



**AmInvestment Group**

# **LABUAN IOFC - THE INVESTMENT ROUTE TO ASIA**

**12<sup>TH</sup> December 2006  
Shangri-la Hotel,  
Kuala Lumpur**

## **LABUAN INTERNATIONAL FINANCIAL EXCHANGE “The Way Forward – From A Listing Sponsor’s Perspective”**

***Presented by:  
Paul Ong Whee Sen  
CEO, AmInternationa (L) Ltd***

- 
- Investment Banking
  - Treasury Solutions

- Funds Management
- Stock & Futures Broking

- Private Banking
- Islamic Markets

# ***Index***

- ◆ **Introduction**
- ◆ **Current listings on the LFX**
- ◆ **Roles & Responsibilities of a listing sponsor**
- ◆ **Listing criteria, costs, timeline & benefits**
  - **preparation for submission**
- ◆ **The Way Forward – Prospects & Challenges**
- ◆ **Conclusion**

## ***AFX - Introduction***

- **An offshore financial exchange based in Labuan**
- **Wholly owned by Bursa Malaysia Securities Berhad**
- **A full-fledged exchange with listing and trading facilities**
- **Emphasises on listings of financial instruments (in foreign currencies)**
- **Dealings through Listing Sponsors and Trading Agents**
- **Capitalises on the Internet for global participation**
- **Full disclosure-based regime**
- **An integral part of the whole capital market chain**

## ***AFX – Introduction (cont'd)***

- **AFX was officially launched by the Minister of Finance in November 2000**
- **The inaugural listing on the AFX took place in June 2001**

## **Listings on the LFX**

- **6 Syariah compliant instruments**
- **24 Debt Securities**
- **4 Mutual Funds**
- **2 Equity links Preference shares**
- **Total Market Capitalisation USD 15.0 billion**

www.lfx.com.my

For LFX, LS & TA

Instrument Information

User ID

Password

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[Individual](#)

MENU

- [About The Exchange](#)
- [Advantages of LFX](#)
- [Regulatory Structure](#)
- [Business Process](#)
- [Market Participants](#)
- [Listing](#)
- [Listing Sponsor](#)
- [Trading Agent](#)
- [LFX News](#)
- [F.A.Q](#)
- [Training Site](#)
- [Holiday 2001](#)
- [LFX Related Articles](#)
- [LFX Links](#)
- [LFX Disclaimer](#)
- [Contact Us](#)
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ISIN >

Short Name >

ISIN	Short Name	Issuer Name
<b>Investment Fund</b>		
LU0066175141	<a href="#">MM-EBOND-B</a>	IDB ASSET SELECTION SICAV
LU0110716866	<a href="#">IDB-MME-A</a>	IDB MANAGER SELECTION SICAV
LU0110717757	<a href="#">IDB-MMB-A</a>	IDB MANAGER SELECTION SICAV
LU0127392909	<a href="#">IDB-MMA-XJAP</a>	IDB MANAGER SELECTION SICAV
MYZ020003A06	<a href="#">MISL-AMSPUS</a>	Macquarie Investment Services Limited
SEDOL0268842	<a href="#">IDB-ZEUS-OS</a>	INSINGER DE BEAUFORT ZEUS FUND
<b>Debt Securities</b>		
US560904AE46	<a href="#">MY-BOND2009</a>	Federation of Malaysia
US560904AF11	<a href="#">MY-BOND2011</a>	Federation of Malaysia
US753017AA03	<a href="#">RANHILL-2011</a>	Ranhill (L) Limited
USY25673AA55	<a href="#">1SI-FRSN2008</a>	1st Silicon (Labuan) Inc.
USY60808AA35	<a href="#">MISCCL-2009</a>	MISC Capital (L) Limited
USY60808AB18	<a href="#">MISCCL-2014</a>	MISC Capital (L) Limited
USY6826RAA06	<a href="#">PMB-NOTE2016</a>	Penerbangan Malaysia Berhad
XS0120892442	<a href="#">MY-BOND2005</a>	Federation of Malaysia
XS0158113075	<a href="#">TNBC-2007</a>	TNB Capital (L) Limited
XS0160558671	<a href="#">RHB-BOND2007</a>	Rashid Hussain Berhad
XS0181974212	<a href="#">PVL-BOND2008</a>	Prime Venture (L) Limited
XS0200561180	<a href="#">PHLNOTES2014</a>	Prime Holdings (Labuan) Limited
XS0200728730	<a href="#">IOIL-BOND09</a>	IOI Investment (L) Berhad
XS0200959384	<a href="#">TM-NOTES2014</a>	TM GLOBAL INCORPORATED
XS0201406823	<a href="#">CCL-BOND2009</a>	Commerce Capital (Labuan) Ltd
XS0208048669	<a href="#">SAPURA2009</a>	SapuraCrest Dana SPV Pte Ltd
XS0208684810	<a href="#">FCL-NOTE2009</a>	Feringghi Capital Ltd
XS0212076169	<a href="#">AMCORP-2010</a>	AMCORP CAPITAL (L) LTD
XS0212370869	<a href="#">IOI(V)-2015</a>	IOI VENTURES (L) BERHAD
XS0218870052	<a href="#">TNBC-2015</a>	TNB Capital (L) Ltd.
XS0219369526	<a href="#">TGB-BOND2010</a>	TGB (SPV) Ltd
XS0225936417	<a href="#">SII-DUE2015</a>	SARAWAK INTERNATIONAL INCORPORATED
XS0230673401	<a href="#">EHLBOND2008</a>	EUCALYPTUS INVESTMENT HOLDINGS LIMITEI
<b>Islamic Notes</b>		
MYZ100001A08	<a href="#">FG-SUKUK2004</a>	First Global Sukuk Inc.
MYZ100002A07	<a href="#">FG-SUKUK2006</a>	First Global Sukuk Inc.
XS0149949470	<a href="#">MG-SUKUK2007</a>	MALAYSIA GLOBAL SUKUK INC.
XS0177746384	<a href="#">QG-SUKUK2010</a>	Qatar Global Sukuk QSC
XS0190151737	<a href="#">BG-SUKUK2009</a>	BMA International Sukuk Company (SPC)
XS0207120584	<a href="#">SCSI-SUKUK09</a>	SARAWAK CORPORATE SUKUK INC.
XS0267121738	<a href="#">RAFFLESIA</a>	Rafflesia Capital Limited
<b>Preference Shares</b>		
XS0233502466	<a href="#">SBB-PFRNSHRS</a>	SBB CAPITAL CORPORATION
XS0241612265	<a href="#">AMBB PFRNSHR</a>	AMBB CAPITAL (L) LIMITED

