



# CREATING OPPORTUNITIES, GROWING VALUE

Integrated Annual Report 2020





## Creating Opportunities, Growing Value

The cover for our Integrated Annual Report reflects the focus that we place on our key roles and purpose in the Malaysian capital market. The deliberately minimalistic approach allows our mission statement to stand out from any distractions, while the figurative bull and bear reflect the symbols long associated with the stock market. Overall, the cover reflects our continuing value creation efforts regardless of the market conditions.

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## VISION

To be ASEAN's leading, sustainable and globally-connected marketplace

## MISSION

Creating Opportunities, Growing Value

## OUR CORE VALUES



### Building relationships

We work together with partners in the industry and community to deliver mutually beneficial outcomes



### United to achieve

We work hand-in-hand as a team to become a High-Performance Organisation focused on achieving our goals



### Responsibility

We are accountable, as an organisation and individuals, for the outcomes of our conduct and actions



### Simplicity

We simplify processes and structures and encourage innovation to deliver timely and transformative results



### Agility

We adapt to evolving market and operating conditions to achieve our targets

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## About This Report

### Continuing Our Integrated Reporting Journey

Bursa Malaysia strives to be an exemplary role model to our stakeholders. We continuously strive to improve our corporate reporting to ensure that it is aligned with best-in-class disclosure standards and that it gives our stakeholders a clear, accurate and complete picture of who we are. We also implement initiatives that drive greater disclosure quality and transparency in our marketplace.

#### Scope and Boundaries

Our Integrated Annual Report (IAR) discloses the trade-offs that we make between the resources we use in our value creation activities as well as the types and quantum of value that we create for our stakeholders. This IAR also highlights the links between our past, present and future initiatives to give our stakeholders a clear view of our financial and non-financial performance, risks and prospects going forward.

This report provides insight into our strategy as well as our performance and outcomes from our value creation process. It also provides an integrated view of the environmental, social and governance (ESG) impact of our activities and the way these ESG matters influence our decisions. Detailed ESG disclosures can be found in our standalone Sustainability Report (SR), which is available on our website.

This report covers the period beginning 1 January 2020 to 31 December 2020 unless otherwise stated. All information contained within this report has been verified to be accurate as at the time of publication.

#### Material Matters

Bursa Malaysia conducted a comprehensive materiality assessment in 2020 to refine our list of Material Matters to 13 from 17, as part of our continuing effort to better align our activities with our stakeholders' expectations and manage our economic, environmental and social impacts. Material Matters are defined as those issues that affect Bursa Malaysia's ability to create value for our stakeholders over the short-, medium- and long-term. Taken together, these material issues can substantively influence the assessments and decisions made by our key stakeholders. We have also reassessed the Priority Areas that group these Material Matters and have redefined them to better represent our areas of material concern.

These Material Matters collectively form the basis that support the development and delivery of our activities and will be cross-referenced throughout this report. Additionally, we have developed multiple content indexes in our SR in line with best practice to help improve the accessibility of ESG information for stakeholders. The discussions of our Material Matters have also been amended to facilitate greater readability and understanding in relation to reporting requirements.

**i** For more information about our Material Matters as well as our Materiality Assessment Process, please turn to pages 41 to 49 of this report and page 68 in our SR 2020.

#### Reporting Principles and Framework

Our IAR complies with the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR) and takes guidance from the International Integrated Reporting Council (IIRC) Integrated Reporting (<IR>) Framework.

Our SR, meanwhile, was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, MMLR, the FTSE4Good Bursa Malaysia (F4GBM) Index criteria, World Federation of Exchanges (WFE) Sustainability Principles and the Ten Principles of the United Nations Global Compact (UNGC). This is the fourth consecutive year in which we have incorporated the United Nations Sustainable Development Goals in our approach to sustainability.

#### Navigation Icons

##### Six Capitals

-  Financial Capital
-  Human Capital
-  Intellectual Capital
-  Manufactured Capital
-  Social Capital
-  Natural Capital

##### Five Focus Areas

-  Strengthening the Core
-  Capitalising on Technology and Information
-  Regional and Global Connectivity
-  Fostering a High-Performance Organisation
-  Making Sustainability a Way of Life

## About This Report

Our complete suite of reports for 2020, disclosures and reporting frameworks comprise the following:

### Integrated Annual Report 2020



#### Disclosure

- Management Discussion and Analysis
- Financial Review
- Our Approach to Sustainability and Material Matters
- Corporate Governance Overview
- Audit Committee Report
- Statement on Internal Control and Risk Management
- Directors' Report
- Independent Auditors' Report
- Financial Statements

#### Reporting Framework and Guidance

- Malaysian Code on Corporate Governance
- MMLR
- IIRC <IR> Framework
- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards

### Sustainability Report 2020



#### Disclosure

- Governance
- Reporting Scope and Boundaries
- Assessment of Material Matters and Stakeholder Engagement
- Management Approach of Material Matters

#### Reporting Framework and Guidance

- MMLR
- GRI Standards
- F4GBM Index criteria
- WFE Sustainability Principles
- The Ten Principles of the UNGC

### Forward-Looking Statement and Disclaimer

This IAR contains forward-looking statements that are subject to risks and uncertainties that could cause some variance between actual results and expectations. These statements should not be construed as guarantees or predictions of Bursa Malaysia's future performance. Readers of this IAR are advised not to place undue reliance on them.

### Board of Directors' (Board) Approval

The Board has applied its collective mind to present Bursa Malaysia's integrated report, as guided by the <IR> Framework issued by the IIRC. The Board acknowledges its responsibility in ensuring the integrity of this IAR, through good governance practices and internal reporting procedures.

**Tan Sri Abdul Wahid Omar**  
Chairman,  
Bursa Malaysia Berhad

**Datuk Muhamad Umar Swift**  
Chief Executive Officer,  
Bursa Malaysia Berhad

### Stakeholders

- Public Listed Companies
- Investors
- Intermediaries
- Regulators and Government Agencies
- Employees
- Bursa Malaysia's Shareholders and Analysts
- Industry Associations, Professional Bodies and Industry Experts
- Community Groups
- Vendors and Suppliers

### Material Matters

- Economic Performance
- Market Integrity and Stability
- Education and Capacity Building
- Cyber Security and Customer Privacy
- Sustainable Finance
- Innovation and Technology Excellence
- Climate Risks
- Environmental Footprint
- Anti-Fraud, Bribery and Corruption
- Workplace Environment
- Employee Engagement
- Learning and Development
- Community Investment



This report is available online at:  
[https://bursa.listedcompany.com/iar\\_2020.html](https://bursa.listedcompany.com/iar_2020.html)

# POSITIONED FOR VALUE CREATION

## SECTION I

# I

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# Who We Are

**Bursa Malaysia or the Exchange, incorporated in 1976, is an exchange holding company that has been publicly listed on the Malaysian bourse since 2005. Today, the Exchange is one of the most vibrant and diverse marketplaces in ASEAN, facilitating trade in both conventional and Islamic securities and derivatives.**

**Our strategic location in the heart of ASEAN also makes the Exchange a key beneficiary and enabler of the region's rapid growth and development.**

Bursa Malaysia has grown from strength to strength since its listing and is currently home to the largest number of public listed companies (PLCs) in ASEAN. Our PLCs are listed across three markets namely the Main Market, the ACE Market and the LEAP Market, each of which has been tailored to support the development of our PLCs depending on their size, fundraising requirements and listing objectives.

Bursa Malaysia is also renowned for its pioneering innovations in niche markets, especially in palm oil-based derivative products and the Islamic capital market. Our Crude Palm Oil Futures (FCPO) serves as a global price benchmark for the commodity, while innovations such as our Bursa Suq Al-Sila' (BSAS) commodity Murabahah trading platform and Bursa Malaysia-*i* Shariah-compliant securities trading platform are world's firsts in the Islamic capital market. These innovations offer unique

value creation opportunities for our stakeholders and create strategic linkages to exchanges in key destinations.

Last but not least, Bursa Malaysia is also driving the sustainability agenda by encouraging the adoption and integration of sustainable and responsible principles in our marketplace. Our PLCs are required to make sustainability-related disclosures in their annual reports as required by our Main Market and ACE Market Listing Requirements and we support their efforts to do so through our sustainability education and promotion efforts.

Meanwhile, our globally benchmarked FTSE4Good Bursa Malaysia (F4GBM) Index, which was introduced in 2014 continues to play an important role in recognising companies that demonstrate strong environmental, social and governance practices and disclosures. Collectively, these initiatives have injected greater awareness of the importance of sustainability and globally-accepted best practices into our marketplace and transformed it into a vibrant and attractive destination for global investors.



## LET'S TALK ABOUT OUR ROLES

### 1 Market Operator

We facilitate secure and easy access to investment and fundraising by providing reliable and resilient market infrastructure and ensuring accessibility to our products and services.

### 2 Frontline Market Regulator

We ensure that our PLCs, intermediaries and regulated persons discharge their regulatory obligations to uphold investor protection, market integrity and stability.

### 3 Influencer

We are a standard setter in the areas of corporate governance and sustainability, with the aim of building a strong sustainability culture across the Malaysian capital market. We strive to serve as an exemplary model of sound corporate governance to our stakeholders.

### 4 Shareholder Value Creator

We build sustainable value for our shareholders through capital preservation and appreciation.

## Who We Are

### OUR PRODUCTS AND SERVICES

Bursa Malaysia is an integrated exchange with diversified offerings. Our marketplace provides investors and traders of differing objectives and risk appetites with the opportunities and avenues they need to grow their investments, as well as hedging tools to manage their portfolios. Our products and services comprise the following:

- the Main Market for established issuers
- the ACE Market for corporations with growth potential under a sponsor-driven regime
- the LEAP Market for emerging small and medium enterprises under an advisor-driven market for sophisticated investors
- Equity-linked and fixed income products
- Derivative products covering commodities, equities and financials
- End-to-end Shariah-compliant trading and investing through Bursa Malaysia-*i* platform
- Bursa Suq Al-Sila', a Shariah-compliant commodity Murabahah trading platform
- the Labuan International Financial Exchange (LFX)

As an end-to-end facilitator of trading, we also provide other value-added services and platforms including:

- Post-trade such as clearing, settlement and depository services
- Technology infrastructure and services to support market operations
- Information services, including market data and indices, to improve the visibility of our PLCs and help investors make informed investment decisions
- BursaMKTPLC, an online platform that provides investors and traders with the information they need to analyse, invest and trade
- BURSASUSTAIN, a microsite with a repository of information on corporate governance, sustainability and responsible investment
- Bursa Academy, a one-stop e-learning platform complementing our education initiatives that offers informal but comprehensive learning experiences covering all our markets
- Bursa Anywhere, the first mobile application in ASEAN that gives retail investors the freedom of managing their Central Depository System accounts from their mobile devices

### OUR MARKETS

As at 31 December 2020



#### Securities Market

We operate the securities market in Malaysia that facilitates the buying and selling of equities and equity-related products. Our securities market comprises three individual markets:

Main Market  
**767**  
PLCs

ACE Market  
**135**  
PLCs

LEAP Market  
**34**  
PLCs

Together, these markets cover 21 sectors and 50 economic activities. Our products include:

**891**  
Structured Warrants

**204**  
Warrants<sup>1</sup>

**17**  
REITs

**7**  
Foreign Listings

**20**  
ETFs

**1**  
SPAC<sup>2</sup>

**4**  
ETBS

**1**  
Stapled Securities

**1**  
Closed-End Fund<sup>2</sup>

**41**

Malaysian Government Securities

**35**

Malaysian Government Investment Issues

Market Capitalisation

**RM1.8 trillion**



#### Derivatives Market

We offer 16 derivative products covering commodities, equities and financial instruments.

