



**CMDF-BURSA MALAYSIA RESEARCH SCHEME (CBRS) II SEMINAR**

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**SPEECH BY DATO' YUSLI MOHAMED YUSOFF**

**CHIEF EXECUTIVE OFFICER**

**BURSA MALAYSIA BHD**

A very good afternoon to

Honourable guests

Ladies and gentlemen

Firstly, please allow me to thank you for taking time off your hectic schedule to join us this morning.

I am pleased to say that the CMDF-Bursa Malaysia Research Scheme or CBRS as it is commonly known, is continuing its next phase, and today you will hear how this research scheme will be able to help you in showcasing your company to the investing public.

CBRS is essentially geared towards the dissemination of vital information on companies' business and operations, potential and progress. In the first phase of the scheme which was launched in 2005, over 300 companies participated. These companies' stocks were analysed and objective reports were prepared by globally and locally recognized research houses such as Standard & Poor's, and are made available for free on the Bursa Malaysia website. We believe this has been a valuable contribution, as more and more retail investors are relying on genuinely independent data or analysis such as that provided by CBRS to assist them in making their investment decisions.

The common feedback we get from fund managers and retail investors alike is that local companies lack investor relations initiatives and there is not enough accurate information available about listed companies in order to make informed investment decisions. This geared Bursa Malaysia into evaluating a scheme such as the CBRS programme which is aimed at helping retail investors, as well as institutional investors, access important information on listed companies.



Suffice to say that the first phase of CBRS has received favourable response from the investment community. It is also noted that the CBRS reports have shown direct impact on trading volumes. Studies conducted by Standard & Poor's between June 2005 to June 2006 have indicated 41% occurrences of increased trading volumes on average in the one-month period following the release of a research report on a given counter. The impact over a one year timeframe was even greater with 56% occurrences of increased trading volume after release of the research reports. The study also ascertains, although inconclusively, an impact to price performance where the Strong Buy and Buy recommendations all outperformed the KLCI Index. I am sure you will benefit more from a detailed presentation that will be shared by Standard & Poor's representative later this morning.

On our end, we have been rallying heftily in encouraging consistent and more structured disclosures of PLCs to investors. The scheme has also been successful in helping PLCs improve their learning curves in handling analysts and understanding the importance of profiling. We have also been guiding investors towards a more fundamental-based investment approach using information convened from research reports. With this in mind, CBRS has enabled investors to gain a better view of some of the companies listed on the Exchange. This, I believe, would aid the investors in adopting a fundamental-based investment approach by valuing a company's stock through its earnings, prospects, track record and the like.

Ladies and gentlemen,

The goal of CBRS is two-fold. Firstly, it is to aid PLCs in profiling themselves for more visibility in order to spur greater interest from the investment community. Secondly, this scheme is aimed to offer investors with professional analysis on the potential of the PLC as a worthy stock.

The benefits of this scheme are immense and we see the value of companies being profiled through CBRS as this certainly enhances visibility of stocks on the exchange. Therefore, companies which are not engaged currently in this research scheme will lose



out on the opportunity to increase their profile and sustain investor interest and attention to their stocks.

On that note, I urge everyone here today to take advantage of the incentives and participate in the research scheme. Investors are demanding a higher level and quality of information from all PLCs. With mounting competition for fund managers' attention, PLCs must look to new and effective ways of communicating their value propositions. And what better way than to do it through CBRS which not only enables a PLC to get domestic and international exposure via research coverage but also to reach out to the target investors. With that, my colleague will be able to share with you details of the mechanics and progress update of the CBRS scheme shortly.

Before I take my leave, let me just say once more how encouraged I am by your presence here today. It is certainly imperative that we understand the significance of equity research to both investors and PLCs if we are to develop our market further. I hope that CBRS will help will speed up the learning curve of PLCs on the Exchange, as to why they should be investor friendly, more transparent and available to the investing public. To all of you, please feel free to raise any questions with regards to CBRS. We would like this session to be as interactive as possible.

Thank you.

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