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## ***Roles & Responsibilities of a Listing Sponsor***

### **Pre-listing Period:**

- **To advise on compliance matters relating to the Proposed Listing**
- **To co-ordinate the pre-listing work among other professionals including solicitors and auditors (if applicable)**
- **To prepare an application for the Proposed Listing to the LFX**
- **To liaise with the LFX with a view of procuring a timely approval**

## ***Roles & Responsibilities of a Listing Sponsor***

### **Post-listing Period:**

- **To advise and guide the Issuer as to their responsibilities and obligations to ensure its compliance on an on-going basis with the requirements of the LFX in relation to post-listing obligations of the Issuer;**
- **To be the channel of communication between the Issuer and the LFX; and**
- **To provide the LFX with such information concerning the Issuer in such form and within such time limits as the LFX may require**



# ***Listing Criteria for Debt Securities***

- **Quantitative Criteria**

- **Minimum amount** **USD100 mil**
- **Minimum no. of holders** **25**
- **Audited financial statements** **Yes**

- **Qualitative Criteria**

**The LFX listing criteria will also consider the following factors:**

- **Market integrity**
- **Investors' protection**
- **Corporate governance**

# **LFX's Fees for Listing of Debt Securities**

## **1) Primary Listing Fees:-**

- |                       |                   |
|-----------------------|-------------------|
| - Application Fee     | <b>USD 1,000</b>  |
| - Initial Listing Fee | <b>USD 2,500*</b> |
| - Annual Listing Fee  | <b>USD 1000*</b>  |

- *For secondary listing, the fees are half the fees indicated above*

**2) Listing Sponsor Fee                      USD 30,000 - 50,000**

**3) Legal, Financial Due Diligent & Trustee fee**

# ***Listing Criteria for Equity***

- **Quantitative Criteria**

- **Minimum amount**                      **USD2 mil**
- **Minimum no. of holders**        **250 (including employee)**
- **Audited fin. statements**        **Yes**  
*(audited statement of net assets if less than a year)*
- **Asset backing**                      **NTA equal or more than par value**

- **Qualitative Criteria**

**The LFX listing criteria will also consider the following factors:**

- **Market integrity**
- **Investors' protection**
- **Corporate governance**

i

## ***AFX's Fees for Listing of Equity***

### **Listing Fees:-**

- **Application Fee                      USD 1,000**
- **Up to USD100 mil                      USD 5,000**
- **Over USD100 mil                      USD10,000**
- **Annual Listing Fee                      USD 5,000**

# ***Listing Criteria for Funds***

- **Quantitative Criteria**

- **Minimum amount** **USD50 mil**
- **Minimum subscription level (for open ended-fund)** **30%**
- **Audited financial statements** **Required**

