

BURSA MALAYSIA BERHAD

Meeting with Korea Investment Holding

Dato' Yusli Mohamed Yusoff, CEO
17 June 2008



Visit us at <http://www.bursamalaysia.com>

Bursa Malaysia and its Group of Companies ("the Company") reserve all proprietary rights to the contents of this Presentation. No part of this Presentation may be used or reproduced in any form without the Company's prior written permission.

This Presentation is provided for information purposes only. Neither the Company nor the Presenter make any warranty, express or implied, nor assume any legal liability or responsibility for the accuracy, completeness or currency of the contents of this Presentation.

It is your responsibility to verify any information before using or relying on it.

Our Transformation...

- **Before 2001- Separate exchanges – KLSE, KLOFFE, COMMEX, MESDAQ**
- **2001 - Consolidation of derivatives exchanges completed (KLOFFE + COMMEX = MDEX)**
- **2002 - Consolidation of stock exchanges completed (MESDAQ merged with KLSE)**
- **2004 - KLSE become a public company limited by shares - Bursa Malaysia**
- **2005 - Listed on 18 March 2005**

- KLSE: Kuala Lumpur Stock Exchange
- KLOFFE: Kuala Lumpur Options & Financial Futures Exchange
- MESDAQ: Malaysian Exchange of Securities Dealing & Automated Quotation
- COMMEX: Commodity & Monetary Exchange

SINGLE EXCHANGE GROUP

Total Market Capitalisation : USD284 Bil (RM930 Bil) @ 12th June 2008

Equities Market

3 Markets:

- Main Board : 663 cos
- Second Board : 223 cos
- MESDAQ Market : 125 cos

Trading
Clearing
Settlement
Depository

Derivatives Market

9 Derivatives Products:

- Commodity futures
- Equity futures & options
- Financial futures

Trading
Clearing
Settlement

Bond Market

5 Bond Instruments:

- M'sia Gov Securities*
- Gov Islamic Instruments*
- Central Bank Papers
- Cagamas Papers
- Private Debt Securities

Order Matching*
(Trading)
Negotiation
Reporting

Offshore Market

Financial instruments:

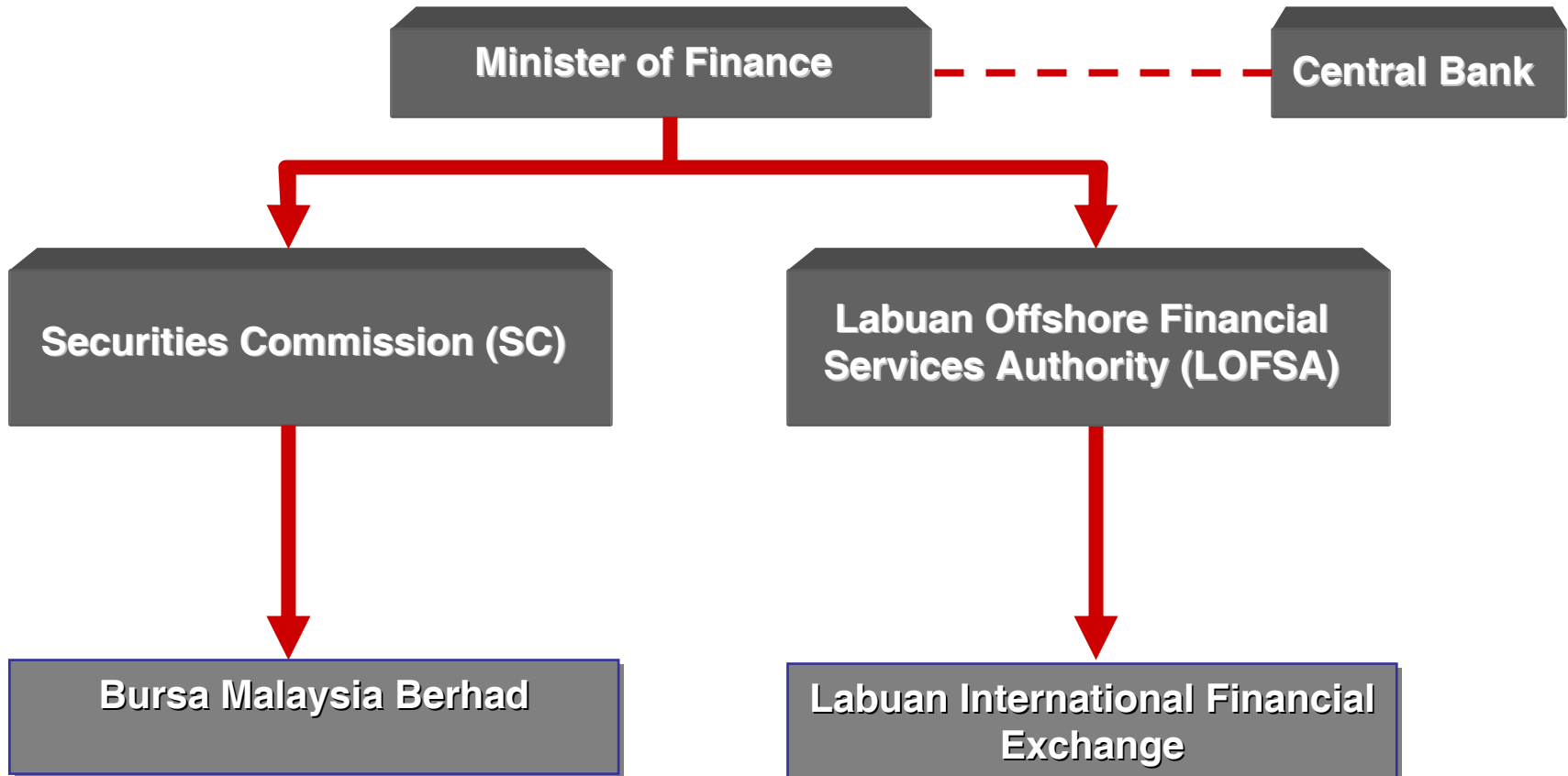
- Non-ringgit securities
- Islamic Sukuk cross listings

Listing
Clearing
Depository

Clearing & Depository by :
Citibank & Deutsche

Integration Across Products and Services

Regulatory Framework



SENIOR MANAGEMENT AND SHAREHOLDINGS STRUCTURE

6 Management Committees

Dato' Yusli
Mohamed
Yusoff, CEO

Devanesan
Evanson, CMO

Selvarany
Rasiah, CRO



Omar Merican,
COO

Nadzirah Abdul
Rashid, CFO

Yew Kim Keong,
CIO

10 Board Members @ 16/6/2008

- 1 Executive Director
- 6 Independent Directors
- 3 Public Interest Directors (also independent)

