORTS

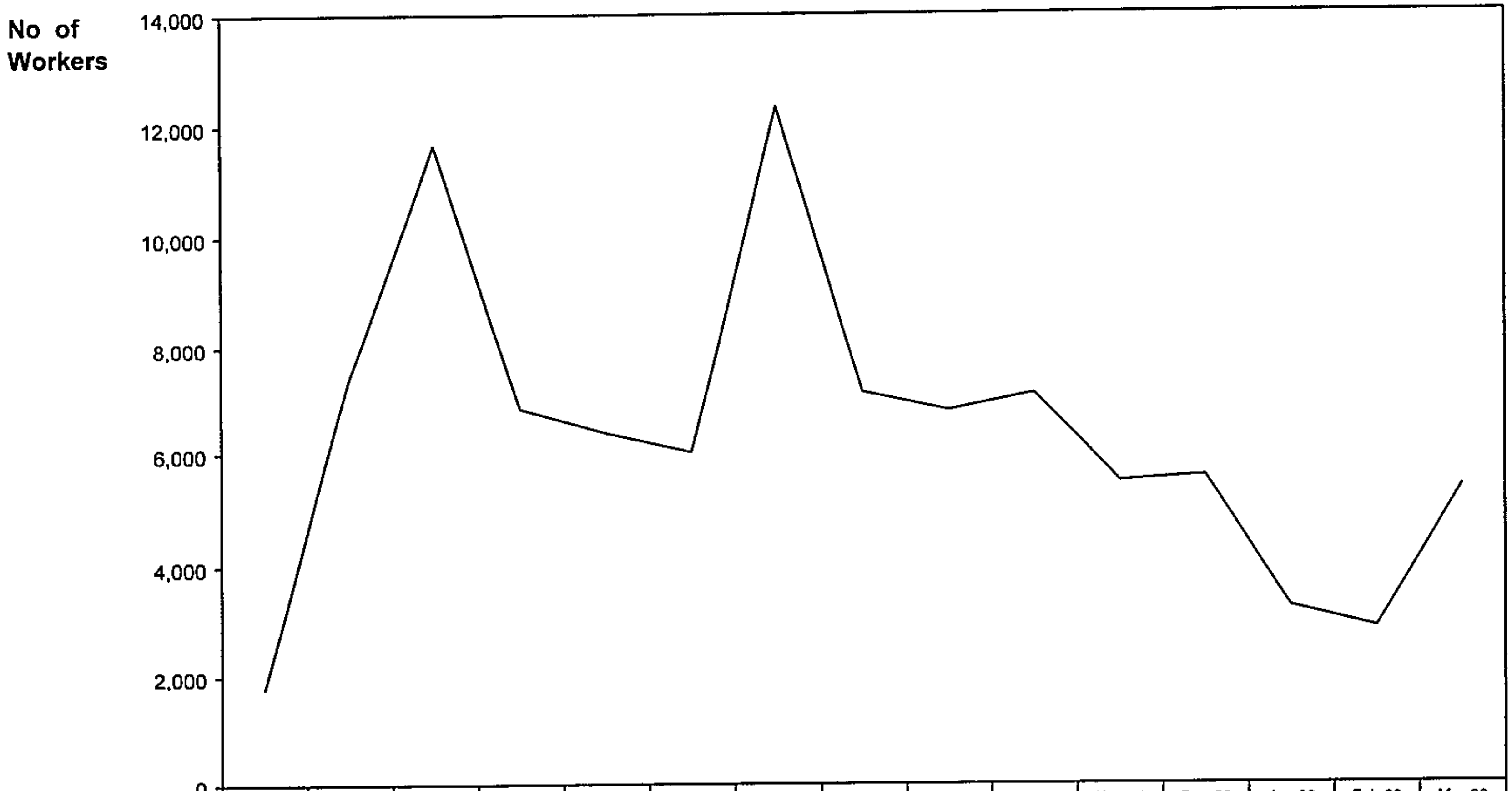


	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98
Consumption Goods (RM Million)	2,530	1,916	2,455	2,521	2,481	2,602	2,631	2,642	2,763	3,017	2,868	3,275	2,616	2,612	2,639	2,539	2,628	2,681	2,690	2,431	2,418	2,524	2,534	2,794
Investment Goods (RM Million)	6 674	5,056	6,815	7,618	7 280	9,026	7,815	7,950	7,905	9,592	8 803	9,033	8,467	7,652	8,094	7,738	7,315	6,181	7,482	6,215	7,020	6,730	7,468	6,987
Intermediate Goods (RM Million)	7,508	6 086	7,561	7,533	7,234	7,601	7,432	7,594	8,184	8,996	9,076	9 499	8,800	9,394	9 427	8,533	8,748	8,578	9 239	9,338	9 363	9,509	8,090	9,265