- **Qualitative Criteria**

**The LFX listing criteria will also consider the following factors:**

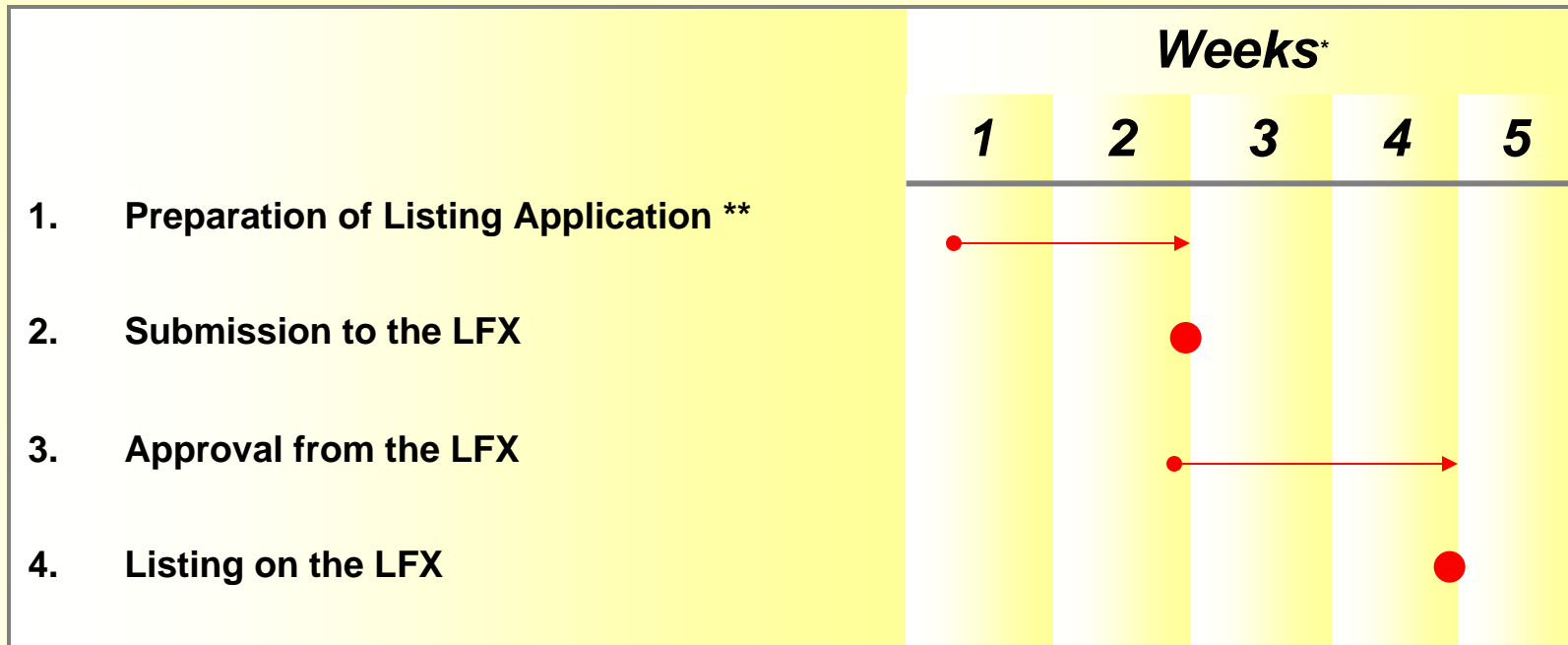
- **Experience of Investment Manager**
- **Investors' protection**
- **Corporate governance**

## ***AFX's Fees for Listing of Funds***

### **Primary Listing Fees:-**

- **Application Fee**                      **USD 1,000**
- **Initial Listing Fee**                      **USD 2,000\***
- **Annual Listing Fee**                      **USD 2,000\***
- *For secondary listing, the fees are half the fees indicated above*

# LFX Listing : Indicative Timing For Debt Instruments



**Notes:-**

(\*) *Not incorporating timing for submission to the Securities Commission, or any other authority*

(\*\*) *Assuming all the necessary documents including the offering document are made available*

## ***Preparation for Submission of Listing Application*** ***In accordance to the LFX's Rules of the Exchange***

- Legal constitution including share structure and major shareholders**
- Business activities and development**
- Latest financial position including accounting policies, working capital and financial results, if applicable**
- Management's curriculum vitae including qualification of its Directors and Senior Executives and their shareholding, if any**
- Prospects including current business position, business plan and long term business assessment**



## ***Preparation for Submission of Listing Application*** ***In accordance to the LFX's Rules of the Exchange***

- Particulars of issue including purpose of issue, expected proceeds of issue and its utilisation, underwriting arrangements and listing expenses**
- Material contracts and litigation, if any**
- Other listings on other Exchanges including any dual listings**
- Assessment of associated risks (risk factors)**
- Accountants' report**
- Responsibility statement by the Directors**
- Exchange's disclaimer statements**
- Further statutory and other general information**

## ***Prospects of LFX - From A Listing Sponsor's Perspective***

- **An exchange for tech stocks,**
  - **versatile & multiproducts (IP, biodiesel, carbon credit, derivatives)**
  - **condition less stringent, but quality maintained**
  
- **Surrogate exchange for countries without exchange**
  - **BIMP-EAGA, African Nations, Brunei**
  - **G – G Promotion**
  
- **The “Saudi Money Shifts”**
  - **more products development needed**
  
- **Definition of non-resident & issuance in Malaysia resolved with SC**
  - **Labuan entities can subscribe at primary level.**
  - **Guidelines on PDS (rating & prospectus)**

## ***Prospects***

- Resident fund managers & unit trust companies may invested up to USD5 million each on foreign currency securities listed on LFX (BNM 12 Dec 2001).
- Liberalisation of the foreign Exchange Administration Rules (BNM, April 2005).
  - unit trust company can invest abroad up to 30% NAV
- NEP/NVP is Not Applicable
- 6 years old baby with a rich father and a god-father with deep pocket (9<sup>th</sup> Malaysian Plan)

# Is Labuan Financial Exchange the Mesdaq killer?

SUN BUZ MON 21/8/00

It had to happen. Mesdaq, our home-grown version of Nasdaq hasn't got anyone excited: not the MSC Status companies, not the venture capitalists, not the foreign investors, not even the local investors. So, what are the folks behind the Multimedia Super Corridor project to do?

Back the development of an alternative exchange, of course!