Substantial Shareholders @ 30/5/2008

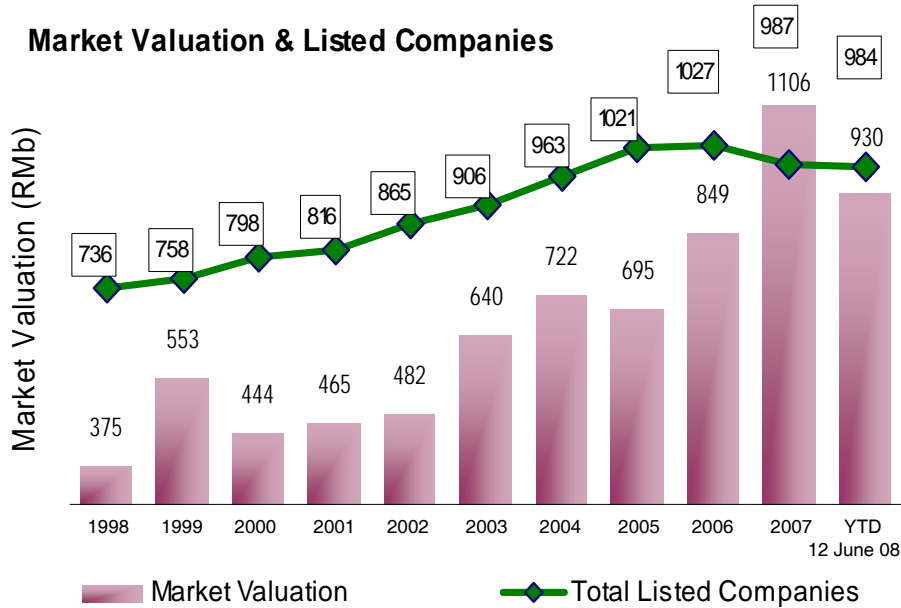
Minister of Finance	19%
Capital Market Development Fund	19%
Newton	9.5%

Foreign Shareholding : 26%

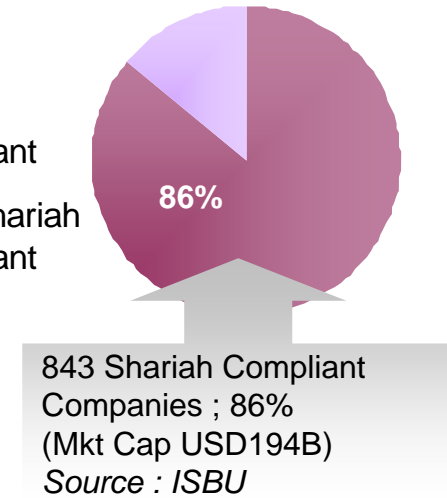
BOTH CONVENTIONAL & SHARIAH COMPLIANT

As at 12/6/2008

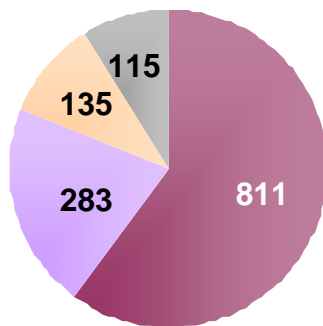
Market Valuation & Listed Companies



■ Shariah Compliant
■ Non- Shariah Compliant

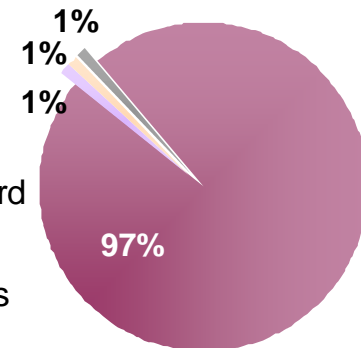


■ Main Board
■ Second Board
■ Mesdaq
■ Call Warrants



No. of Counters Listed 1,344

■ Main Board
■ Second Board
■ Mesdaq
■ Call Warrants

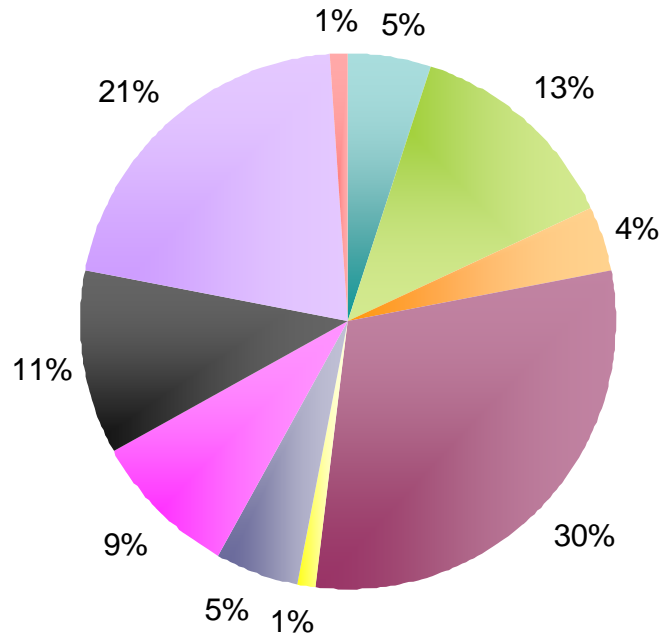


Market Capitalisation USD284 BIL (RM930 bil)

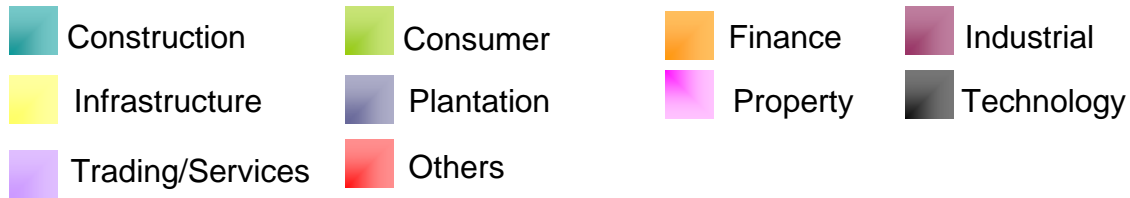
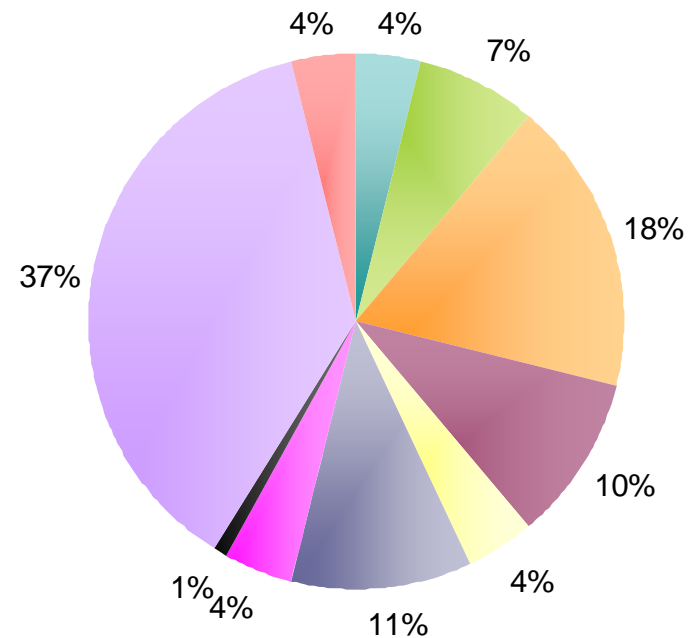
DIVERSITY PROVIDES RESILIENCE

