

Chairman's Letter to Shareholders



Tun Mohamed Dzaidin Haji Abdullah
Chairman

Dear Shareholders,

2013 was a year in which exchanges the world over had to contend with financial uncertainties and intensified competition. Despite this volatile backdrop, Bursa Malaysia rose to the fore to turn in a commendable performance on several fronts. The FBM KLCI ended the year at 1866.96 points, up 10.5% from 2012.

The Exchange exceeded peers in benchmark performance and was the largest fund raising destination in ASEAN with USD7,046.9 million raised. And most importantly, we continued to create shareholder value delivering a total shareholder return of 40.7%.

THE YEAR SAW US STEPPING UP THE PACE ON GOVERNANCE EFFORTS, DELIVERING GOOD SHAREHOLDER VALUE, AND SUCCESSFULLY IMPLEMENTING MEASURES TO HELP US CAPITALISE ON NEW FRONTIERS

Our good standing to date comes on the back of ongoing efforts to strengthen our marketplace infrastructure and Bursa Malaysia's position as an attractive investment proposition. The year saw us stepping up the pace on governance efforts, delivering good shareholder value, and successfully implementing measures to help us capitalise on new frontiers. As the Exchange moves forward, the foundations are now in place to further unlock the potential of our marketplace and truly move us up to the next level of success.

COMMITTED TO MARKETPLACE TRANSPARENCY AND STABILITY

The ever evolving global market structure and regulatory framework have been rather unsettling for market players these last few years. Amidst this backdrop, Bursa Malaysia continues to make strong strides forward in its endeavour to ensure an orderly, transparent and efficient marketplace. 2013 saw us continuing to hone our rules and build upon the effective regulatory and supervisory framework we already have in place to ensure a comprehensive regulatory approach.

To engender better corporate governance practices among PLCs as well as help boards steer their companies towards sustainable business growth, we issued the second edition of the Corporate Governance Guide: Towards Boardroom Excellence. To strengthen stakeholder education and engagement, we rolled out 22 engagement sessions, including the exclusive Chairman Series.

DRIVING GOOD SHAREHOLDER VALUE

- **13% GROWTH**
IN OPERATING REVENUE AND
15% GROWTH
IN PATAMI

- DIVIDEND YIELD OF
6.3%

- RECOGNITION FROM MSWG:

- ✓ **AMONG TOP 5**
FOR OVERALL
CORPORATE
GOVERNANCE

- ✓ **AMONG TOP 3**
FOR CORPORATE
GOVERNANCE
TRANSPARENCY

- ✓ **1 OF 3**
WINNERS
FOR BEST CONDUCT
OF AGM

We remain committed to implementing corporate governance best practices throughout our organisation. In 2013, Bursa Malaysia was announced as one of three winners of the Best Conduct of AGM Award from the Minority Shareholder Watchdog Group (MSWG). We were also a recipient of the MSWG's Top 3 Corporate Governance Transparency Award and Top 5 Overall Corporate Governance Award. These awards underscore our commitment to leading by example in the area of good governance.

COMMITTED TO GOOD SHAREHOLDER VALUE CREATION

The year 2013 also saw us continuing to put in place the building blocks to enhance market quality, ensure sustainability and unlock the Exchange's full potential. We improved the quality of our service and product offering, increased our people and technology investments, as well as enhanced stakeholder ties.

As a result of our team's overall efforts, we turned in a robust financial performance for 2013 with operating revenue increasing by 13% and PATAMI by 15%.

Our commitment to creating good shareholder value remains a priority. Our policy is to pay out no less than 75% of our PATAMI. Since our listing, we have surpassed this and rewarded our shareholders with more than 90% of our PATAMI. In line with the year's good performance, we are proposing a final dividend of 16 sen. This, combined with an interim dividend of 16 sen paid to shareholders in 2013, amounts to 98% of our PATAMI. We had also paid out a special dividend of 20 sen in August 2013, bringing the total dividends to 52 sen.

COMMITTED TO REMAINING RELEVANT

As an integrated exchange and a catalyst for the Malaysian capital market, we are determined to remain relevant to our stakeholders and to drive sustainable growth. The advent of the ASEAN Economic Community (AEC) at end 2015 bodes well for us. As "ASEAN's Multinational Marketplace", Bursa Malaysia is well positioned as the preferred entry point and prime marketplace for investors buying into ASEAN.

We are also focused on delivering a spread of diverse and sustainable offerings to our stakeholders. Our global Islamic market offering continues to be a viable investment opportunity and has bolstered our position as one of Asia's leading exchange for Islamic offerings. The launch of Gold Futures Contracts and stapled securities too have widened our product universe.

As we move forward, Bursa Malaysia will continue to champion good governance practices, roll out new growth strategies and look for new frontiers of opportunity. We are confident of our potential going forward given the strong foundations that have been laid.

IN APPRECIATION

On behalf of the Board of Directors, I wish to take this opportunity to convey our utmost gratitude to our shareholders for their steadfast support of the Exchange. Our deep gratitude also goes to the regulators and policy makers for their worthy efforts in setting clear boundaries that promote market efficiency and transparency. My sincere thanks to my fellow Directors for their astute insights and for helping the Exchange stay the course amidst uncertain times. Last but not least, our deep gratitude to the employees for their loyalty, sacrifices and commitment to excellence which have brought us thus far.