"The MSC is simply too important a project to allow to flounder," says Zait Isa, the Multimedia Development Corp's senior manager for special projects, who has been working on the Labuan Financial Exchange (LFX) project since July, last year.

His words say it all: the MSC is a critical component of Vision 2020, which sees Malaysia transforming itself into a developed economy 20 years from now. To do this, we need to achieve an annual GDP of RM920 billion of which, according to Zait,



Oon Yeoh

## INTERNET INSIDER

RM400 billion would be generated by the IT industry

But how can we expect this to happen if our fledgling dotcoms are starving for cash? It is common knowledge that local venture capitalists have always been reluctant to fund Internet companies and that banks are wary of lending money to anything Net-related.

Yet, few dotcoms are attracted to Mesdaq, preferring instead to go abroad to financial centres like Singa-

pore and Hong Kong for seed funding. Subsequently, many of our most promising dotcoms are relocating their headquarters abroad. Does the term "brain drain" come to mind?

Among the reasons commonly cited for Mesdaq's low appeal are its strict requirements such as the provision that 70% of a company's listing proceeds be used in Malaysia. Half of the company's assets must be based in this country as well. Mesdaq has since said that it would consider on a "case-by-case basis," allowing about half of the funds raised be used abroad.

But analysts say this is not enough. "For a lot of dotcoms, it's a global market they are going after," said Tan Beng Ling, chief operating officer of Surf88.com, a local financial portal. "What's the point of raising funds if you can't use them for expansion abroad?"

Is it any surprise then, that more than a year after its debut, Mesdaq has only two companies listed (neither of which are dotcoms)? One is a maker of high-end copper cables. The other is a software concern whose IPO can be described as lackluster at best (its shares actually closed below than the IPO price on its debut day).

Thus, Zait Isa's pre-occupation with developing an alternative avenue for dotcoms to raise capital. If he has his way, LFX will become "synonymous with a technology exchange". Sort of like what Mesdaq is meant to be.

Although the LFX is 100% owned by the KLSE, because it is located in the Labuan Offshore Financial Centre, it does not fall under the purview of the Securities Commission. As such, its listing requirements can be far more liberal than that of the KLSE or Mesdaq.

But Surf88's Tan is

ambivalent about LFX's potential appeal among investors and dotcoms. "It can be confusing for investors. Which is Malaysia's high-tech exchange: Mesdaq or LFX?" she asks. "As for dotcoms, which bourse do you list on: one that has a poor track record or one that has no track record?"

The new exchange is scheduled to launch this October but it has at least one major hurdle to overcome. Currently, Malaysian residents need special permission from Bank Negara to trade in shares of companies listed on LFX. A key requirement for approval is that the local investor must demonstrate a net worth of RM100,000!

The MDC is trying to get the government to grant a special exemption for MSC-status companies, so that people like you and I, will be able to trade on LFX.

Zait says signs are posi-

tive that this will get the green light.

But, isn't he concerned that LFX, if successful, might kill off Mesdaq?

"Companies can always go for dual listing," he says in very diplomatic tones. "They can raise an initial round of funding in LFX, grow bigger and then go for a second listing on Mesdaq."

Sounds good on paper but what if these companies get their seed funding, grow big and head straight for Nasdaq instead?

Zait's reply to this was pointedly less diplomatic: "The MSC is of paramount importance."

So, is the LFX a Mesdaq killer? That's really up to Mesdaq. As the saying goes: become relevant or become obsolete.

Oon Yeoh is the editor of MSCTimes.com. You can write to him at yeoman@gd.faring.my

## Singapore looks to China and India to propel listings

Singapore Exchange's efforts to increase its market capitalisation via new listings have struggled with only US\$860m-equivalent of IPO funds raised in 2002. Its strategy of attracting China enterprises to the city-state is stuck, but real estate investment trusts (Reits) remain a bright spot and the authorities are hopeful that they will be able to attract Indian companies to list in Singapore.

Since the Singapore Exchange launched its campaign in 1999 to attract Chinese companies to list on the local bourse, it has attracted more than 18 China-related IPOs. But they have all suffered from a lack of liquidity and are under-researched by the Hong Kong-based China analyst community. The most high profile of these, People's Food, clearly became disappointed with their Singapore listing and eventually sought a secondary listing in Hong Kong late last year.

That, however, hasn't dampened the enthusiasm of Peter Choo, chief executive officer of SBI E2-Capital, for China listings. "Singapore can promote itself as an alternative for small and medium enterprises from Hong Kong or China who are being crowded out by the high-profile listings of the Hong Kong market," he said. "Singapore lacks the mega-offerings of Hong Kong and so investors here are more willing to look at smaller issuers."

However, there has not been a China-related listing for 18 months as potential debutantes become discouraged by the disappointing secondary market performance of existing listings. The drought may be broken soon, though, with an upcoming S\$20m IPO from Hong Guo, a shoe manufacturer.

Choo also argues that competition for investors' funds is less intense in Singapore. There were more than a 100 IPOs in Hong Kong last year compared with only 28 in Singapore. The number of aspiring listing candidates in Hong Kong easily overwhelms the SAR investors' appetite for IPOs, he argues. "My colleagues in Hong Kong are finding it tough to sell shares in SMEs, especially GEM board listings. In comparison we succeeded in listing two Hong Kong companies in Singapore in December that might not have achieved a listing in Hong Kong."