As at 30 May 2008

Number of Listed Companies



Market Capitalisation of KLCI Components



BURSA'S STRONG NICHE IN ISLAMIC CAPITAL MARKET

1

Brand

- **Malaysia as leading centre in Islamic banking**
 - 11 standalone Islamic Banks, of which 3 are foreign
- **Pioneer in Islamic finance**
- **Islamic friendly**
 - Highly regarded by Islamic investors, with Middle Eastern liquidity favoring Malaysia over other developed markets

2

Expertise

- **Islamic finance experts within Bursa Malaysia**
- **Access to Shariah Advisory Council (SAC)**
 - Close collaboration with Securities Commission on ICM¹ transaction and activities
- **Islamic Financial Services Board (IFSB)**, international standard-setting organisation for the Islamic financial services industry
- **International Centre for Education in Islamic Finance** established to develop the global Islamic finance industry's human capital
- **Involvement of leading Islamic finance academics and industry experts** as advisors to capital markets players such as Bursa Malaysia

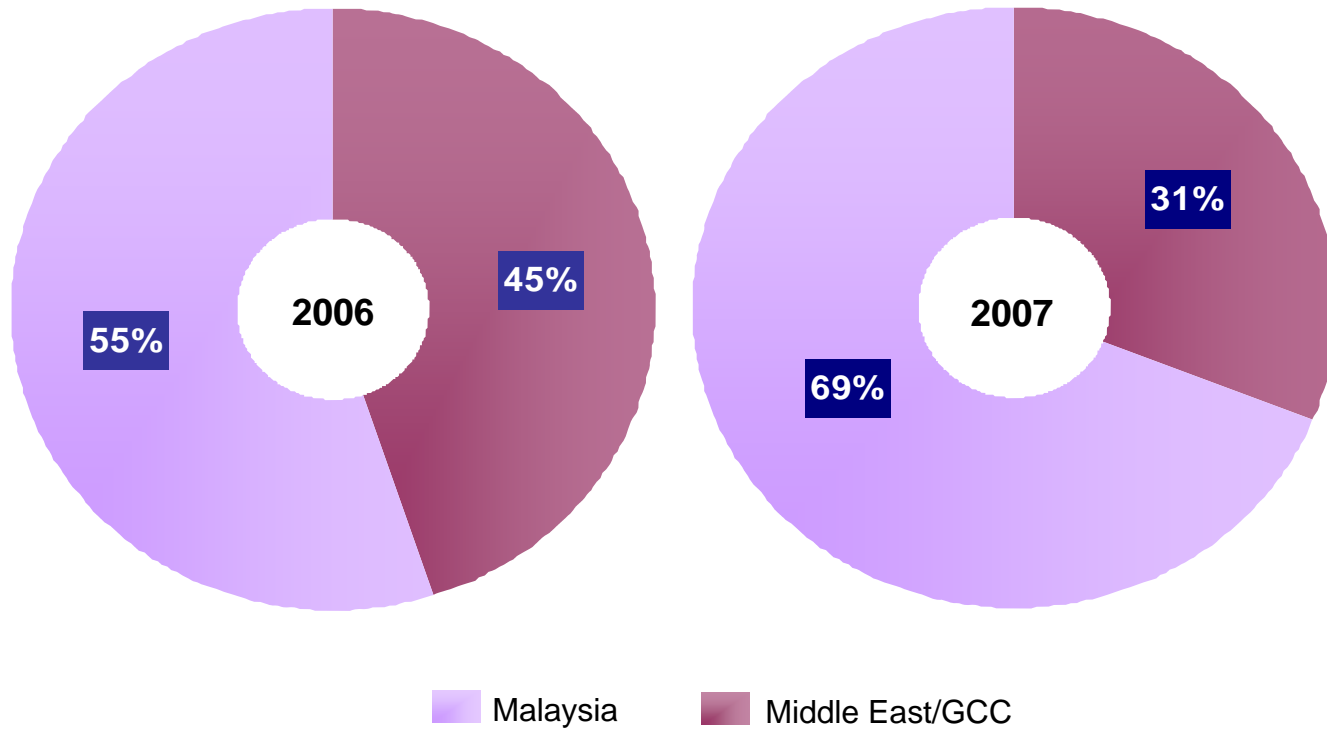
3

Infrastructure

- **Most established Shariah-compliant legal and regulatory framework**
- **Tax exemptions for Islamic intermediaries**
 - Asset managers, banking products and Takaful companies
- **LFX as offshore platform with significant Islamic finance activity**
 - Significant Sukuk activity
 - Potential **offshore listing destination** for Islamic finance products, with access to broad pool of investors

