



ASIA TRADER & INVESTOR CONVENTION 2007

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SPEECH BY

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BURSA MALAYSIA BHD

A very good morning

Mr. Stephen Lai, Chief Executive Officer of NextVIEW Group

Distinguished delegates

Ladies and gentlemen

First of all, thank you very much for being here, especially since this is a Saturday. I am very glad to have this opportunity to address you this morning and I would like to thank NextVIEW for making this possible. The positive turnout today is a strong indication that traders and investors are serious in strengthening their investment knowledge.

Recent weeks have certainly been interesting on the capital market front. After a few months of very positive performance, our market, along with others around the region, was sharply impacted by various external factors. Some investors reacted adversely by selling down their holdings, while others who took a more macro view of the situation and used the window of opportunity to bargain hunt quality stocks. What is clear to us now more than ever is that our market, being a relatively small one on the global scale, is not insulated from the world. Issues facing markets halfway across the globe in larger economies like the United States, and closer to home in the likes of China, will continue to have an impact on the Malaysian capital market and its neighbours in the ASEAN region.

On the whole, our market outlook remains competitive due to a convergence of positive factors. Recently released corporate earnings growth has surpassed expectations; the 2006 GDP beat forecast at 5.9%; inflation is manageable while the Ringgit has strengthened. Further to this, we are on track with the implementation of the 9th Malaysia Plan and GLC reforms are now showing results.

But the question that begs to be asked is: do retail investors actually recognise potential investment prospects in our market? .

Historically, our market has been known to attract the more speculative segment of the retail investor population. Trading is usually based on tips and rumours passed from one person to another. While a certain degree of speculation is healthy in any market, it can sometimes adversely impact a market and more importantly you, the investor. If you buy based on rumours, you are most likely to sell based on the same premise. And in a situation like the one we encountered in recent weeks, it can cause you to miss out on opportunities.

A convention such as ATIC promotes fundamental-based investing. Well-informed and knowledgeable investors are crucial for the continuous development and vibrancy of the Malaysian capital market. Knowledge IS power. Equipping oneself with the necessary knowledge protects an investor from investing based on emotions and speculations. An informed investment decision can mitigate potential risks.

Over the last two years, Bursa Malaysia has embarked on a concerted effort to increase retail investor awareness and participation in our market. We have been aggressively working to change the way investors, especially retail investors evaluate our market. Our intent is to persuade retail investors towards a more factually-based investment style that utilises research and independent reports produced by qualified professionals. To that end, we have implemented the CMDF-Bursa Research Scheme which generates research reports with the aim to provide as much information in order for investors to make more educated decisions. The CMDF-Bursa Research Scheme today covers over 300 listed companies and the reports are posted and can be accessed for free from our website.

Also, the exchange actively participates in organising talks for investors such as our recent nationwide roadshow with the Securities Commission. We are looking at similar initiatives this year, not only with the regulators but with intermediaries as well.

We are also broadening our product base, so that you as an investor will have more options. On that note, I am pleased to inform you that we will be introducing a new equity-based exchange traded fund in the coming months. Exchange traded funds, or ETFs, have become very popular in other markets as a means for investors to gain cost-effective exposure to a group of equities.

Ladies and gentlemen,

While Bursa Malaysia continues its own efforts to rejuvenate the market, we also recognise that the community of intermediaries, many of whom are represented here this morning, play a crucial role in helping us change the retail investor's mindset as well as promote the market.

I am sure many of you who are remisiers, traders and brokers in the audience today already realize the necessity for a paradigm shift in the way our intermediaries currently serve the market. Gone are the days when the remisier or dealer's job was to merely execute client orders. Today, you compete for the investor's share of wallet alongside other financial services such as unit trust and wealth management agents. The era of managed wealth, which has long been on the rise in the more developed markets, has arrived in Malaysia.

To survive, remisiers, traders and brokers have to raise the bar in adding value to their services and play a bigger role in the investor's decision-making process. Move your service offering one notch higher by giving guidance on investment strategies and instruments. Take the initiative to do research and provide clients with analyses and recommendations on potential investment opportunities within Bursa Malaysia's list of over 1000 companies. The key is to educate and be well-informed.

So to the intermediaries who are present here today, I applaud you for your effort, foresight and keenness to develop your own careers in the capital market.

In closing, I would like to thank NextVIEW for its initiative in organising this conference. Indeed, encouraging market participants and investors to embrace proper investment strategies and tools is a goal worth pursuing as the reward is a well-informed, sophisticated investment community that makes the market more vibrant.

Thank you.

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