**8**  
Commodity Derivatives

**4**  
Equity Derivatives

**4**  
Financial Derivatives



#### Islamic Markets

We offer diverse Shariah-compliant products and services. Bursa Malaysia-*i* is a comprehensive end-to-end Shariah-compliant securities exchange platform while the BSAS platform facilitates Shariah-compliant liquidity management.

Our Shariah-compliant securities are a subset of our Securities Market and comprise the following:

**742**  
*i*-Stocks

**6**  
*i*-ETFs

**4**  
*i*-REITs<sup>3</sup>

**4**  
ETBS



#### Offshore

We operate the LFX which is based in Labuan.

**USD23.7 billion**

Market Capitalisation

**17**  
Bond Listings

**9**  
Sukuk Listings

<sup>1</sup> Including one foreign Warrant

<sup>2</sup> Included in the Main Market PLCs count

<sup>3</sup> Including one Stapled Securities



## Our Performance

### FIVE-YEAR HIGHLIGHTS

|  | 2016    | 2017    | 2018    | 2019    | 2020           |
|--|---------|---------|---------|---------|----------------|
| <b>Key Operating Results (RM million)</b>                                |         |         |         |         |                |
| Operating revenue  | 472.7   | 522.1   | 523.3   | 480.1   | <b>778.8</b>   |
| Operating expenses   | 236.2   | 250.4   | 241.3   | 246.2   | <b>291.8</b>   |
| Earnings before interest, tax, depreciation<br>and amortisation (EBITDA) | 260.7   | 295.5   | 304.0   | 254.7   | <b>508.4</b>   |
| Profit after tax and minority interest (PATAMI)                          | 193.6   | 223.0   | 224.0   | 185.9   | <b>377.7</b>   |
| <b>Other Key Data (RM million)</b>                                       |         |         |         |         |                |
| Total assets   | 2,436.4 | 2,224.9 | 2,434.6 | 2,321.0 | <b>3,232.9</b> |
| Total liabilities  | 1,549.1 | 1,362.4 | 1,547.1 | 1,560.2 | <b>2,332.1</b> |
| Shareholders' equity   | 868.9   | 850.0   | 875.2   | 760.8   | <b>900.8</b>   |
| Capital expenditure  | 10.5    | 13.5    | 13.5    | 19.6    | <b>14.2</b>    |
| <b>Financial Ratios (%)</b>  |         |         |         |         |                |
| Operating revenue growth   | (3.1)   | 10.4    | 0.2     | (8.2)   | <b>62.2</b>    |
| Cost to income ratio   | 46.6    | 45.1    | 44.0    | 49.1    | <b>36.6</b>    |
| Net profit margin  | 40.0    | 41.3    | 41.9    | 37.7    | <b>47.3</b>    |
| PATAMI growth  | (2.5)   | 15.2    | 0.4     | (17.0)  | <b>103.2</b>   |
| Return on equity (ROE)   | 23.2    | 26.0    | 26.0    | 22.7    | <b>45.5</b>    |
| <b>Share Information</b>   |         |         |         |         |                |
| Earnings per share (EPS) (sen)   | 24.1    | 27.7    | 27.8    | 23.0    | <b>46.7</b>    |
| Net dividends per share (sen)  | 22.6    | 35.7    | 33.6    | 20.8    | <b>51.0</b>    |
| Dividend yield (%)   | 3.8     | 5.3     | 4.9     | 3.4     | <b>6.1</b>     |
| Payout ratio (%)   | 94.2    | 92.8    | 92.3    | 90.5    | <b>92.1</b>    |
| Net assets per share (RM)  | 1.08    | 1.05    | 1.08    | 0.94    | <b>1.11</b>    |
| Share price - high (RM)  | 6.17    | 7.37    | 8.19    | 7.41    | <b>10.60</b>   |
| Share price - low (RM)   | 5.45    | 5.82    | 6.73    | 5.92    | <b>4.42</b>    |
| Share price as at 31 December (RM)                                       | 5.90    | 6.75    | 6.84    | 6.09    | <b>8.30</b>    |
| Price earnings ratio (times)   | 24      | 24      | 25      | 26      | <b>18</b>      |
| Market Capitalisation (RM billion) - Company                             | 4.7     | 5.4     | 5.5     | 4.9     | <b>6.7</b>     |

## Our Value Creation Model

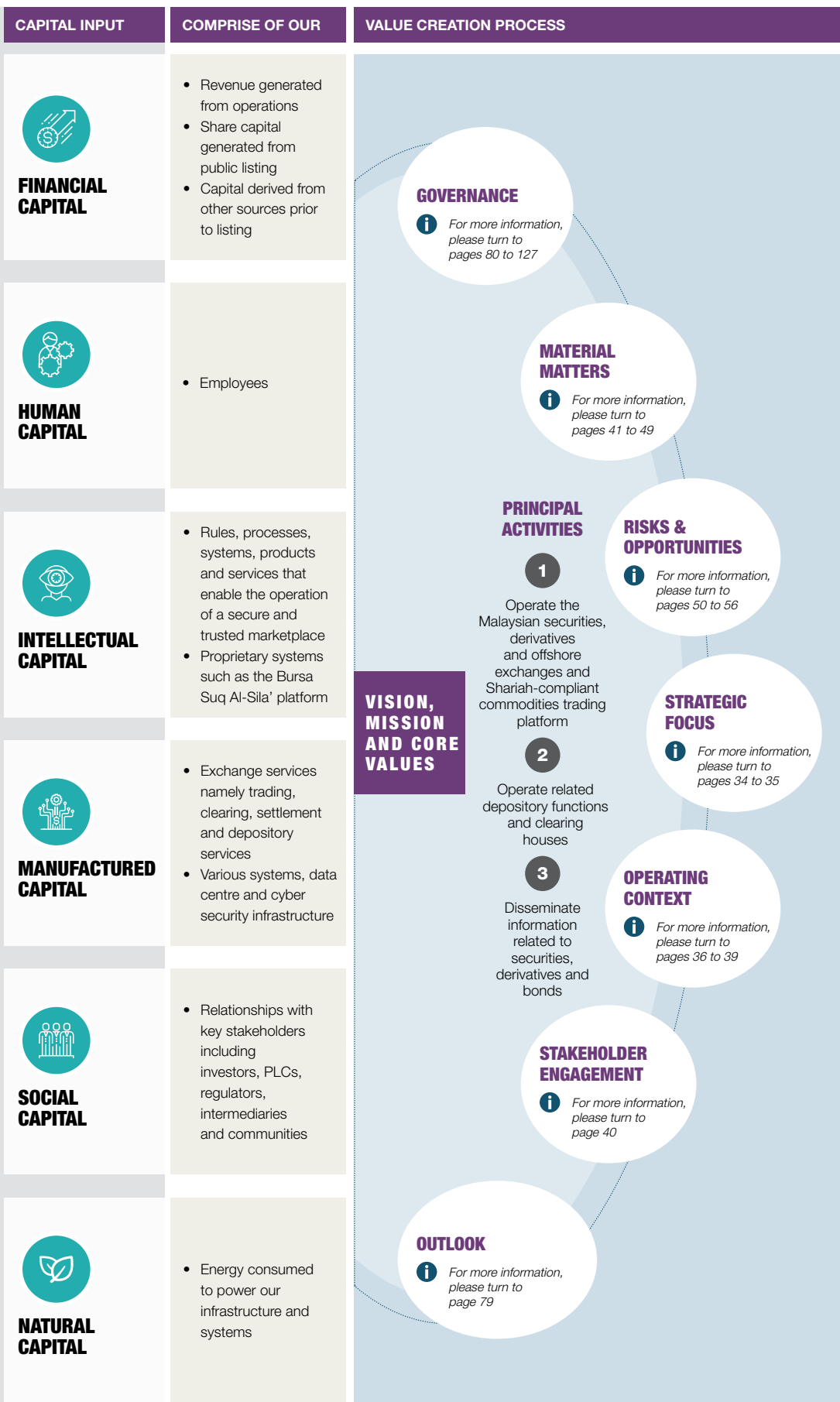
Our value creation model shows the way we use various capitals for our business activities and the outcomes of these activities.



Value is created through an organization's business model, which takes inputs from the capitals and transforms them through business activities and interactions to produce outputs and outcomes that, over the short, medium and long-term, create or destroy value for the organization, its stakeholders, society and the environment.



Source: <https://integratedreporting.org>



## Our Value Creation Model

### MATERIAL MATTERS AND FOCUS AREAS

#### 1 STRENGTHENING THE CORE

- Economic Performance
- Market Integrity and Stability
- Education and Capacity Building
- Cyber Security and Customer Privacy
- Sustainable Finance
- Innovation and Technology Excellence

#### 2 CAPITALISING ON TECHNOLOGY AND INFORMATION

- Economic Performance
- Innovation and Technology Excellence

#### 3 REGIONAL AND GLOBAL CONNECTIVITY

- Economic Performance

#### 4 FOSTERING A HIGH-PERFORMANCE ORGANISATION

- Anti-Fraud, Bribery and Corruption
- Workplace Environment
- Employee Engagement
- Learning and Development

#### 5 SUSTAINABILITY AS A WAY OF LIFE

- Sustainable Finance
- Climate Risks
- Environmental Footprint
- Community Investments

#### Addressing our Material Matters

Our business activities address our Material Matters which are aligned with our stakeholder expectations, strategic objectives and sustainability goals.

*For more information, refer to Our Stakeholders on page 40 as well as Our Approach to Sustainability and Material Matters on pages 41 to 49 of this report.*

### BUSINESS ACTIVITIES

SECURITIES TRADING

DERIVATIVES TRADING

BSAS TRADING

LISTING AND ISSUER SERVICES

DEPOSITORY SERVICES

MARKET DATA

MEMBER SERVICES AND CONNECTIVITY

### OUTCOMES AND VALUES CREATED

#### SUSTAINING OUR CAPITALS

Our business activities ensure that the capitals consumed in our value creation cycle are replenished.