EFFICIENT REGULATORY FRAMEWORK

Stimulating Growth of Sukuk Issuance

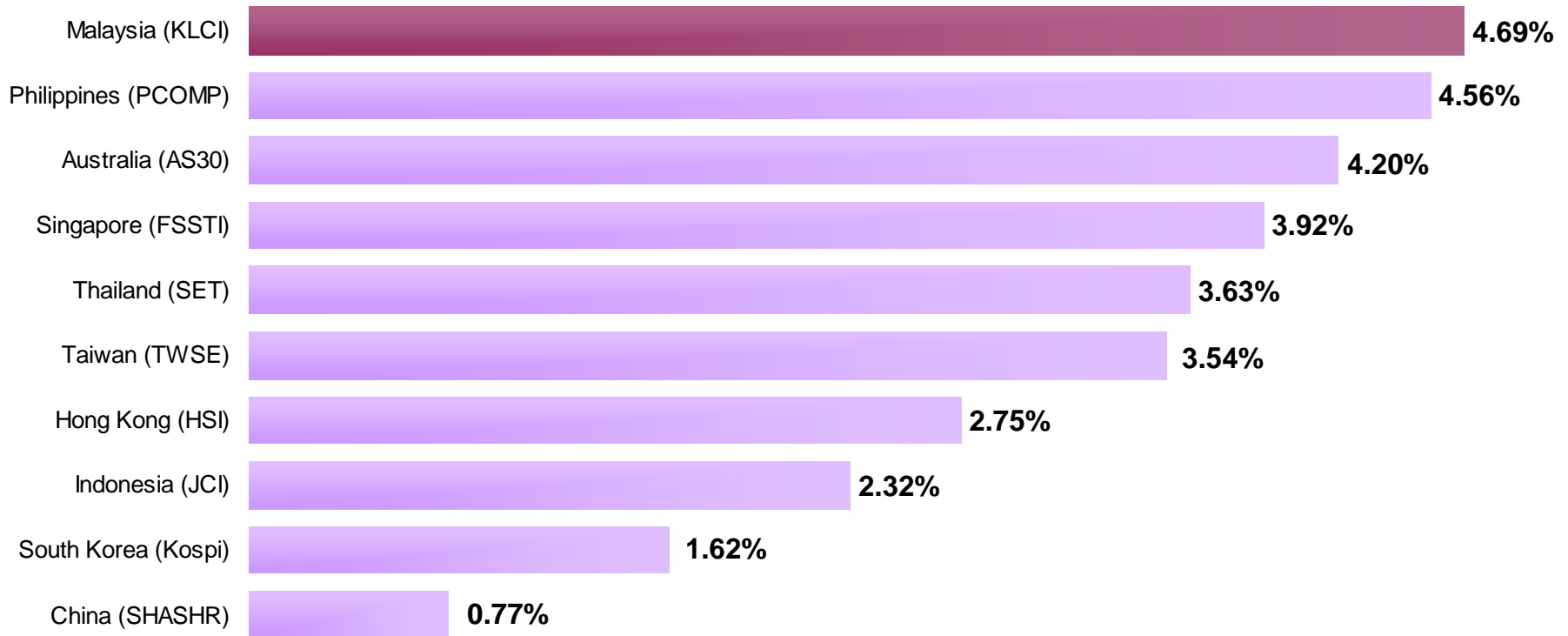


In 2007, Malaysia has the world's largest sukuk market of 69% or US\$62 billion (RM198.4 billion) of the total issuance of corporate sukuk

Source : Bank Negara and The Islamic Capital Market Task Force (IOSCO)