Bankers add that it would make particular sense for Chinese technology companies to seek listings in Singapore, given that high-tech manufacturing is one of the Lion City's historic strengths thanks to local companies such as Creative Technologies and Venture Manufacturing and one in which Singapore investors have particular knowledge. "Singapore investors like electronics and technology," said one banker.

Bankers also suggested another reason that the Singapore Exchange has not developed to the extent that many had hoped: competition from extremely cheap bank financing. In fact, many companies list not primarily to raise funds, but for prestige and to raise their profile and therefore to generate more business.

The Exchange's latest wheeze to encourage more listings is to attract companies from India to hold IPOs in Singapore, hoping that the island's close links to the Subcontinent will make such a move attractive both for issuers and investors.

It has established a system of Singapore depository receipts in order to make such deals possible, as Indian capital account convertibility restrictions forbid corporates from directly raising equity financing outside their domestic market. The Exchange, however, faces stiff competition from the high-profile New York stock market which already has a history of Indian listings.

"We are seeing a lot of interest from Indian companies looking to list in Singapore," said one banker in Singapore who covers Indian companies. "But investors' interest may be limited, as the Indian market is relatively unknown to the domestic investors. It will take some time before investors come to understand the Indian growth story," said the India coverage banker.

Other than China and India, Singapore may take pride in being the first exchange in non-Japan Asia to list Reits with two relatively large IPOs from A-Reit and Capitalmall last year. Reits appear to be Singapore's best hope in drawing decent size listings from its domestic economy. "Practically every property company wants to have a Reit," said one banker.

"Reits have found a receptive investor base in Singapore due to their defensive nature and attractive yield," said the banker.

Singapore will also be pleased to steal a march on Hong Kong, which has only recently put out guidelines on Reits. Both will be hoping to become regional centres attracting Reits listings from elsewhere in the region.

Philip Lee

■ **Greater awareness:** Aims to draw financing from W. Asia, Africa

# AFX to list US\$1b more financial instruments by Dec

■ By JONISTON BANGKUALI

THE Labuan International Financial Exchange (AFX) is expected to list additional financial instruments of at least US\$1 billion (US\$1 = RM3.80) by the end of the year, its chairman Datuk Mohd Azlan Hashim said.

As an efficient and cost-effective mechanism for the listing of a wide range of multi-currency instruments, based on conventional and Syariah principles, AFX currently serves 12 listed instruments with a market capitalisation of over US\$1.9 billion.

These include three Syariah-compliant instruments, three conventional debt securities and six open-ended funds,

supported by seven listing sponsors and five trading agents.

"Work in progress for AFX include further listing of instruments for public and private sector funding, including dual listings with other offshore exchanges," Mohd Azlan said.

"There is indeed greater awareness and interest in AFX. In the near future, AFX seeks to list more Sukuk (Islamic securities) instruments as well as Labuan Depository Receipts," he added.

Mohd Azlan said this in a keynote address entitled "Opportunities For a Promising Future of Labuan International Offshore Financial Centre (IOFC)" at the Labuan Week Conference on Strategic Devel-

opment of Labuan as an IOFC.

He said efforts has been initiated at international level to ensure that Islamic financing, as a unique selling proposition for Labuan IOFC, continued to be enhanced.

Mohd Azlan, who is also an authority member of Labuan Offshore Financial Services Authority (Loftsa), said steps have been taken to attract participants in Islamic financing from West Asia, Africa and Asia Pacific.

For the longer term, Loftsa plans to collaborate with internationally-renowned universities to provide various courses, including key programmes on Islamic financing.

It is envisaged that this will

provide research and development capabilities to enable the creation of new Islamic products, as well as to deepen and broaden the scope of Islamic financing in Labuan IOFC.

Mohd Azlan said Loftsa will also continue to review the regulatory framework to address any concerns and risks for the effective management of Islamic financing.

"Efforts will also be extended to promote Islamic financing in equity and debt markets, insurance and trade financing," he said.

He said Loftsa's most outstanding achievement in strengthening the unique selling proposition of Labuan IOFC in Islamic financing was the is-

suance of the Sukuk in 2002.

The issuance propelled Labuan IOFC to the forefront of innovative Islamic product development, establishing international acceptance and recognition of Islamic financing.

"Last week, the Sukuk had another secondary listing on the Bahrain Stock Exchange. This global Sukuk has successfully bridged Islamic financing in South-East Asia, Europe and West Asia," Mohd Azlan said.

He said AFX will continue to establish strategic alliances with other offshore exchanges to further enhance the accessibility of its listed financial instruments and investment securities.

STAR 24/8/02

yields have fallen to their lowest level in a year.  
That disconnect reflects Japan's vast wealth, says John Yod, chief

"I agree that the reforms are slow, but the (S&P warning) seems the obvious," says Yasuhiro Shimizu, a senior economist at Amara Bank

Pacific Investment Management Co. to avoid the world's biggest bond market. As far back as May 2001, he dismissed it as a "bubble that" going

nonseasonal. Data that was in the nation's postal savings system. Given how volatile Japanese stocks can be, consumers also favor

William French Jr. is a columnist for BloombergView. The opinions expressed are his own.