##### FINANCIAL CAPITAL

|  |  |
|--|--|
| <b>Share Capital</b><br><b>RM433.8 million</b><br><small>(2019: RM430.4 million)</small> | <b>Operating Revenue</b><br><b>RM778.8 million</b><br><small>(2019: RM480.1 million)</small> |
|--|--|

##### MANUFACTURED CAPITAL

|  |   |
|--|---|
| <b>Compliance to the Prescribed RTO Guideline For Post-Trade Systems</b><br><b>100%</b><br><small>(2019: 100%)</small> | <b>Critical System Availability and Reliability</b><br><b>99.97%</b><br><small>(2019: 99.98%)</small> |
|--|---|

##### SOCIAL CAPITAL

|  |  |
|--|--|
| <b>No. of PLCs</b><br><b>936</b><br><small>(2019: 929)</small> | <b>Active CDS Accounts</b><br><b>1.7 million</b><br><small>(2019: 1.4 million)</small> |
|--|--|

##### HUMAN CAPITAL

|  |  |
|--|--|
| <b>Number of Employees</b><br><b>592</b><br><small>(2019: 600)</small> | <b>Gender Diversity</b><br><b>Male 51% Female 49%</b><br><small>(2019: Male - 51%; Female - 49%)</small> |
|--|--|

##### INTELLECTUAL CAPITAL

|   |  |
|---|--|
| <b>Derivative Products</b><br><b>16 products</b><br><small>(2019: 15 products)</small>          | <b>Indices Available</b><br><b>Bursa Sector Index</b><br><b>13</b> <small>(2019: 13)</small> |
| <b>Bursa Suq Al-Sila'</b><br><b>264 participants</b><br><small>(2019: 222 participants)</small> | <b>FTSE Bursa Malaysia Index Series</b><br><b>16</b> <small>(2019: 16)</small>               |
|   | <b>CNI-Bursa Malaysia 50 Index</b><br><b>1</b> <small>(2019: Nil)</small>                    |

##### NATURAL CAPITAL

|  |   |
|--|---|
| <b>Total Electricity Consumption</b><br><b>9,090MWh</b><br><small>(2019: 8,977MWh)</small> | <b>Total Greenhouse Gas Emissions</b><br><b>6,317 tCO<sub>2</sub>e</b><br><small>(2019: 6,327 tCO<sub>2</sub>e)</small> |
|--|---|

#### CREATING VALUE FOR OUR STAKEHOLDERS

Our business activities are aimed at creating value for our stakeholders in line with their expectations.

|  |   |   |
|--|---|---|
| <b>DIVIDEND YIELD</b><br><b>6.1%*</b><br><small>(2019: 3.4%)</small>                                     | <b>INCOME TAX EXPENSES AND ZAKAT</b><br><b>RM128.9 million</b><br><small>(2019: RM66.2 million)</small> | <b>EMPLOYEES TOTAL TRAINING HOURS</b><br><b>20,610 hours</b><br><small>(2019: 19,741 hours)</small> |
| <b>FUNDS RAISED VIA SECONDARY MARKET</b><br><b>RM8.0 billion</b><br><small>(2019: RM4.5 billion)</small> | <b>TOTAL FUNDS RAISED</b><br><b>RM10.0 billion</b><br><small>(2019: RM6.5 billion)</small>              | <b>F4GBM INDEX CONSTITUENTS</b><br><b>75</b><br><small>(2019: 69)</small>                           |

\* Inclusive of special dividend

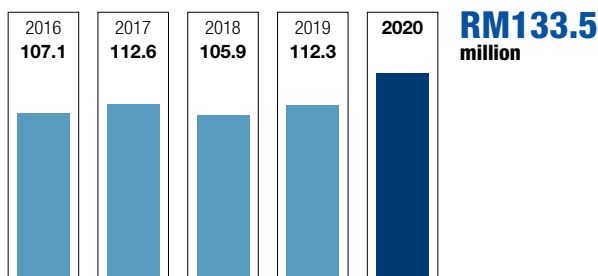
## Our Value Creation Model

### OUTCOMES AND VALUES CREATED

## TOTAL FINANCIAL VALUE CREATED IN 2020: **RM799** MILLION

### Advancing Our Business

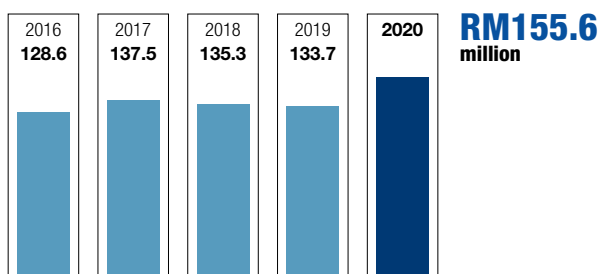
to achieve continued growth and ensure the creation of long-term value.



Funds Reinvested >

### Investing in Our Talent Pool

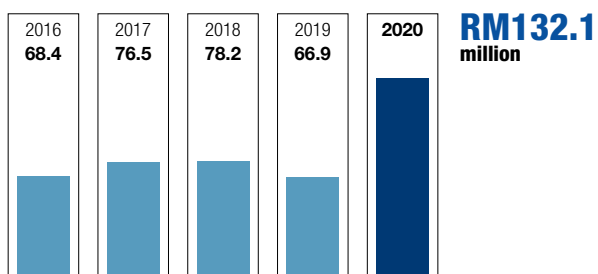
to develop a data-driven High-Performance Organisation which is focused on growth and sustainable, long-term value creation.



Employee Remuneration and Investment >

### Contributing to Society

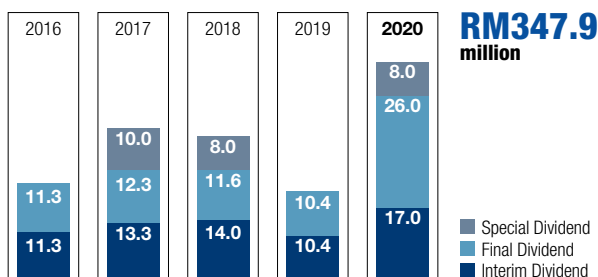
to continue empowering local communities through taxes, Yayasan Bursa Malaysia's scholarships, donations and financial aid.



Contributions to Our Communities >

### Rewarding Our Shareholders

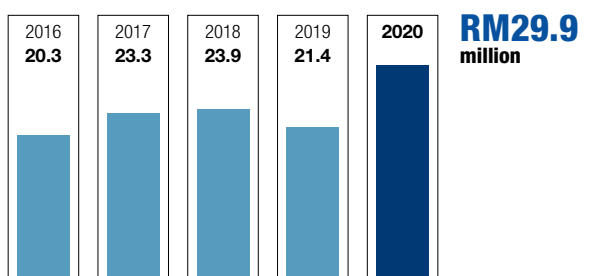
through regular payment of dividends. Since our listing in 2005, we have returned more than 90% of our annual profits through dividends.



Dividend Per Share >

### Sustaining Long-Term Value

for our future investment needs in order to create long-term sustainable value for our stakeholders.



Retained Earnings >

## NON-FINANCIAL VALUE

### ENHANCING CUSTOMER EXPERIENCE

- Creating a more facilitative trading environment for investors, developing new innovative solutions such as e-services and ensuring sound investor protection and governance
- Offering a wide range of investment options and serving as one of the leading ASEAN destinations for fundraising and Islamic capital market activities

**i** For more information, refer to  
 • Who We Are on pages 5 to 6  
 • Management Discussion and Analysis on pages 57 to 79  
 • Corporate Governance Overview on pages 97 to 106  
 • Marketplace Report: Fair and Orderly Markets on pages 107 to 113

### SUPPORTING COMMUNITIES

Committed to being a responsible corporate citizen by contributing our time, expertise and knowledge to our community

**i** For more information, refer to Advancing Our Communities on pages 63 to 67 in our Sustainability Report 2020

### BUILDING A CULTURE OF EXCELLENCE

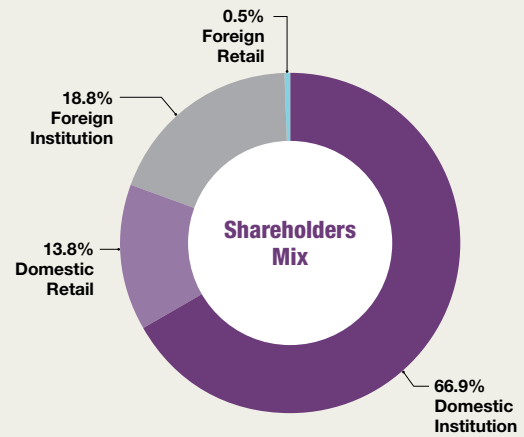
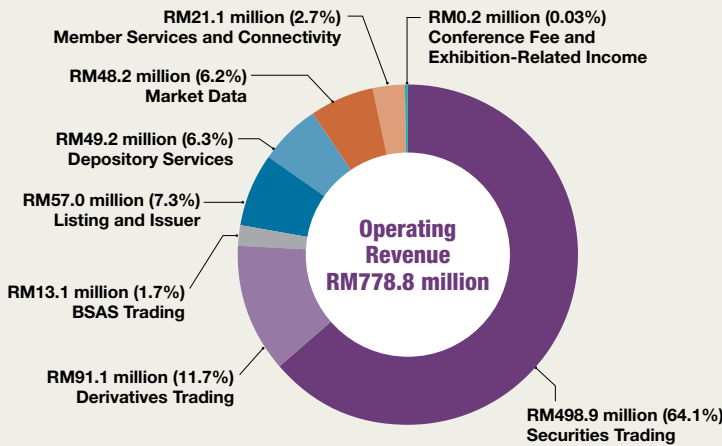
- Committed to investing in technology and operational infrastructure to meet our stakeholders' needs and expectations
- Committed to creating a conducive work environment that supports our employees for their personal and professional development, forging a culture that is innovative, engaging and rewarding while investing in their training

**i** For more information, refer to Towards Operational Excellence in Management Discussion and Analysis on pages 76 to 78 and Empowering Our Workforce on pages 48 to 62 in our Sustainability Report 2020

## Our Value Creation Model

### OUR INVESTMENT CASE

Our public shareholding of 81.38% represents a fair free float of Bursa Malaysia's shares and a healthy level of liquidity. As at 31 December 2020, we had a total of 25,368 shareholders.