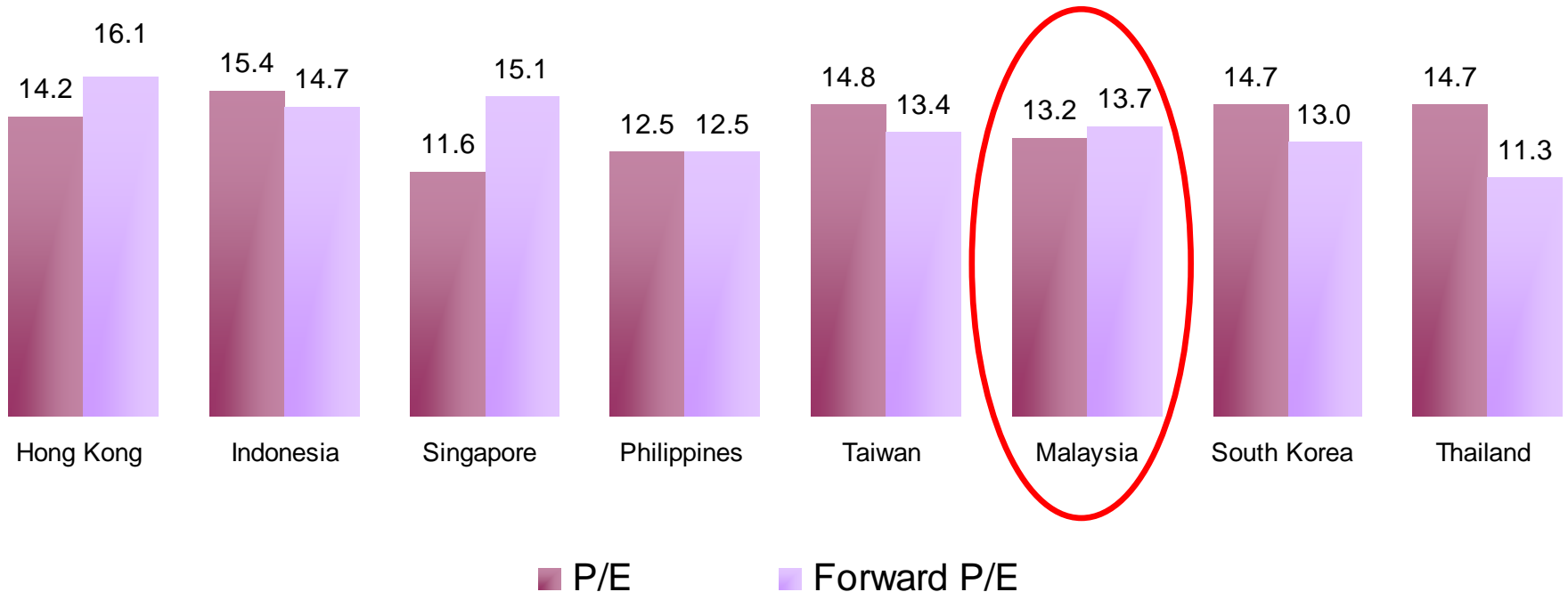
OFFERS THE HIGHEST DIVIDEND YIELD

Selected Regional Markets - Dividend Yield



Source: Bloomberg – Dividend yield for main regional indices as at 30th May 2008

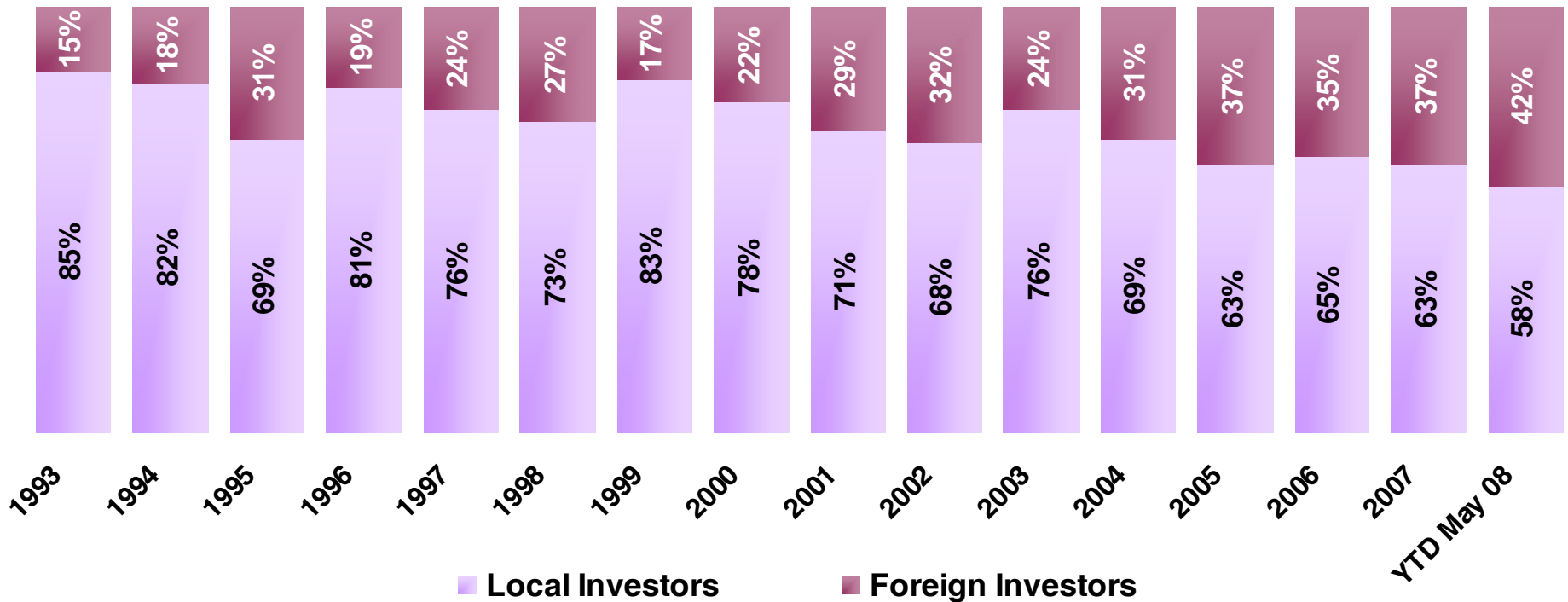
ATTRACTIVE MARKET P/E VALUATION



Source: Bloomberg - P/E Valuation for main regional indices as at 30 May 2008

SIGNIFICANT FOREIGN INVESTORS ACTIVITY REFLECTS MARKET RESILIENCE

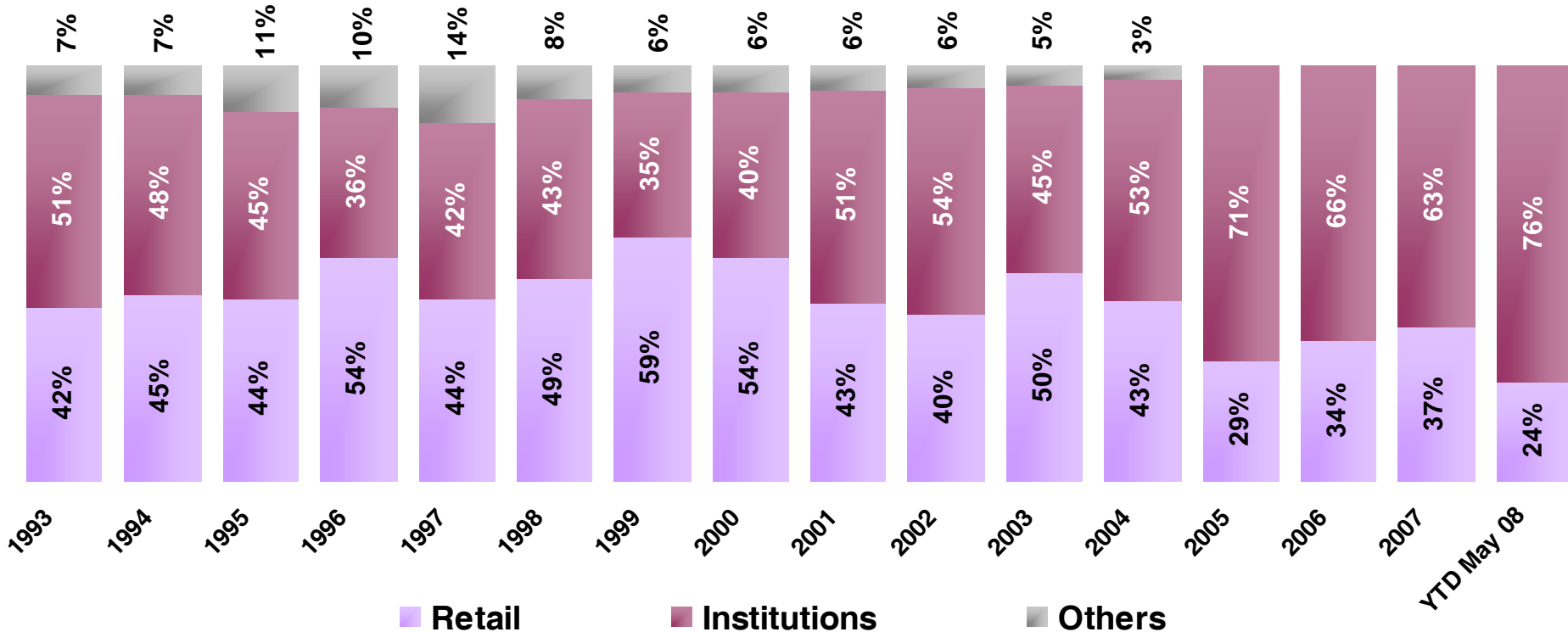
Breakdown of trading (by value) 1993 to May 2008



RETAIL PARTICIPATION

Drop in retail volume due to weak investors' sentiment

Breakdown of trading (by value) 1993 to May 2008



“Others”- refers to trades conducted for accounts not belonging to individuals/ institutions. Definitions of investors' type clarified in 2004, hence reducing the type of investor falling under “others” category.

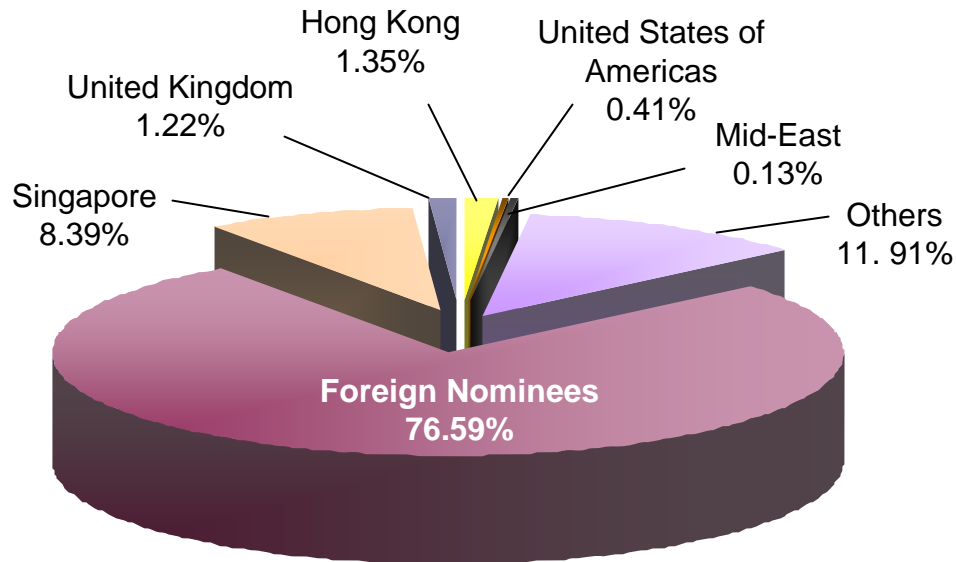
FOREIGN OWNERSHIP HIGH AT 25.4%

Malaysian and Foreign Shareholdings as at 31st May 2008

Items			April 2008			
			Total Shareholdings (Units-Billion)	%	Total Market Value (RM-Billion)	%
1	Foreigners	Direct Holdings	17.3	4.22	44.2	4.56
		Foreign Nominees*	56.6	13.82	202.1	20.87
2	Malaysians		335.7	81.96	722.1	74.57
3	Total securities immobilised in CDS		409.6	100.00	968.4	100.00

Note : Foreign Nominees reflect shares owned by foreigners but held via Authorised Nominee Companies incorporated in Malaysia.