# The case of the mysterious Saudi asset sales

STAR 24/8/02

By CAROLINE BAUM

NEW YORK: The revenge of the Saudis!

The British press is making a big to-do about a Saudi backlash, exacerbated by a trillion-dollar lawsuit filed against various entities of the kingdom, including the royal family, by relatives of the victims of the Sept 11 terrorist attack. (Fifteen of the 19 hijackers were Saudi nationals.)

"Disgruntled Saudis have pulled tens of billions of dollars out of the US, signaling a deep alienation from America," trumpets the Financial Times (FT) on Wednesday's front page.

"The Saudi money shifts" - estimated at US\$100 billion to US\$200-plus billion by named and unnamed sources - "may have contributed to the recent downward pressure on the dollar."

Let us conclude this is all a case of sour grapes on the part of the Saudi royals, wounded by criticism of the radical brand of Islam that flourishes in the kingdom, a Saudi spokesman set the record straight.

"People no longer have any confidence in the US economy or in US foreign policy," says Bisher Bakheet, a financial consultant in Riyadh, quoted in the FT.

Bakheet may have that backward. It's people in the US who have lost confidence in our Saudi Arabian



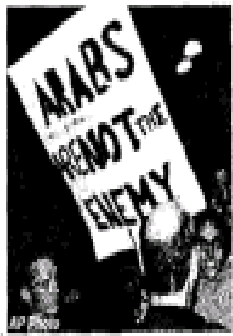
"People no longer have any confidence in the US economy or in US foreign policy," says Bisher Bakheet, a financial consultant in Riyadh, quoted in the FT - AP/PA

"oilmen."  
If the Saudis have been dumping dollars en masse, they must have been stashing them under their red-and-white checked keffiyehs instead of investing them in US assets, primarily stocks and bonds.

**Just the facts**  
With Treasuries witnessing a huge five-month rally and stocks posting double-digit gains in the past month, one is left wondering about the veracity of these massive Saudi

sales.  
The hundreds of billions of dollars being banded about seem "wildly inflated" to Jim Bianco, president of Bianco Research in Chicago, based on the US Treasury's International Capital statistics.

"All OPEC nations held only US\$45.7 billion of US Treasuries as of May 2002, the latest available data, which is essentially different from year-end 2000 (US\$46.8 billion) and year-end 2000 (US\$47.7 bi-



lion)," Bianco says. "So if the Saudis dumped US\$100 to US\$200 billion of assets, it cannot be solely in Treasuries."

Going to the Treasury's statistics on legal liabilities to foreigners, Bianco again finds a dearth of evidence in support of a Saudi cooche.

"Again, total banking liabilities owed to foreigners by 'Other Asia,' a category that includes Saudi Arabia as well as most Middle Eastern OPEC countries, was only US\$24.7 billion as of May 2002," Bianco says. "This is not materially different from year-end 2001 (US\$25.8 billion) and year-end 2000 (US\$29.1 billion)."

### Trickle, no tsunami

The Treasury also provides international capital statistics on equity holdings. "Other Asia" shows net sales of less than US\$1 billion of equities from September 2001 through May 2002. So far, the FT is bating 0 for 1.

"Never let the details get in the way of a good story," Bianco says.

"If the Saudis are afraid their assets will be frozen, as Iranian assets were in the late 1970s and

early 1980s, it makes sense to take their money out of the US," assuming most of it isn't in Switzerland already," Bianco says.

Those sales should leave some kind of a paper trail.

While the Treasury's international statistics, released on the final business day of the month with a two-month lag, for June, July and August may yet support the FT's story, there is nothing through May to indicate any major disaffection with US assets.

### Self-interest

The FT's editorial page adopts the sketchy "evidence of large-scale disinvestments by wealthy Saudis from the US economy in recent weeks and months" as fact to argue the mutual self-interest of the two countries.

The Saudis need to root out terrorism and corruption, the FT says, and "President George W. Bush needs to consider whether it is truly in the US interest to alienate Saudi Arabia now."

No doubt Saudi public and private investors sold scarce US assets in the same way domestic investors did after a punishing 2 1/2-year bear market.

In the end, however, the Saudis will take the FT's advice to President Bush to heart. Notwithstanding their posturing for political advantage with what they perceive to be one of their two weapons - petrodollars can't hold a candle to oil - the Saudis will ultimately sell US assets only if it's in their own self-interest to do so. - Bloomberg

Caroline Baum is a columnist for BloombergView and host of "No Nonsense" on Bloomberg Radio. The opinions expressed are her own.

The Star  
Wed, 2/1/04

## AFX and IIFM to jointly develop Islamic capital market

THE Labuan International Financial Exchange (AFX) and Bahrain-based International Islamic Financial Market (IIFM) are to jointly develop an Islamic capital market with enhanced global reach.

AFX chairman Datuk Mohd Azlan Hashim and IIFM chief executive officer Abdul Rais Majid had signed a Memorandum of Understanding (MoU) on Monday to promote development of channels of communications and exchange of information in the listing and active secondary trading of Islamic financial instruments.

Mohd Azlan said at the signing ceremony that AFX was pleased to work with an international body like the IIFM in the International Islamic Capital Market.

He said the MoU was a significant development in enhancing the position of AFX as an international financial exchange that could bridge the requirements between Europe, West Asia and Asia in Islamic financial instruments.