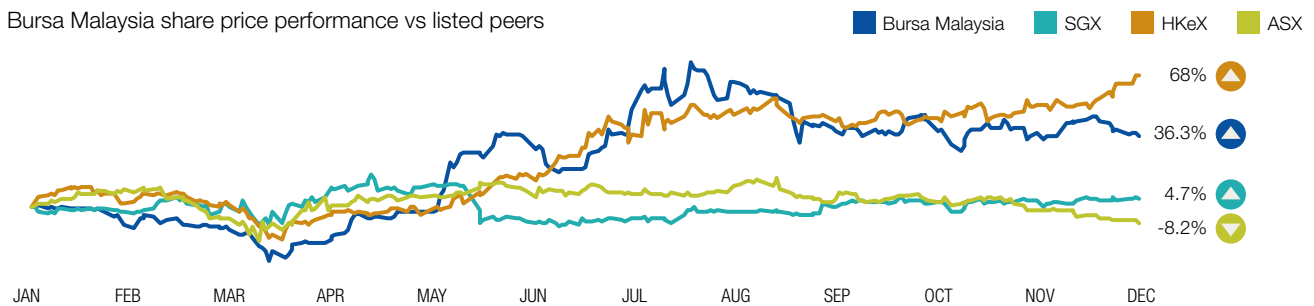


### Share Price Performance

Bursa Malaysia share price performance vs FBMKLCI

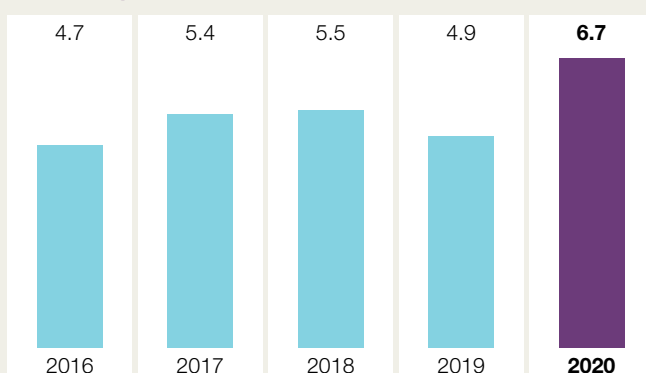


Bursa Malaysia share price performance vs listed peers

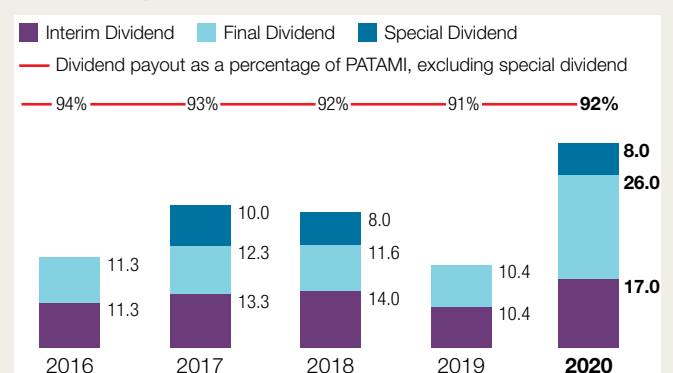


Bursa Malaysia's share price increased by 36.3% in 2020. Starting the year at RM6.09, it hit an intraday high of RM10.98 on 28 July 2020 and closed at its highest of RM10.60 on 5 August 2020. The share price closed at RM8.30 on 31 December 2020.

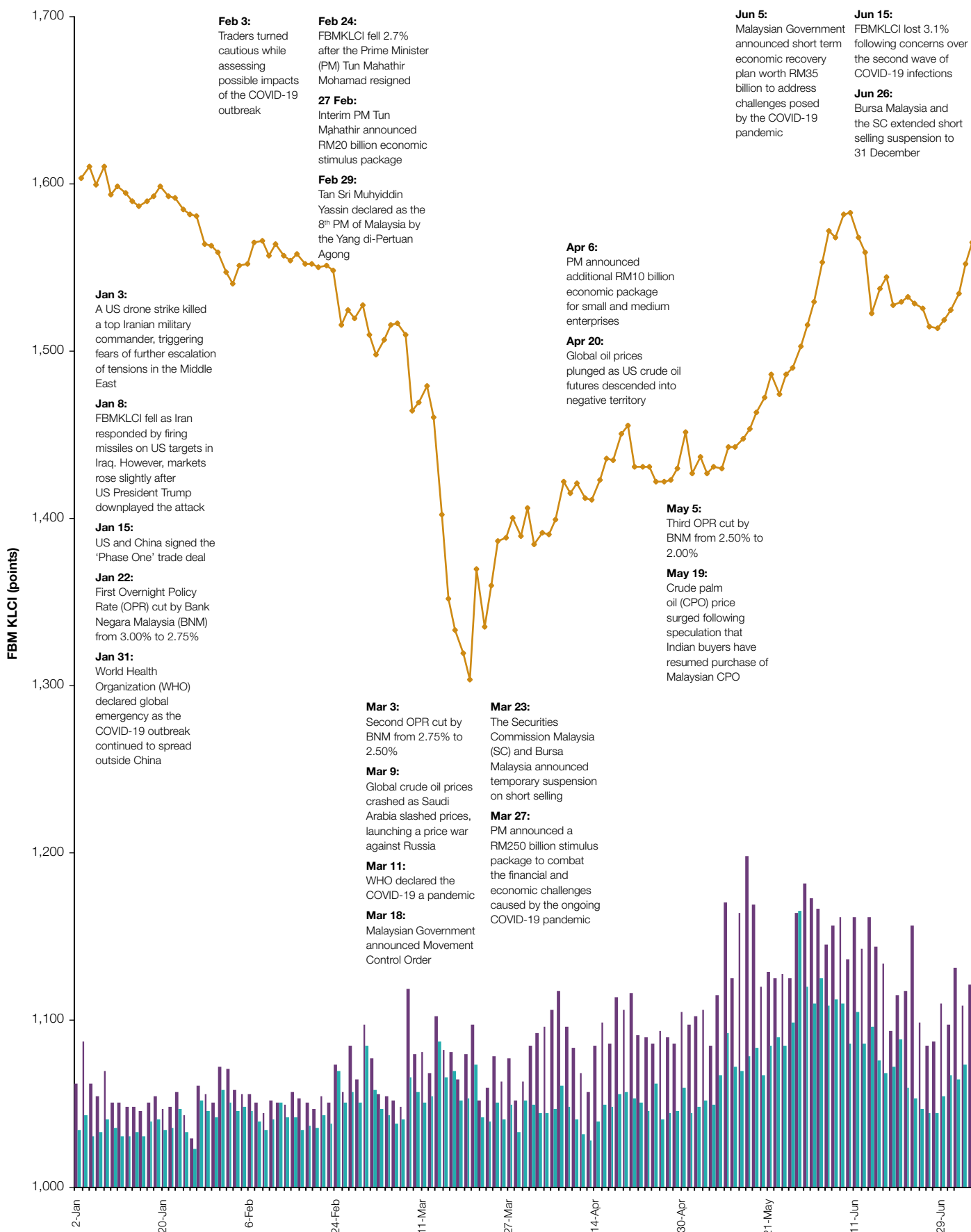
### Market Capitalisation as at 31 December (RM billion)



### Dividend Payout to Shareholders (sen per share)

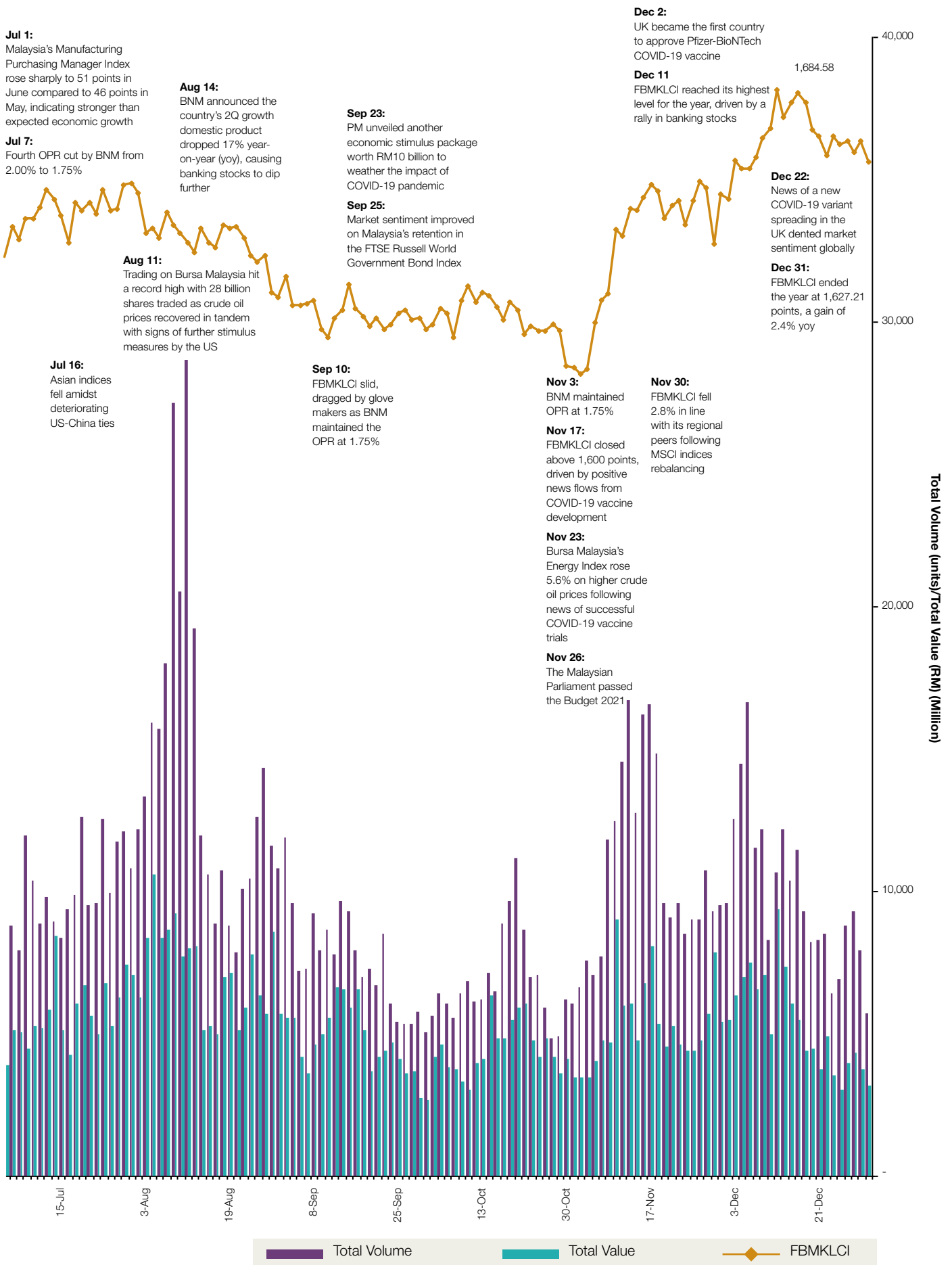


# Overall Market Performance



Note: Both Total Volume and Total Value include odd lots and direct business transactions