Source: Bank Negara Malaysia

EXHIBIT 4.33

RETRENCHMENT (NO OF WORKERS)

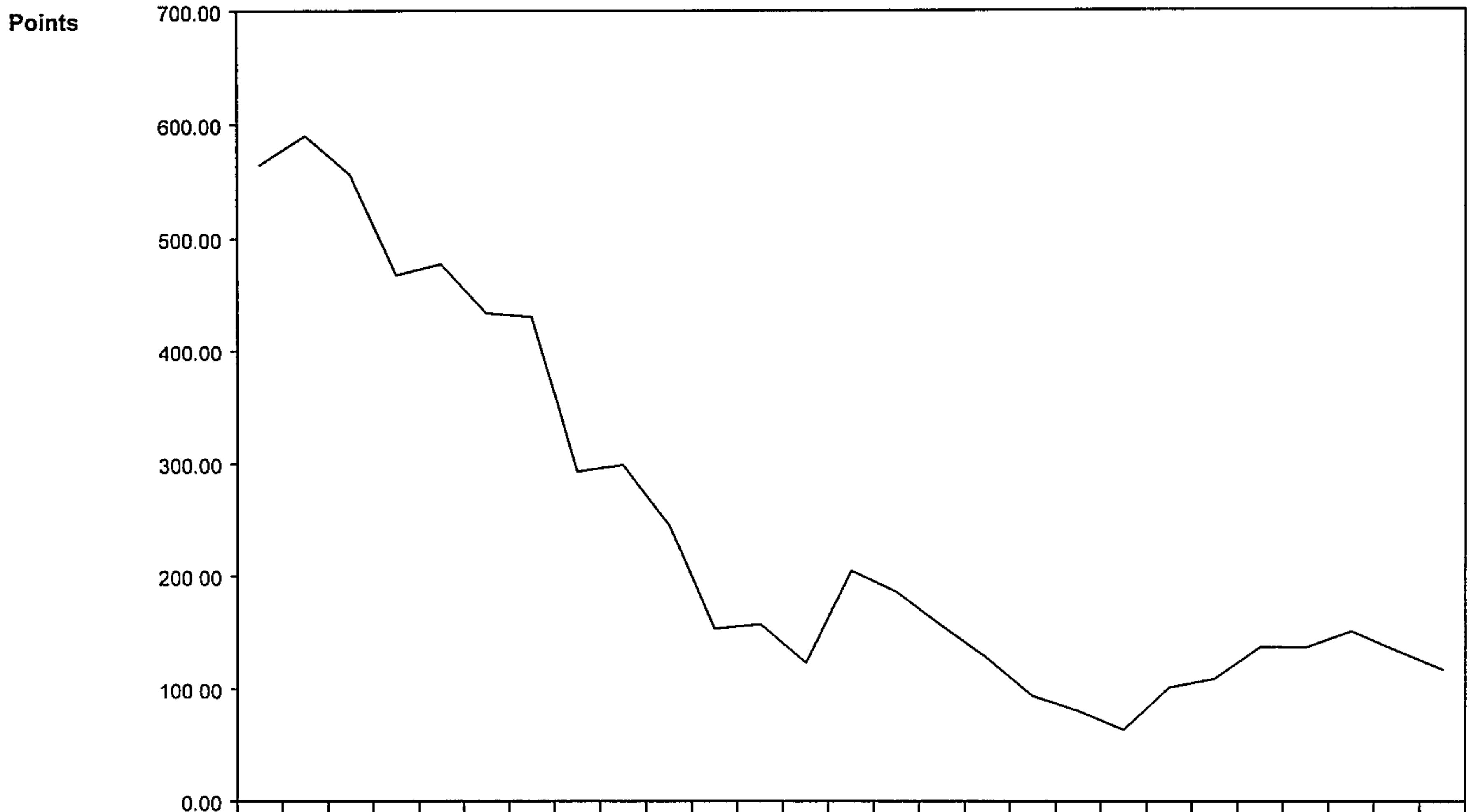


	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Jan-99	Feb-99	Mar-99
No of Workers	1,774	7,395	11,649	6,826	6,366	6,001	12,335	7,125	6,778	7,102	5,458	5,556	3,237	2,855	5,362