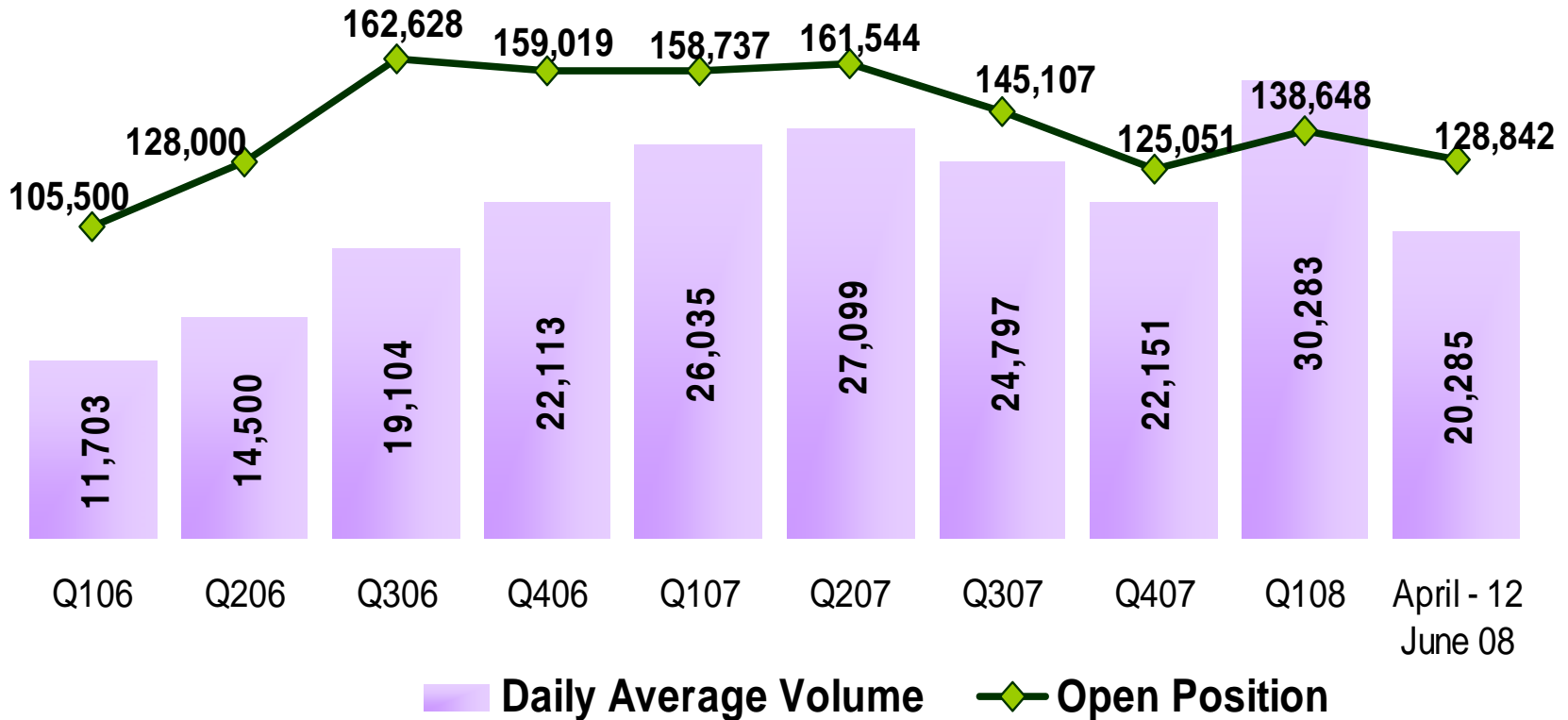
Foreign Shareholdings by Nationality for Selected Countries as at 31st May 2008



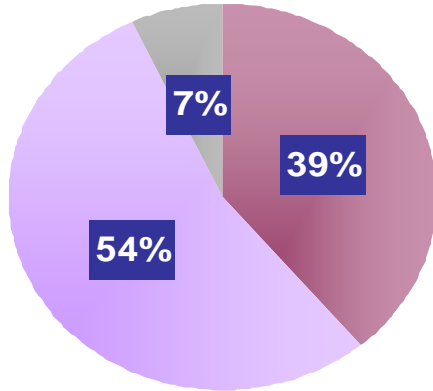
QUARTERLY DERIVATIVES ACTIVITY

Record Daily Volume

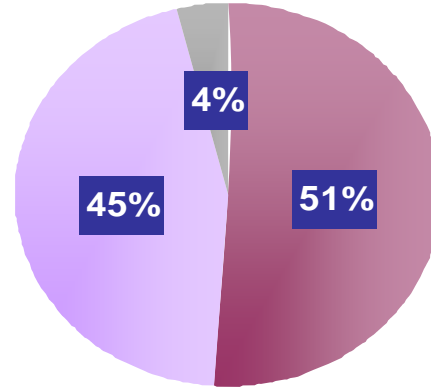
- **FKLI** : 51,210 contracts on 26 March 08
- **FCPO** : 37,231 contracts on 13 June 07
- **Total** : 73,230 contracts on 26 March 08