## Overall Market Performance



## Market Highlights

|   | 2016      | 2017      | 2018      | 2019      | 2020             |
|---|-----------|-----------|-----------|-----------|------------------|
| <b>Securities Market</b>  |           |           |           |           |                  |
| FBMKLCI   | 1,641.73  | 1,796.81  | 1,690.58  | 1,588.76  | <b>1,627.21</b>  |
| Total Market Capitalisation (RM billion)                        | 1,667     | 1,907     | 1,700     | 1,712     | <b>1,817</b>     |
| Velocity (%)  | 27        | 32        | 32        | 28        | <b>64</b>        |
| Average Daily Trading Volume - OMT & DBT (million shares)       | 1,763     | 2,639     | 2,647     | 2,677     | <b>7,483</b>     |
| Average Daily Trading Volume - OMT (million shares)             | 1,666     | 2,540     | 2,549     | 2,515     | <b>7,323</b>     |
| Average Daily Trading Value - OMT & DBT (RM million)            | 1,968     | 2,530     | 2,574     | 2,153     | <b>4,306</b>     |
| Average Daily Trading Value - OMT (RM million)                  | 1,812     | 2,314     | 2,392     | 1,930     | <b>4,210</b>     |
| Total Trading Volume - OMT & DBT (billion shares)               | 434       | 641       | 643       | 653       | <b>1,856</b>     |
| Total Trading Value - OMT & DBT (RM billion)                    | 484       | 615       | 625       | 525       | <b>1,068</b>     |
| Total Funds Raised (RM billion)                                 | 12.8      | 21.9      | 10.2      | 6.5       | <b>10.0</b>      |
| Total Listed Counters   | 1,750     | 1,840     | 1,873     | 1,971     | <b>2,121</b>     |
| No. of PLCs   | 904       | 905       | 915       | 929       | <b>936</b>       |
| - No. of New Listings   | 11        | 12        | 22        | 30        | <b>19</b>        |
| - No. of Delistings   | 10        | 13        | 12        | 16        | <b>12</b>        |
| No. of Listed REITs*  | 17        | 18        | 18        | 18        | <b>18</b>        |
| - No. of New Listings - REITs                                   | -         | 1         | -         | -         | <b>-</b>         |
| - No. of Delistings - REITs                                     | -         | -         | -         | -         | <b>-</b>         |
| No. of Listed ETFs  | 8         | 9         | 10        | 16        | <b>20</b>        |
| - No. of New Listings - ETFs                                    | -         | 1         | 1         | 6         | <b>4</b>         |
| No. of Listed Structured Warrants                               | 516       | 606       | 618       | 724       | <b>891</b>       |
| - No. of New Listings - Structured Warrants                     | 731       | 911       | 1,034     | 1,105     | <b>1,208</b>     |
| No. of Rights and Bonus Issue                                   | 63        | 72        | 68        | 33        | <b>39</b>        |
| No. of New CDS Accounts Opened (Yearly)                         | 112,572   | 141,993   | 146,590   | 159,333   | <b>423,264</b>   |
| Total CDS Accounts (million)                                    | 2.5       | 2.5       | 2.5       | 2.5       | <b>2.8</b>       |
| No. of Trading Days   | 246       | 243       | 243       | 244       | <b>248</b>       |
| No. of Participating Organisations of Bursa Malaysia Securities | 30        | 30        | 30        | 29        | <b>29</b>        |
| <b>Derivatives Market</b>                                       |           |           |           |           |                  |
| Open Interest as at 31 December                                 | 237,232   | 294,856   | 245,143   | 283,014   | <b>206,837</b>   |
| • Crude Palm Oil Futures (FCPO)                                 | 198,648   | 245,123   | 213,519   | 228,997   | <b>165,594</b>   |
| • FBMKLCI Futures (FKLI)  | 27,829    | 23,190    | 19,779    | 28,786    | <b>26,493</b>    |
| • Others  | 10,755    | 26,543    | 11,845    | 25,231    | <b>14,750</b>    |
| No. of Contracts traded   |           |           |           |           |                  |
| • FCPO (million)  | 11.4      | 11.9      | 10.5      | 10.7      | <b>14.6</b>      |
| • FKLI (million)  | 2.8       | 2.0       | 2.5       | 2.3       | <b>3.5</b>       |
| • Options on FCPO   | 40,120    | 38,916    | 66,066    | 53,100    | <b>63,626</b>    |
| • Options on FKLI   | 10,171    | 20,285    | 10,486    | 13,243    | <b>8,873</b>     |
| • Other Products (FGLD, FPOL, FKB3, FMG5 and FM70)              | 9,037     | 2,551     | 681,145   | 458,628   | <b>57,189</b>    |
| Average Daily No. of Contracts Traded                           | 57,829    | 57,677    | 56,488    | 55,372    | <b>73,523</b>    |
| Total Contracts Traded (million)                                | 14.2      | 14.0      | 13.7      | 13.5      | <b>18.2</b>      |
| No. of Trading Participants of Bursa Malaysia Derivatives       | 18        | 18        | 18        | 17        | <b>17</b>        |
| <b>Islamic Markets</b>  |           |           |           |           |                  |
| FBM Hijrah Shariah  | 13,427.77 | 14,528.19 | 13,110.33 | 13,212.58 | <b>14,340.56</b> |
| Shariah Market Capitalisation (RM billion)                      | 1,050     | 1,154     | 1,055     | 1,116     | <b>1,257</b>     |
| Shariah Velocity (%)  | 27        | 32        | 33        | 28        | <b>72</b>        |
| Shariah Average Daily Trading Value - OMT (RM million)          | 1,142     | 1,443     | 1,486     | 1,237     | <b>3,237</b>     |
| Shariah Average Daily Trading Value - OMT & DBT (RM million)    | 1,253     | 1,568     | 1,583     | 1,397     | <b>3,313</b>     |
| Shariah-compliant PLCs  | 670       | 688       | 689       | 714       | <b>742</b>       |
| % of Shariah-compliant PLCs                                     | 74        | 76        | 76        | 77        | <b>79</b>        |
| % of Shariah-compliant Securities                               | 74        | 76        | 75        | 75        | <b>77</b>        |
| % of Shariah-compliant (by Market Capitalisation)               |           |           |           |           |                  |
| • PLCs  | 64        | 62        | 63        | 67        | <b>71</b>        |
| • ETFs  | 22        | 24        | 28        | 25        | <b>25</b>        |
| • REITs   | 42        | 41        | 42        | 42        | <b>43</b>        |
| No. of ETBS   | 3         | 4         | 4         | 4         | <b>4</b>         |
| No. of Sukuk Programmes on Bursa Malaysia Securities            |           |           |           |           |                  |
| • Corporate   | 24        | 25        | 24        | 23        | <b>20</b>        |
| • Government  | -         | -         | -         | -         | <b>2</b>         |
| Value of Sukuk Programme (USD billion)                          |           |           |           |           |                  |
| • Corporate   | 53.5      | 56.0      | 53.5      | 54.6      | <b>55.9</b>      |
| • Government  | -         | -         | -         | -         | <b>**</b>        |
| Value of Sukuk Listing (USD billion)                            |           |           |           |           |                  |
| • Corporate   | 26.9      | 30.6      | 33.2      | 32.8      | <b>30.9</b>      |
| • Government  | -         | -         | -         | -         | <b>93.3</b>      |
| Bursa Suq Al-Sila':   |           |           |           |           |                  |
| • Average Daily Value Commodity Traded (RM billion)             | 16.3      | 19.6      | 24.3      | 30.6      | <b>32.9</b>      |
| • Total Accumulated Commodity Trade Value (RM billion)          | 3,997.7   | 4,755.5   | 5,915.0   | 7,455.7   | <b>8,167.5</b>   |
| • Total No. of Matched Contracts                                | 218,087   | 221,582   | 254,294   | 300,301   | <b>1,386,891</b> |
| • No. of BSAS Registered Participants:                          |           |           |           |           |                  |
| Total   | 124       | 140       | 173       | 222       | <b>264</b>       |
| - Domestic  | 99        | 107       | 131       | 173       | <b>208</b>       |
| - Foreign   | 25        | 33        | 42        | 49        | <b>56</b>        |

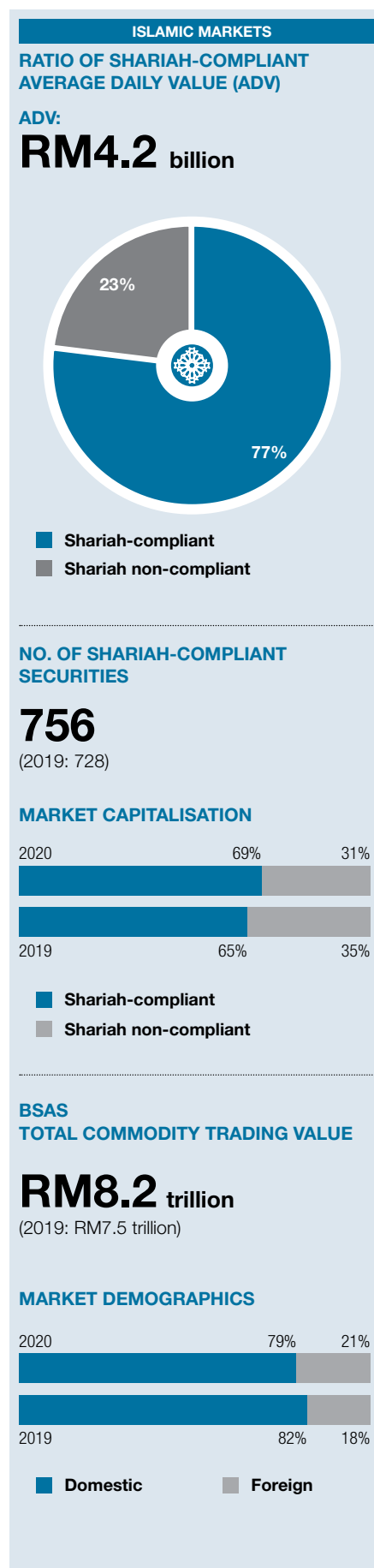
Notes:

\* Inclusive of Stapled Securities

\*\* No specified programme value for Malaysian Government Investment Issues



## Market Highlights



## Corporate Events and News



### Our Response to the COVID-19 Pandemic

- **Shifted our operations to support remote working** that helped our employees adapt and settle to a new norm, and ensure business continuity whilst prioritising health and safety.
- Our robust risk and compliance management frameworks enabled the effective management of all our risks, **secured the operational resilience of the Exchange and continued to safeguard our markets.**
- Digital touchpoints and educational portals such as Bursa Marketplace (BursaMKTPLC), BURSASUSTAIN, Bursa Anywhere mobile app and Bursa Academy **continued to make our marketplace accessible to all.**
- **Worked together with the Securities Commission Malaysia (SC)** on relief measures to support our public listed companies (PLCs) and capital market participants to help mitigate the financial and non-financial challenges caused by the pandemic.
- **Took measures to protect the health and safety of our employees** in line with the standard operating procedures prescribed by the Malaysian Ministry of Health.