Source: National Economic Action Council

EXHIBIT 4.34

CONSTRUCTION INDEX



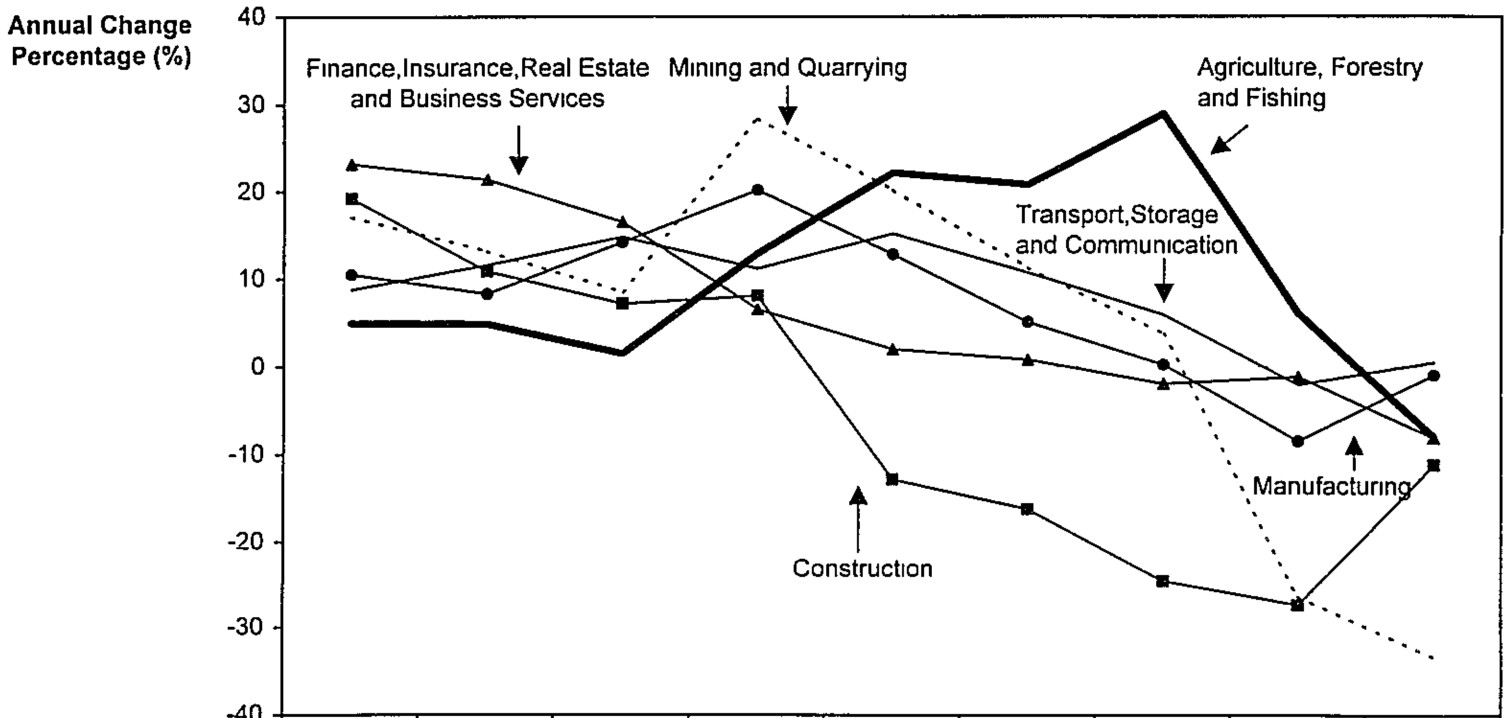
	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul 97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan 98	Feb-98	Mar-98	Apr-98	May-98	Jun 98	Jul-98	Aug-98	Sep-98	Oct-98	Nov 98	Dec-98	Jan-99	Feb-99	Mar-99
Construction Index (Points)	564 60	590 15	556 24	467 96	477 65	433 85	430 59	293 18	299 04	246 10	153 52	157 37	123 38	204 55	185 73	155 58	127 08	93 27	79 80	63 23	101 23	109 10	137 42	136 75	151 03	134 00	117 20

Source : Investor Digest

Construction Index= Index of construction based companies listed in the Kuala Lumpur Stock Exchange (KLSE)

EXHIBIT 4.35

ANNUAL CHANGE IN GDP OF SELECTED SECTORS



	Mar-97	Jun-97	Sep-97	Dec-97	Mar-98	Jun-98	Sep-98	Dec-98	Mar-99
Agriculture, Forestry and Fishing (%)	5	4 9	1 5	12 9	22 2	20 8	29 0	6 1	-8 0
Mining and Quarrying (%)	17 1	13 2	8 5	28 5	20 2	11 3	3 7	-26 4	-33 5
Manufacturing (%)	10 5	8 3	14 2	20 2	12 8	5 1	0 2	-8 5	-1 0
Construction (%)	19 2	10 9	7 2	8 1	-12 8	-16 2	-24 6	-27 4	-11 2
Transport, Storage and Communication (%)	8 8	11 6	14 8	11 2	15 2	10 7	5 9	-2 1	0 5
Finance, Insurance, Real Estates and Business Services (%)	23 2	21 4	16 5	6 6	2 0	0 8	-2 0	-1 2	-8 1

Source: Bank Negara Malaysia