2 LEADING DERIVATIVES PRODUCTS

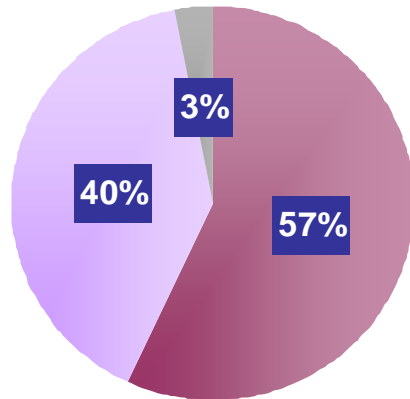


Total contracts traded FY 2006 = 4.1 million

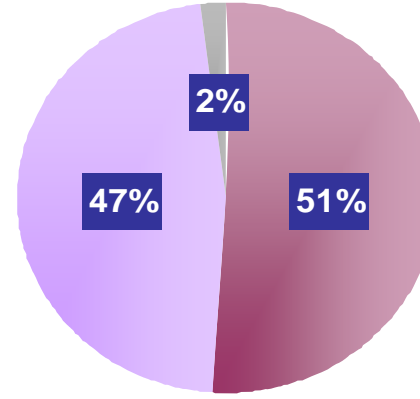


Total contracts traded FY 2007 = 6.2 million

↑ 50%



Total contracts traded Q1 2007 = 1.6 million



Total contracts traded Q1 2008 = 1.8 million

↑ 13%

Crude Palm Oil Futures (FCPO) ↑ 25% in 2007

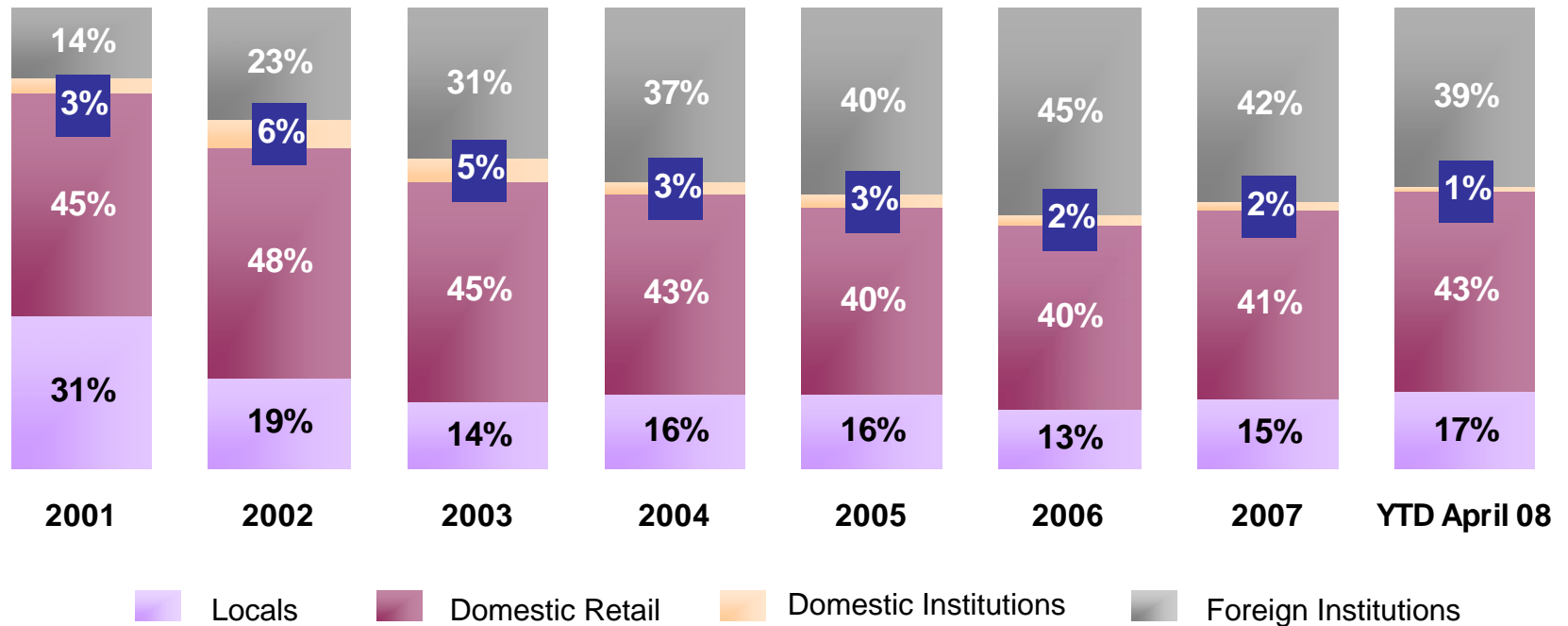
KL Composite Index Futures (FKLI) ↑ 94% in 2007

3-Month Kuala Lumpur Interbank Offered Rate Futures (FKB3)

DERIVATIVES MARKET DEMOGRAPHY

FKLI

KLCI Futures

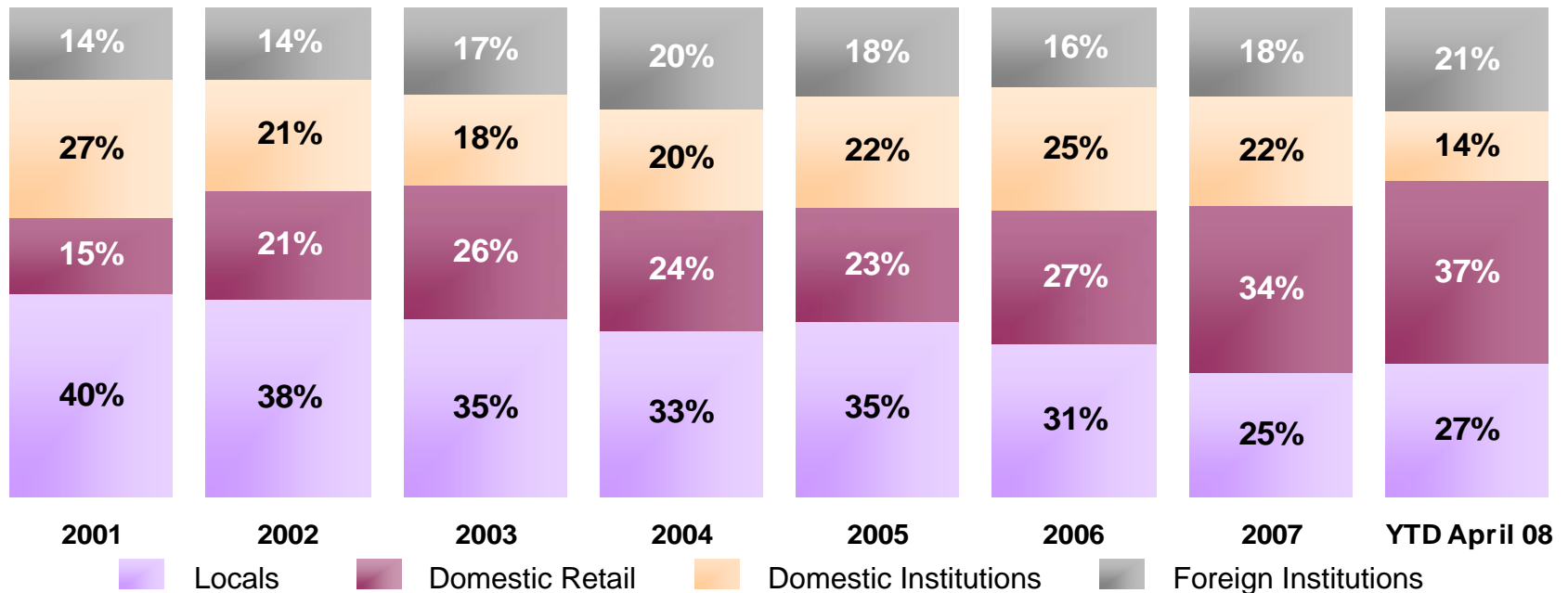


* Local - A local participant is an individual who owns a seat in the Exchange, registered with SC and is allowed to trade all futures contracts listed on the Derivatives Exchange for his or her own account.

DERIVATIVES MARKET DEMOGRAPHY

FCPO

Crude Palm Oil Futures



* Local - A local participant is an individual who owns a seat in the Exchange, registered with SC and is allowed to trade all futures contracts listed on the Derivatives Exchange for his or her own account.