None of our employees tested positive for COVID-19 in 2020. However, six employees have tested positive for COVID-19 between 1 January and 24 February 2021. As at the date of this report, five of them have recovered and returned to the workforce. For more information, refer to page 9 of our Sustainability Report 2020.

#### JANUARY

13

- Launched the Options contract on US Dollar Denominated Refined, Bleached and Deodorised (RBD) Palm Olein Futures (OPOL), the world's first options contract on palm olein.
- Listing of Kenanga KLCI Leveraged ETF and Kenanga KLCI Inverse ETF, the first pair of leveraged and inverse ETFs based on the KLCI.

22

Admitted to the 2020 Bloomberg Gender-Equality Index, which acknowledges companies committed to transparency in gender reporting and advancing women's equality.

#### FEBRUARY

25

Issued a joint statement with the SC on the plan to establish a wholly-owned subsidiary to assume the current regulatory functions of Bursa Malaysia which will further enhance the governance structure of the Exchange.

27

Announced a 12-month waiver on initial and annual listing fees of IPOs on the ACE Market, LEAP Market and corporations with market capitalisation below RM500 million on the Main Market to encourage growth in fundraising activities through listings on Bursa Malaysia.

#### MARCH

3

Announced the physical delivery settlement methodology for 5-year Malaysian Government Securities (MGS) Futures contract to enhance the hedging platform for investors.

6

- Launched 'Equality for Equity' campaign in conjunction with the Sustainable Stock Exchanges 'Ring the Bell for Gender-Equality' global event.
- Issued a consultation paper seeking public feedback for the proposed introduction of anti-corruption and whistle-blowing measures in the LEAP Market Listing Requirements (LEAP LR).

17

- Announced that Bursa Malaysia will continue to operate as normal during the 14-day Movement Control Order (MCO) from 18-31 March 2020.
- Issued a joint statement with the SC on greater flexibility on the timing of annual general meetings (AGMs) for listed Real Estate Investment Trusts and PLCs as well as issuance of quarterly and annual reports by PLCs.

18

Issued a statement assuring Bursa Malaysia's commitment to ensure that the marketplace operates in a fair and orderly manner, and that access to reliable and resilient services is available at all times.

19

Issued a joint statement with the SC to reaffirm our commitment to keep our market operational and facilitate our investors' management of their risks and opportunities despite the uncertain environment.

23

Issued a joint statement with the SC on the temporary suspension of short-selling until 30 April 2020 to mitigate potential risks arising from heightened volatility and global uncertainties.

26

Announced a new set of relief measures targeted at a broad group of participants within the capital market to help reduce their financial burden and provide greater flexibility in navigating challenges caused by the COVID-19 pandemic.

31

- Announced the successful implementation of ISO 20022 messaging standards for corporate announcements by PLCs.
- Announced the retirement of Encik Johari Abdul Muid as a Public Interest Director (PID) of Bursa Malaysia effective 1 April 2020.
- Announced the adjournment of Bursa Malaysia's 43<sup>rd</sup> AGM to 29 April 2020 at 3.00 pm.

## Corporate Events and News

## APRIL

10

Released new feature on Bursa Anywhere mobile application, enabling Central Depository System (CDS) account holders to reactivate their inactive or dormant CDS accounts remotely.

15

Signed a Memorandum of Understanding (MOU) with Shenzhen Stock Exchange (SZSE) to facilitate further cross-border collaboration between the two exchanges.

16

Announced additional relief measures to provide flexibilities in fundraising and ease compliance for listed issuers.

17

- Announced the appointment of Tan Sri Abdul Wahid Omar as Non-Executive Chairman and PID of Bursa Malaysia effective 1 May 2020 following the retirement of Datuk Shireen Ann Zaharah Muhiudeen as Non-Executive Chairman and PID on 30 April 2020.
- Announced the appointment of Dato' Anad Krishnan Muthusamy as PID of Bursa Malaysia effective 23 April 2020.
- Announced the retirement of Datin Mariam Prudence Yusof as PID of Bursa Malaysia on 30 April 2020.

24

- Amended the Main Market Listing Requirements (MMLR) and ACE Market Listing Requirements (ACE LR) to allow securities holders the option to electronically subscribe for rights shares, exercise convertible securities and participate in dividend reinvestment schemes.
- Announced that the adjourned 43<sup>rd</sup> AGM on 29 April 2020 will be fully virtual, and capable of supporting remote participation and voting.

28

Issued a joint statement with the SC extending the temporary suspension of short-selling to 30 June 2020.

29

- Held the fully virtual adjourned 43<sup>rd</sup> AGM.
- Announced the retirement of Professor Joseph Cherian as Independent Non-Executive Director at the adjourned 43<sup>rd</sup> AGM held on 29 April 2020.

30

Launched Mirror, Learn and Trade (MLT) Phase 2.0, introducing new set of analysts as well as new features such as top 5 stock trading ideas, community tagging and Shariah stock labelling.

## MAY

4

Announced the cancellation of the Palm and Lauric Oils Price Outlook Conference and Exhibition 2020 (POC2020) due to uncertainties surrounding the COVID-19 pandemic.

6

Announced a one-month extension for PLCs with financial years ended on 31 March 2020 to submit annual reports and annual audited financial statements in response to challenges caused by the COVID-19 pandemic.

12

Launched FB Live with Datuk Umar Swift #MCO edition to share updates and plans with our social media audience during the MCO.

18

Signed a MOU that will see Bursa Malaysia Derivatives (BMD) and the Taiwan Futures Exchange pursue a mutually beneficial business partnership.

29

Amended the LEAP LR to introduce anti-corruption and whistle-blowing measures for LEAP Market listed corporations and their group of companies.

## JUNE

3

Launched Bursa Academy, an e-learning platform to promote financial literacy and investor education, targeting primarily retail investors across the Securities, Derivatives and Islamic Capital Markets.

4

Announced the results of the FTSE Bursa Malaysia KLCI June 2020 semi-annual review, which saw constituent changes to the following indices:

- FTSE Bursa Malaysia KLCI
- FTSE Bursa Malaysia Mid 70 Index
- FTSE Bursa Malaysia Hijrah Shariah Index

17

Bursa Malaysia and CGS-CIMB Securities Sdn Bhd (CSG-CIMB) hosted the inaugural Shariah Investing Virtual Conference 2020 themed 'Shariah Investing and Socially Responsible Investing: Meeting at the Midway', which attracted over 1,300 investors globally.

18

Announced the results of the FTSE4Good Bursa Malaysia (F4GBM) Index June 2020 semi-annual review, which saw six new additions and two removals from the F4GBM Index.

22

Rolled out another set of new features for Bursa Anywhere mobile app, enabling retail investors to apply for new CDS accounts online and register for e-Dividend via the app.

26

Issued a joint statement with the SC to further extend the temporary suspension of short-selling to 31 December 2020.

## JULY

7

Collaborated with Maybank Investment Bank Berhad for the 16<sup>th</sup> instalment of Invest Malaysia (IM). The IM Virtual Series 1 was themed 'Economic Recovery – Policies and Opportunities'.

10

Issued a joint statement with the SC announcing temporary revisions to existing market management and control mechanisms for a six-month period from 20 July 2020 to 18 January 2021 to improve stability and confidence in the marketplace.

15

Listing of Tradeplus MSCI Asia-Ex-Japan REITs ETF, Malaysia's first REITs ETF and Smart Beta Tradeplus Malaysia Momentum ETF.

## Corporate Events and News

**16** Trading on Bursa Malaysia Securities (BMS) halted mid-afternoon due to a technical glitch. Immediate action was taken to resolve the issue.

**17** Trading on BMS resumed mid-morning and continued as per normal.

**20** Collaborated with CGS-CIMB for the IM 2020 Virtual Series 2 themed 'Powering Malaysia's Growth Engines'.

**23** Issued a consultation paper seeking public feedback on the proposed amendments to the MMLR and ACE LR in relation to the public security holding spread.

**24** Issued the Industry Communication on Remuneration Practices as guidance to enhance remuneration practices amongst the intermediaries.

**29** Partnered with Hashstacs Pte Ltd to explore and harness the opportunities afforded by blockchain technology and the tokenisation of assets, and embarked on a blockchain proof-of-concept to facilitate growth in the bond market at the Labuan International Financial Exchange.

**30** Hosted the 7<sup>th</sup> edition of the Bursa Excellence Awards 2019 themed 'Rising to the Challenge' to recognise top-performing brokers and market intermediaries whose outstanding efforts contributed to the growth across the securities, derivatives and Islamic capital markets in 2019.

**28** Announced the appointment of Dato' Wan Kamaruzaman Wan Ahmad as a PID of Bursa Malaysia effective 1 September 2020.

### SEPTEMBER

**1** Collaborated with Macquarie Malaysia for the IM 2020 Virtual Series 3 themed 'Advancing Malaysia: 5G and Industry 4.0'.

**18** Re-launched the 5-Year MGS Futures contract (FMG5) with a revised settlement methodology. Previously cash-settled, the FMG5 is now physically delivered.

**25** Bursa Malaysia named 'Best Stock Exchange for Islamic Listings' by Islamic Finance News (IFN) at the 14<sup>th</sup> Annual IFN Services Providers Poll, winning the category for the second consecutive year.

**28** Issued a joint statement with the SC to extend the temporary relief measures relating to margin financing that was due to expire on 30 September 2020 to 31 December 2020.

**30** Announced the appointment of Puan Sharifatu Laila Syed Ali as a PID of Bursa Malaysia effective 1 October 2020.

### AUGUST

**1** Launched Return Simulator, a new feature on BursaMKTPLC to help investors make responsible and informed investment decisions.

**3** Launched an ETF Cashback campaign to promote ETFs in the market via multiple digital channels.

**7** Launched a new strategic collaboration with WorldVest Base Inc to offer value-added data solutions on a new platform called 'DIBots', enabling Bursa Malaysia to expand its regional data offerings.

**11** Amended the Rules of BMS to simplify the requirements to register as a Participating Organisation, Registered Person or Market Maker.

**13** Amended the MMLR and ACE LR to enhance the disclosure requirements in connection with new issue of securities, strengthen independence of directors, as well as address gaps for greater shareholder protection and confidence.