AFX has Islamic financial instruments, comprising three Sukuk (Islamic Notes), amounting to US\$750mil or RM2.85bil.

Abdul Rais said the MoU would expand the exchange of information and experience, not only between AFX and IIFM, but also between the capital markets of Malaysia and West Asia relating to investment in Islamic financial instruments.

"This MoU is a formalisation of sorts for enhanced dialogues, exchange of feedback and ideas, as well as joint efforts to further develop and promote Islamic financial products and services in reaching investors interested in Islamic investment from different regions in the world," he said. — Bernama

News in brief



dwsj

17/12/04

160 107

THE ASIAN WALL STREET JOURNAL.

## ASIAN-PACIFIC MARKETS

# New Asian Bond Fund Will Total \$2 Billion

*Investment Is Latest Leg In an 11-Country Attempt To Promote Development*

By HIROSHI INOUE  
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*Dow Jones Newswires*

TOKYO—Asian central banks will establish next year a second Asian bond fund valued at about \$2 billion as part of continued efforts to promote development of bond markets in the region, they said Thursday.

The fund will invest in domestic-currency bonds issued by sovereign and quasi-sovereign issuers in eight of the 11 Asian countries that make up the Executives' Meeting of East Asia-Pacific Central Banks forum, or Emeap.

Emeap members include central banks and monetary authorities from Australia, China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea and Thailand.

Australia, Japan and New Zealand are excluded from the fund's activities as these countries already have well-developed bond markets.

In April, the group set a framework for the fund and since then has worked on overcoming legal and regulatory hurdles while also deciding on the size of the fund.

"The launch of Asian Bond Fund 2 represents a historic milestone in central banking cooperation in the region," they said in a joint statement.

The fund will play a "catalytic role" in "promoting new products, improving market infrastructure and minimizing regulatory hurdles" and "will help further broaden and deepen the domestic and regional bond markets," they said.

Contributions to the fund weren't fully disclosed although details available so far from official statements and from people familiar with the fund indicate that Thailand will contribute \$250 million, Singapore up to \$250 million, Australia \$222 million, Japan and South Korea about \$200 million, the Philippines \$100 million and New Zealand up to \$50 million.

Thailand's prime minister, Thaksin Shinawatra, who has strongly backed the establishment of the funds said Thailand will consider investing further in the fund beyond its initial pledge.

Eiji Hirano, Bank of Japan executive director in charge of international affairs, told reporters local-currency bonds eligible to be bought by the fund total between \$500 billion and \$1 trillion.

In its initial phase, investment in the fund will be confined to Emeap central banks. But in its second phase, which is likely to begin sometime during 2005, private-sector investors will be able to buy into the fund.

Emeap launched its first Asian bond fund in June 2003. That \$1 billion fund is fully invested in U.S. dollar-denominated bonds issued by sovereign and quasi-sovereign issuers in the eight markets.

As it said in April, the second fund will be split equally into two parts—a pan-Asian bond index fund and a fund of bond funds. The pan-Asian fund is a single bond fund investing in sovereign and quasi-sovereign domestic-currency bonds issued in the eight markets.

The fund of funds is a two-layered structure with a parent fund investing in eight sub funds, each of which will invest in sovereign and quasi-sovereign domestic-currency bonds issued in the respective market.

The Bank of Korea said that as Korea's bond market is the largest of the eight countries, it expects the largest amount of money to flow into its bond market from the fund.

The pan-Asian fund will, subject to approval, be domiciled in Singapore and initially listed in Hong Kong. Additional listings on other exchanges will be considered at a later stage. Singapore was chosen because its tax structure was the best suited for the fund among participating countries, according to a person familiar with the details of the fund.

The eight sub funds within the fund of funds will be domiciled in their respective jurisdictions and, where appropriate, listed on their respective stock exchanges. The Bank for International Settlements said that it will act as administrator for Emeap Group's investment in the fund.

## **Challenges**

- **Linkage with Euroclear / Clearstream**
  - for clearing & settlement
  - Citibank worldwide
  
- **Linkage with AIM (London) & other exchanges including Bursa Malaysia**
  - Bring back LFX to Bursa Malaysia
  - dual listing, primary or secondary
  
- **Market participants & investors awareness of exotic products in an innovative market place.**
  - seminars & talks
  
- **Road shows to London, Middle East, China & India, even Kuala Lumpur.**

## **Challenges**

- **Creating an active secondary market for trading**
  - **provide after-market support**
  - **low transaction cost**
  - **good governance/reputation**
  
- **LFX is still a baby**
  - **must reach a critical mass - 40 listings**
  - **Luxembourg – 24,000 listings, 2% traded**
  
- **All GLC's issuance (present & future) to be listed on LFX – Petronas, TNB, Telekom, Khazanah**
  
- **LFX – a platform for trading of Malaysian/ Regional papers**

## **Challenges**

- **Review existing legislations, Rules & Guidelines**
  - **Introduce Practice Notes?**
- **Develop guidelines for potential new products**
- **Issuing House?**
- **“Management” stability & frequency of committee meeting**
- **Encourage Malaysian Big Caps to list on LFX**
  - **foreign portion**
- **Trading Agents to link with domestic/regional broking houses.**

