

MALAYSIA: 2020

59

Price Waterhouse



CONTENTS

Chapter 1: Introduction	1
The country and its peoples	1
Politics, parties and personalities	2
A vision for the late 1990s	4
Chapter 2: Policies for growth	9
New directions since 1969	9
The Sixth Malaysia Plan (1990–95)	10
Restructuring the state sector	12
Macroeconomic policy	13
Regional cooperation	16
Investment grade analysis	19
The Malaysian economy in 1997	19
Chapter 3: Privatisation	25
Privatisation during the Sixth Plan period (1990–95)	25
Prospects under the Seventh Plan (1996–2000)	29
Chapter 4: Bank Negara Malaysia	33
History	33
Structure	34
Monetary policy	34
Relations with the government	40
Regulations of financial institutions	40
The ringgit and the foreign exchange market	42
Chapter 5: The banking sector	45
History	45
Commercial banks	48
Offshore banking services: Lebuan	55
State banks	57
Finance companies	58
Discount houses	59
Chapter 6: The investment banks	60
The Malaysian merchant banks	60
Global investment banks in Malaysia	67

Chapter 7: Corporate finance and the corporate Sector	69
Corporate structures	69
Families, networks and principal corporate groups	69
Capital-raising requirements and techniques	70
Industry profiles	75
Chapter 8: The Structure of the securities markets	84
History	84
The organisation and functions of the KLSE	84
Automated trading on the KLSE	86
The stockbroking companies	88
Regulatory bodies	88
Foreign participation	89
Chapter 9: The equity market	90
Market history	90
Market size and structure	93
Types of equities	95
Equity placement and underwriting	95
International issues and issuers	96
Chapter 10: The debt market	97
Market history	97
Types of debt securities	98
Issuance procedure	101
The prospects for securitisation	102
Offshore bonds	104
Future trends	104
Chapter 11: The derivatives market	106
The Kuala Lumpur Commodity Exchange (KLCE)	106
The Malaysian monetary exchange (MME)	109
The Kuala Lumpur options and financial futures exchange (Kloffe)	111
The Malaysian derivatives clearing house (MDCH)	112
Chapter 12: Securities administration	113
The Fixed Delivery and Settlement System (FDSS)	113
Custody	114
Listing and flotation	115
Investor protection	118
Chapter 13: Institutional investors	120
Unit trust funds	120
The provident and pension funds	121

The life and general insurance industry	124
Fund management	124
The collective investment framework	125
Chapter 14: Direct investment	127
The changing pattern of investment	127
Sources of direct investment	130
Investment regulations	132
What investors need to offer	135
Investment strategies under the seventh plan and vision 2020	135
Chapter 15: Utilities and infrastructure	137
Progress in the sixth plan period (1990–95)	137
Planned investment in infrastructure	143
The role of the private sector, the capital markets and domestic funds	146
Chapter 16: Investing in the regions: growing in unison	148
Progress in the sixth plan period	149
Prospects for the seventh plan period (1996–2000)	154
State profiles	155
Chapter 17: Trade and exports	158
The structure of trade flows	158
The balance of payments	162
Increasing exports	162
Reducing imports	164
Patterns of trade	165
The balance of payments under the seventh plan	165
Chapter 18: The regulatory environment	167
The Malaysian legal system	167
Investment incentives	168
Other incentives	169
Banking and finance	171
Environmental law	172
Industrial relations and employment	172
Restrictions	173
Protection of intellectual property	175
Chapter 19: The fiscal environment	177
Overview of the tax system	177
Special taxation features for foreign investors	186
Specific taxation features for financial markets	187
Labuan as an international offshore financial centre	192

Transfer pricing	198
Multimedia Super Corridor (MSC)	198
Overview of the accounting and audit environment	200
Chapter 20: Malaysia 2020	209
The range of Malaysia's achievements	209
International relations	210
Malaysia at the end of the century	212
Vision 2020	217
The co-publishers	220