**14** Bursa Malaysia and FTSE Russell published scores of F4GBM Index constituents on Bursa Malaysia's website.

### OCTOBER

**7** Hosted a 'Ring the Bell for Financial Literacy' ceremony in conjunction with the World Investor Week 2020 and in support of investor education and protection.

**15** Conducted the first-ever virtual listing ceremony for ACE Market's Samaiden Group Berhad.

**26** Listing of Mr D.I.Y. Group (M) Berhad, the largest initial public offering on Bursa Malaysia since 2017 with a market capitalisation of RM10 billion.

**27-28** Held the first-ever virtual POC2020.

**30** Hosted ASEAN Capital Market Cooperation Seminar (Manufacturing Session) with SZSE and Stock Exchange of Thailand.

## Corporate Events and News

### NOVEMBER

10

Issued a joint statement with the SC on further temporary measures to facilitate secondary fundraising via an enhanced rights issue framework.

13

Announced the appointment of Datuk Bazlan Osman and Syed Ari Azhar Syed Mohamed Adlan as Independent Non-Executive Directors of Bursa Malaysia effective 16 November 2020.

24

Amended rules of BMS and Bursa Malaysia Securities Clearing Sdn Bhd to facilitate the expansion of market-making framework effective 7 December 2020.

11

Re-launched the Mini FTSE Bursa Malaysia Mid 70 Index Futures (FM70) contract aimed at increasing cost efficiency in trading, thereby enhancing its appeal among retail investors. The revamped FM70 contract took effect from 14 December 2020.

14

Bursa Malaysia and the SZSE started to display selected mutual benchmark index constituents of its respective markets on both exchanges' websites as part of the cross-border collaboration initiative between the two exchanges.

15

Listing of first irredeemable convertible preference shares on the LEAP Market in conjunction with the listing of ICT Zone Asia Berhad.

16

Issued a joint statement with the SC to uplift the temporary suspension on Regulated Short Selling effective 1 January 2021.

18

- The Exempt Regime of Bursa Malaysia recorded the listing of 76 government instruments comprising 41 Malaysian Government Securities and 35 Malaysian Government Investment Issues.
- Signed MOU with the UNGC Network Malaysia and Brunei to develop common plans of action in advancing the corporate sustainability agenda to achieve the United Nations' Sustainable Development Goals.

30

Announced the resignation of Dato' Wan Kamaruzaman Wan Ahmad as a PID of Bursa Malaysia with effect from 31 December 2020.

### DECEMBER

7

- Launch of BursaMKTPLC enhanced MY Market feature, simplified navigation, sitemap and a game feature that offers users a new and interactive way to learn more about the Malaysian capital market.
- Became a participant of the United Nations Global Compact (UNGC) and pledged our support to the Ten Principles of the UNGC on human rights, labour, environment and anti-corruption.

8

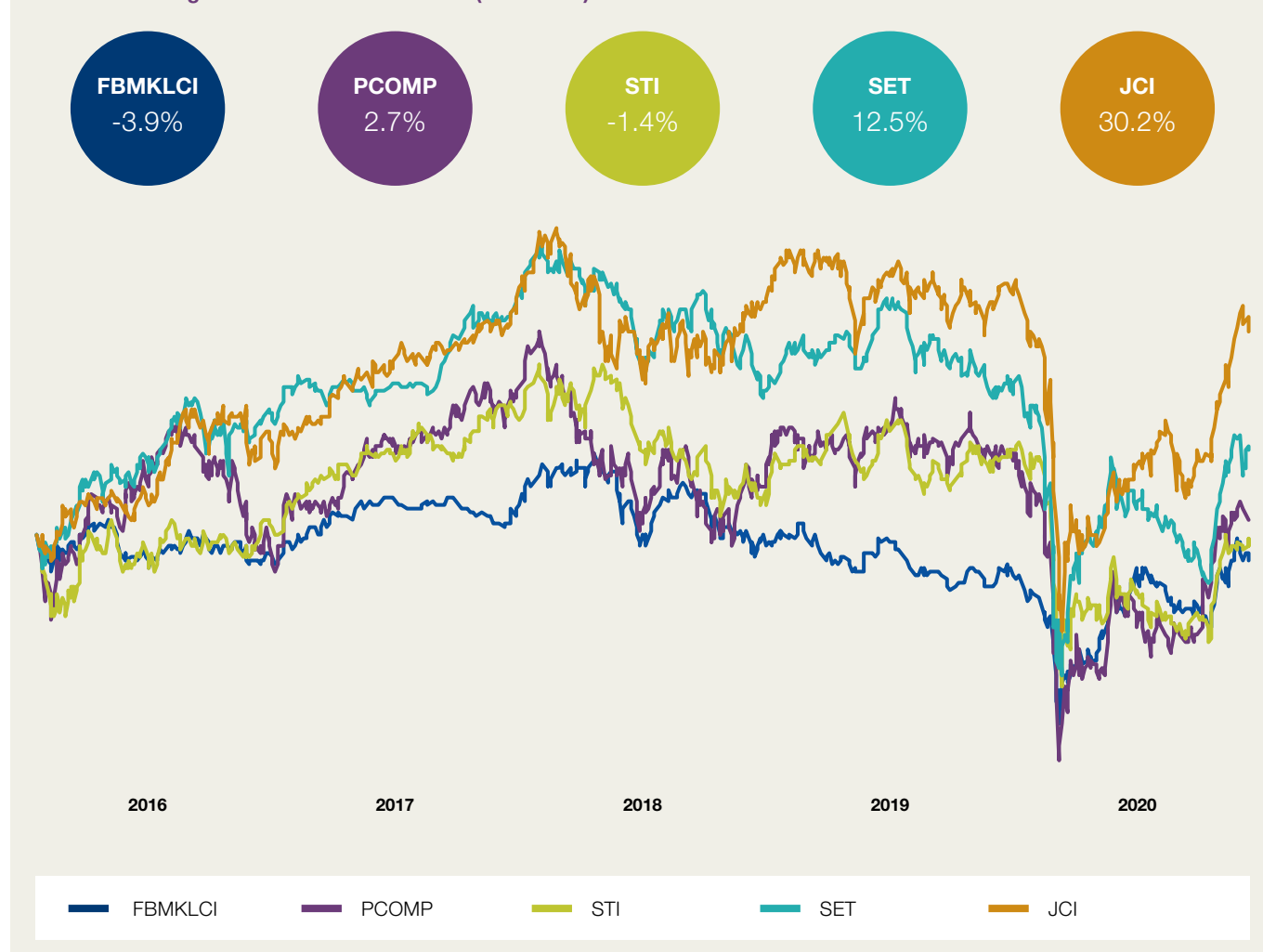
Enhanced BursaMKTPLC mobile app with MLT feature in the app. The user now can access their MLT portfolio and features in the new version of the app.

10

BMD was named the 'Exchange of the Year – Asia Pacific' at the FOW International Awards 2020 in recognition of its achievements in innovation and commitment to the global derivatives industry.

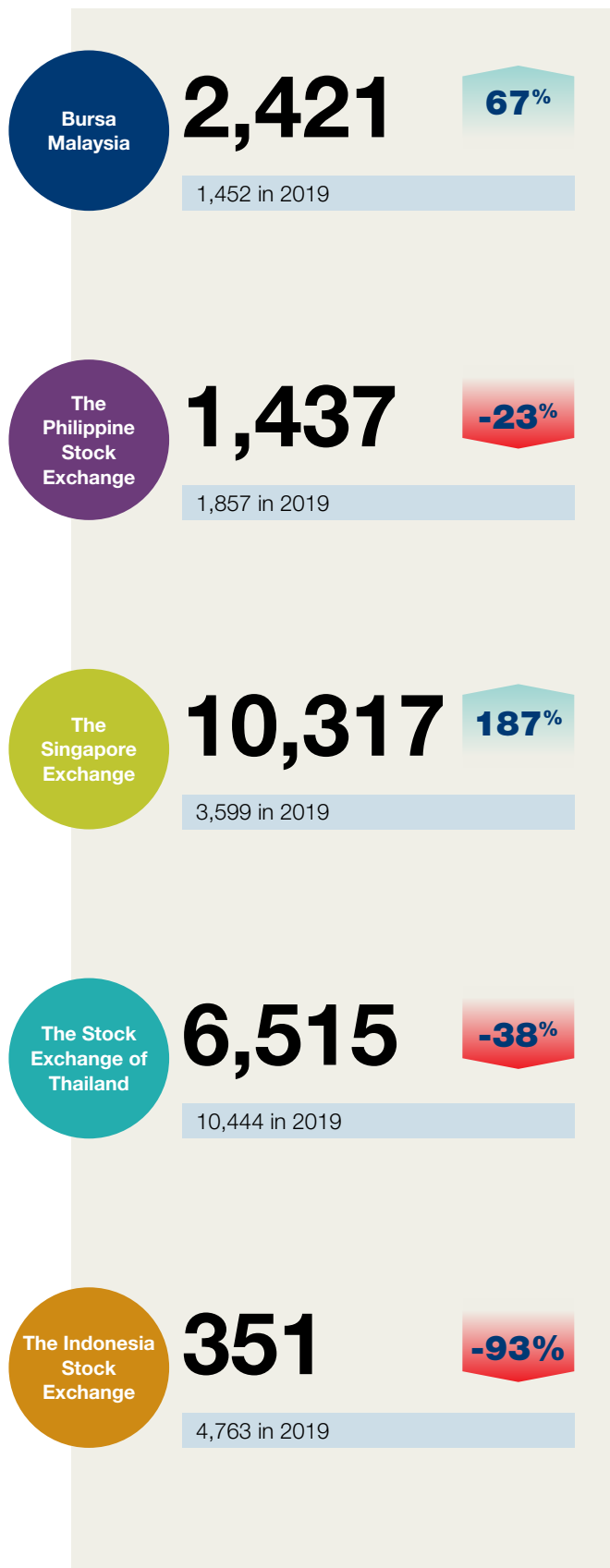
## Peer Comparison

ASEAN Exchanges' Five-Year Index Growth (2016-2020)



| Index                                      | Benchmark Index Level as at 31 December 2020 | Index Dividend Yield (%) |
|--|--|--------------------------|
| <b>FBMKLCI</b> Bursa Malaysia              | <b>1,627.2</b> ▲ 2.4% from 2019              | <b>2.9</b>               |
| <b>PCOMP</b> The Philippine Stock Exchange | <b>7,139.7</b> ▼ -8.6% from 2019             | <b>1.6</b>               |
| <b>STI</b> The Singapore Exchange          | <b>2,843.8</b> ▼ -11.8% from 2019            | <b>3.8</b>               |
| <b>SET</b> The Stock Exchange of Thailand  | <b>1,449.4</b> ▼ -8.3% from 2019             | <b>2.8</b>               |
| <b>JCI</b> The Indonesia Stock Exchange    | <b>5,979.1</b> ▼ -5.1% from 2019             | <b>2.4</b>               |