## ***Conclusion***

- **Our expectations – LFX only recently established and there is vast potential for further development and growth**
- **LFX offers a unique opportunity to local and international players to take advantage of a personalised approach, high regulatory standards, efficiency of service and an innovative marketplace.**

# AMMB's Track Record as Listing Sponsor

<p>First Global Sukuk Inc* (SPV of Kumpulan Guthrie)</p>  <p>Primary Listing of Serial Islamic Lease Sukuk (2004) 25-Jan-2002</p> <p><i>* Issue delisted</i></p>	<p>First Global Sukuk Inc (SPV of Kumpulan Guthrie)</p>  <p>Primary Listing of Serial Islamic Lease Sukuk (2006) 25-Jan-2002</p>	<p>Malaysia Global Sukuk Inc (SPV of Ministry of Finance)</p>  <p>Secondary Listing of Sukuk Al-Ijarah Trust Certificates (2007) 18-Sep-2002</p>	<p>Rashid Hussain Berhad</p>  <p>Secondary Listing of RHB Secured Bonds (2007) 12-Mar-2003</p>	<p>Macquarie Investment Services Ltd*</p>  <p>Primary Listing of Am-Macquarie Sovereign Plus Fund 23-May-2003</p> <p><i>* Fund delisted</i></p>
<p>IOI INVESTMENT (L) BHD (SPV OF IOI CORP)</p>  <p>Primary Listing of \$310,000,000 Notes (2009) 20-Sept-2004</p> <p><i>Joint Global Coordinator &amp; Joint Bookrunner</i></p>	<p>TM GLOBAL INC (SPV OF TELEKOM MALAYSIA)</p>  <p>Secondary Listing of &amp;500,000,000 Notes (2014) 28-Oct-2004</p>	<p>SARAWAK CORPORATE SUKUK INC (SPV OF SEDC)</p>  <p>Primary Listing of \$350,000,000 Notes (2009) 3-Jan-2005</p>	<p>FEDERATION OF MALAYSIA</p>  <p>Secondary Listing of \$1,500,000,000 Notes 28-Jun-2004</p>	<p>FEDERATION OF MALAYSIA</p>  <p>Secondary Listing of \$1,750,000,000 Notes 28-Jun-2004</p>
<p>FEDERATION OF MALAYSIA</p>  <p>Secondary Listing of €50,000,000 Notes 28-Jun-2004</p>	<p>AMCORP CAPITAL (L) BHD (SPV OF ARAB-MALAYSIAN CORP BHD)</p>  <p>Primary Listing of \$120,000,000 Notes (2010) 16-Feb-2005</p> <p><i>First USD equity linked issue to be listed only in Malaysia</i></p>	<p>IOI VENTURES (L) BHD (SPV OF IOI CORP)</p>  <p>Primary Listing of \$500,000,000 Notes (2015) 17-Mar-2005</p> <p><i>Largest exchangeable bond by issuer in Malaysian</i></p>	<p>SARAWAK INTERNATIONAL INC (SPV OF SGOS CAPITAL HOLDINGS SDN BHD)</p>  <p>Primary Listing of \$800,000,000 Notes(2015) 21-Oct-2005</p> <p><i>Largest Regulated deal from Malaysia &amp; equal largest from Asia</i></p>	<p>AMBB CAPITAL (L) ltd (SPV OF AMBANK (M) BHD)</p>  <p>Primary Listing of \$200,000,000 Perpetual Preference Shares 3-Feb-2006</p> <p><i>Third Security approved by Central Bank</i></p>

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# The Best Adviser for Listing on the LFX

AMMB was awarded the Most Outstanding Listing Sponsor Award for 2005 by LFX

**Most Outstanding Listing Sponsor Award from LFX in Recognition of:-**

**Most number of deals listed on the LFX**

**Deals with highest value**

**Most experienced deal team**

**Significant contribution towards development of LFX**



LABUAN INTERNATIONAL FINANCIAL EXCHANGE  
Labuan Date/Time  
Wed, 22<sup>nd</sup> Mar 2006  
8:56:37 am

04. QUOTATION SUMMARY INSTRUMENT @LFX NEWS

*LFX News*

**LFX HONOURS LISTING SPONSORS WITH SPECIAL AWARD.**

**Labuan, Friday, 23 September 2005** - The Labuan International Financial Exchange (LFX) awarded its Listing Sponsors which have significantly contributed towards the development of the Exchange for year 2005. The recipients are AmInternational (L) Limited (AMIL) and CIMB (L) Limited (CIMB). Datuk Zeman Abdul Ghani, Deputy Governor Bank Negara Malaysia, presented the awards at the Labuan Offshore Industry Annual Dinner in Labuan International Offshore Financial Centre (IOFC).

"It's important that we give recognition to deserving market participants that have contributed towards the development of the LFX. With 32 instruments listed on LFX today, market capitalisation has grown to USD12.09 billion (market cap as at Thursday, 22<sup>nd</sup>), said Chairman of LFX Board Yusli Mohamed Yusoff, who is also the Chief Executive Officer of Bursa Malaysia Berhad.

"We hope all other Listing Sponsors will enhance their participation on their exchange and aggressively promote the issuance of more Islamic and conventional investment instruments on the offshore exchange. There are many benefits that an issuer can enjoy

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**T H A N K Y O U**

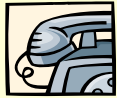
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