LIBERALISATION EFFORTS – NO CAPITAL CONTROL

Re-introduction of regulated short selling (RSS) and stock borrowing & lending (SBL)

No Capital Gains Tax
No Property Gains Tax

Admission of 5 foreign brokers (UBS, CLSA, CSFB, Macquarie, JP Morgan)

Accelerate tax restructuring
: Reits (15% local, 20% foreign)
: Corporate tax (25% - 2009,
26% - 2008)

Admission of 5 foreign fund managers (Aberdeen, Nomura, BNP Paribas, Credit Agricole, Franklin Templeton Investments)

Liberalisation of Foreign Listing & Dual Listing

PROGRESSIVE BUDGETARY MEASURES

LOWER CORPORATE TAXES & SINGLE TIER TAX SYSTEM

To deliver attractive earnings ratio and improve the investability

ENCOURAGE INTERNET-BASED INVESTING

Fully negotiable commission rate

ATTRACTING MIDDLE EAST FUND

3 new stockbroking licenses

Tax incentives for Islamic stockbroking

STIMULANT FOR PROPERTY SECTOR

Monthly withdrawal from EPF for mortgage repayment

50% stamp duty exemption for house less than RM250,000

A BOOST TO FUND MANAGEMENT INDUSTRY

Foreign ownership will be allowed up to 70%

Tax exemption on Islamic fund management fees activities till 2016

ENHANCING MARKET ATTRACTIVENESS BROADENING MARKET ACCESS

Infrastructure	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> RSS/SBL <input checked="" type="checkbox"/> Financial Market Trading Platform : Fixed Income <input checked="" type="checkbox"/> Direct Market Access : Derivatives <input type="checkbox"/> Bursa Trade Securities
Products	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete launch of new FBM Index Series <input checked="" type="checkbox"/> FTSE Bursa Malaysia 30 ETF <input checked="" type="checkbox"/> Dow Jones Islamic Market Malaysia Titans 25 ETF or MyETF
Regulatory	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Revised listing fees <input checked="" type="checkbox"/> Dealers' representatives mobility <input checked="" type="checkbox"/> Reduced trading fees for derivatives contracts <input checked="" type="checkbox"/> Revised clearing fees
PLCs	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> CMDF – Bursa Research Scheme <input checked="" type="checkbox"/> IR Incentive Programme <input checked="" type="checkbox"/> Malaysia Investor Relations Association (MIRA) <input checked="" type="checkbox"/> Cross border listings framework <input type="checkbox"/> Unification of 2 Boards

EXCHANGE'S TARGETS

Bursa's KPI 2008	Target	1Q08
Velocity	56%	46%
Growth in derivatives contracts traded	50%	13%

Growth in Velocity to be driven by :

Improvement of Infrastructure

- Bursa Trade Securities & DMA Equities

Introduction of More Products

- ETF, Reits & Warrants

Other Initiative

- Retail Plan
- Market Making

Growth in Daily Average Contracts to be driven by:

Improvement of Infrastructure

- DMA Derivatives

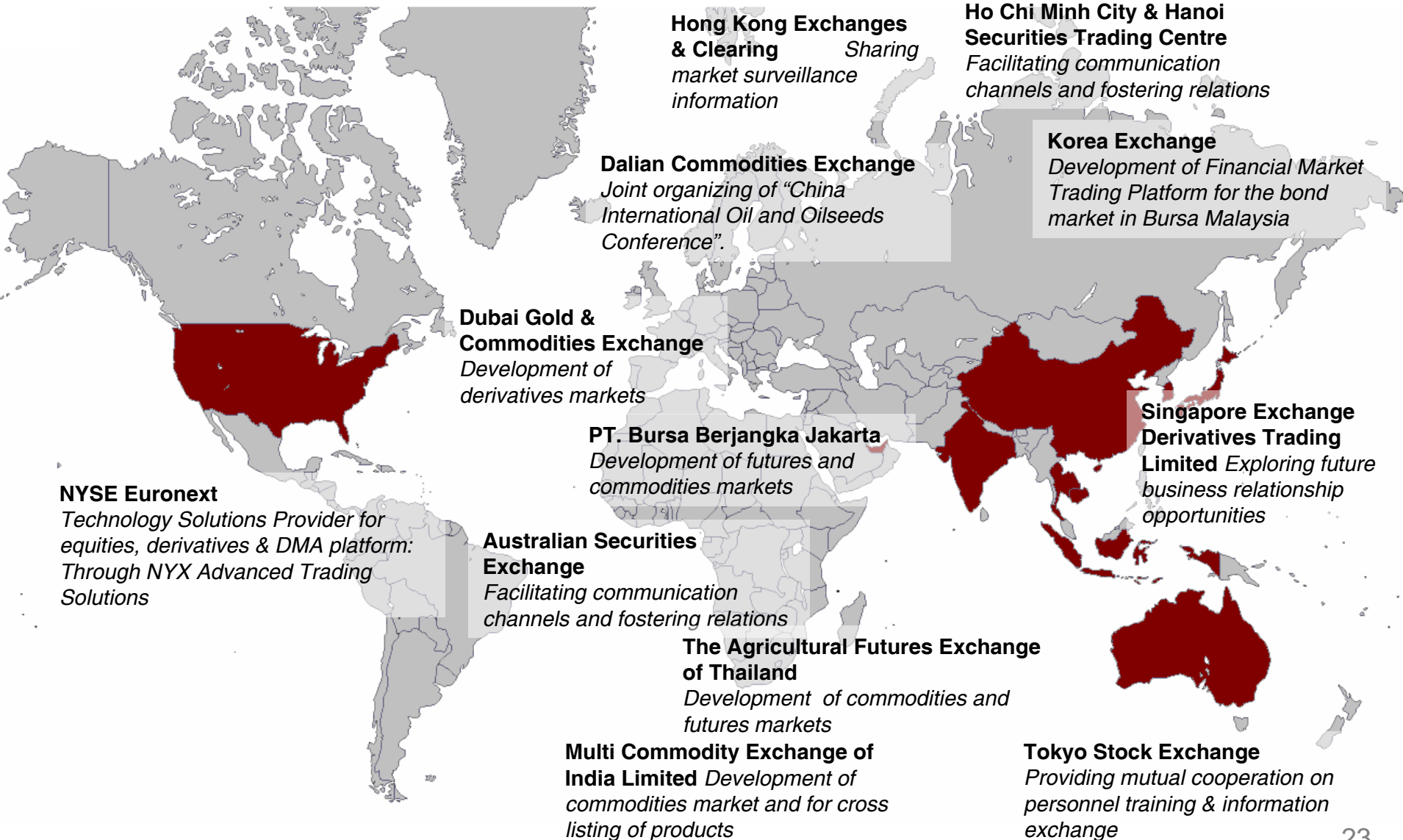
Introduction of New Product

- FUPO

Other Initiative

- Market Making

GLOBAL NETWORK



THANK YOU

Q&A