## Peer Comparison

Total Funds Raised from Primary  
and Secondary Markets in 2020 (in USD million)

Source: World Federation of Exchanges

## New Listings in 2020

## LEGEND:

● Main Market    ● ACE Market    ● LEAP Market

|  |   |
|--|---|
| SUPERGENICS BERHAD (03033)                     | ● |
| ACE INNOVATE ASIA BERHAD (03028)               | ● |
| POWERWELL HOLDINGS BERHAD (0217)               | ● |
| INNATURE BERHAD (5295)                         | ● |
| COSMOS TECHNOLOGY INTERNATIONAL BERHAD (03035) | ● |
| ACO GROUP BERHAD (0218)                        | ● |
| POLYDAMIC GROUP BERHAD (03031)                 | ● |
| RESERVOIR LINK ENERGY BHD (0219)               | ● |
| OCEAN VANTAGE HOLDINGS BERHAD (0220)           | ● |
| TCS GROUP HOLDINGS BERHAD (0221)               | ● |
| AURORA ITALIA INTERNATIONAL BERHAD (03037)     | ● |
| REDPLANET BERHAD (03036)                       | ● |
| OPTIMAX HOLDINGS BERHAD (0222)                 | ● |
| SAMAIDEN GROUP BERHAD (0223)                   | ● |
| SOUTHERN CABLE GROUP BERHAD (0225)             | ● |
| ANEKA JARINGAN HOLDINGS BERHAD (0226)          | ● |
| MR D.I.Y. GROUP (M) BERHAD (5296)              | ● |
| ECONFRAME BERHAD (0227)                        | ● |
| ICT ZONE ASIA BERHAD (03038)                   | ● |

Note: Companies with their respective stock codes are arranged based on the listing date

Source: Bursa Malaysia

## Upcoming Financial Calendar Events

### 2 February 2021

Announcement of the audited consolidated results for the 4<sup>th</sup> quarter and financial year ended 31 December 2020

### 31 March 2021

44<sup>th</sup> Annual General Meeting

### 27 April 2021

Announcement of the consolidated results for the 1<sup>st</sup> quarter ending 31 March 2021

### 28 July 2021

Announcement of the consolidated results for the 2<sup>nd</sup> quarter ending 30 June 2021

### 29 October 2021

Announcement of the consolidated results for the 3<sup>rd</sup> quarter ending 30 September 2021

### January/February 2022

Announcement of the audited consolidated results for the 4<sup>th</sup> quarter and financial year ending 31 December 2021



# CREATING VALUE IN A SUSTAINABLE MANNER

## SECTION

## II

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## Chairman's Statement



**We continue to play our part in contributing to financial stability and supporting the growth of our PLCs and investors.**

Dear Shareholders,

Events in 2020 underscored the importance of Bursa Malaysia's role and purpose as an essential component of the Malaysian financial ecosystem. The operating context for the year under review was marked by heightened volatility and uncertainty, due mainly to the outbreak of the COVID-19 pandemic which had a systemic impact on markets and businesses globally.

Lockdown measures imposed by governments around the world to contain the virus caused widespread economic disruption that saw the collapse of oil prices and sent the global economy into recession. Stocks likewise plunged when the scale of the crisis became apparent in March 2020, with the benchmark FTSE Bursa Malaysia KLCI (FBMKLCI) sinking to a 11-year intraday low of 1,207.80 points on 19 March 2020.

**Tan Sri Abdul Wahid Omar**

Chairman

## Chairman's Statement

In response to the growing volatility in the market, we stepped up our efforts to ensure that our marketplace stayed open and that transactions were conducted in a fair and orderly manner for participants. We recognised that it was crucial that investors and issuers continued to have access to the market during this time to manage their portfolios and investment needs in response to rapidly changing market conditions. Subsequently, Bursa Malaysia ended the year as one of the best-performing exchanges in ASEAN, with the FBMKLCI closing 2.4% higher for the year.

### Macroeconomic Impact of the Pandemic

According to estimates by the World Bank, global growth contracted by 4.3% in 2020, overshadowing the smaller contraction recorded in 2009 during the global financial crisis.

To support the local economy, Bank Negara Malaysia (BNM) cut the benchmark interest rate — the overnight policy rate (OPR) — four times in 2020 to reach a record low of 1.75%. The Malaysian government also announced stimulus spending of RM305.0 billion, or about 20% of 2020 gross domestic product (GDP), during the year in the form of fiscal and non-fiscal measures, including wage subsidies, direct payments to households, credit schemes and tax relief. According to the

The World Bank indicated that global growth contracted by **4.3%** in 2020

Ministry of Finance (MOF), these stimulus measures added about 4 percentage points to the country's overall GDP growth in 2020.

The stimulus measures would also have an immediate impact on macroeconomic conditions, with Malaysia's GDP recovering from a contraction of 17.1% in the second quarter to post a smaller contraction of 2.7% in the third quarter. However, Malaysia's GDP contracted 3.4% in the fourth quarter amid a significant increase in COVID-19 infections, resulting in an overall GDP contraction of 5.6% in 2020. The MOF projected in January 2021 that Malaysia's economy will recover during the year and rebound to grow between 6.5% and 7.5%.

### Emergence of the New Normal

2020 saw the emergence of new ways of working as businesses and individuals adapted to the realities imposed by the pandemic. These ranged from basic physical distancing guidelines and other standard operating procedures (SOPs) aimed at reducing the risk of infection, to the greater adoption of digital communication and electronic transactions.

The Exchange had similarly embraced technology to overcome the restrictions set on physical meetings and held our first fully virtual 43<sup>rd</sup> Annual General Meeting (AGM) on 29 April 2020. Bursa Malaysia was the first Malaysian public listed company (PLC) to do so in line with the Securities Commission Malaysia's (SC) order mandating companies to conduct fully virtual general meetings during the government-imposed Movement Control Order. Despite the limitations of the electronic medium, our shareholders were able to successfully exercise their rights through the virtual AGM.

Meanwhile, the shift to electronically-mediated transactions could also be seen in the sharp increase in the value of online trades on Bursa Malaysia, which grew 157% in 2020 to account for 47% of total trade value, as compared to 37% of total trade value in 2019. On our operations side, we had seen our employees turn to technology to perform their roles, particularly when it involved interactions with other parties or larger groups.

### Malaysia's Capital Market Remained Resilient

Bursa Malaysia successfully maintained a fair and orderly market despite experiencing higher trading volumes. Credit is due to all involved in the running of our marketplace including our staff, intermediaries, partners and brokers for continuing to perform their roles well despite the difficult circumstances. Thanks to their efforts, our marketplace remained accessible to our market participants who could continue to trade, raise funds and manage their portfolios with risk management and investment tools.

In an encouraging development, Bursa Malaysia saw record numbers of retail participation in the market, leading the surge of trading activity in the second and third quarters of the year. Retail investors remained a prominent segment throughout 2020 as they turned to the stock market to invest in wealth creation and asset preservation. The increased trading activity of retail investors supported Malaysian counters amidst heavy selling by foreign investors, which was seen in most ASEAN markets. Total net buy by retail investors amounted to RM14.3 billion for the year while total retail average daily value traded hit a record RM1.6 billion, a 235.6% increase from the RM473.5 million in 2019.

We were also pleased to see increasing participation of younger investors, whereby 64% of new individual CDS accounts opened in 2020 were investors aged 26-45 years old - a development which augurs well for the long-term sustainability of our marketplace.

## Chairman's Statement

### Our Purpose as an Exchange

Bursa Malaysia is an essential component within the Malaysian financial ecosystem and plays a systemically important role in a vital, virtuous cycle of the economy. While we, as an organisation, are always mindful of our roles in this regard, the events of the year under review have underscored the importance that we continue to play our part even in the most challenging of circumstances. We therefore strive to ensure that we fulfill our purpose at all times and carry out the following roles:

#### To provide an effective platform for businesses to raise capital

Capital is essential to the growth and development of the economy and we play a key role in facilitating fundraising towards this end. We strive to make our ecosystem as facilitative and accessible as possible to accommodate all businesses, from small and medium enterprises to large multi-national corporations. In 2020, a total of RM10.0 billion was raised through initial public offerings and secondary fundraising on our market.

#### To remain a trusted partner for investors to grow wealth

The Exchange has always been an important platform for wealth creation, and this role has been made even clearer in the prevailing low interest rate environment as investors sought diversification and wealth generation opportunities. This was particularly evident in the record number of retail investors in our market in 2020.

#### To regulate and maintain a fair and orderly market

The Exchange is the frontline regulator and plays a central role in enforcing the rules of the marketplace. A substantial part of our function in this role is to take proactive measures to ensure that the market continues to run smoothly. We performed this role in consultation with our stakeholders including our regulator, the SC, at the height of the crisis in 2020 and ensured that our market remained fair and orderly.

As we intensify efforts to fulfil our purpose, let me draw your attention to our vision and mission. Our refined vision statement, 'To be ASEAN's leading, sustainable and globally-connected marketplace', is a declaration of our growth intention. Differently put, we aim to expand our range of products and services to create a vibrant market ecosystem for all our market participants including PLCs, brokers and investors. Our mission of 'Creating Opportunities, Growing Value', encapsulates in a simple manner our promise to all our stakeholders.

### Our Commitment to Sustainability

Bursa Malaysia continues to be fully committed to the sustainability agenda: in our organisation, in our PLCs and in the marketplace, as stipulated in our sustainability policy. Sustainability is the key to continuous value creation and the long-term viability of every organisation. With that in mind, we developed our new Sustainability Roadmap that outlines key sustainability strategies which will guide our actions until 2023. The Roadmap is divided into five Priority Areas that cover our marketplace, our internal practices and our communities. We recognise that Bursa Malaysia has many touchpoints with our stakeholders and therefore we have a unique opportunity to act as an advocate of the sustainability agenda to them. We also made continuous efforts to promote the adoption of environmental, social and governance (ESG) practices in the marketplace through our regular engagements with our stakeholders. From August 2020, we have made available

the broad ESG performance of PLCs assessed using the FTSE4Good criteria on our website. This move aims to promote greater transparency and encourages PLCs to step up their sustainability practices and disclosures.

### Responding to the Rapidly Evolving Risk and Governance Landscape

We are committed to upholding the highest standards of corporate governance (CG) and levels of integrity in our organisation and we have kept the undertaking of our regulatory duty and commercial objectives at arm's length.

To further improve our governance structure, we incorporated a regulation subsidiary, Bursa Malaysia Regulation Sdn Bhd (Bursa Regulation) on 18 August 2020. We worked closely with the SC on the structure of Bursa Regulation which will be governed by its own Board of Directors whose members are, in the majority, independent of Bursa Malaysia. The separation of our regulatory function from our commercial activities will effectively strengthen our corporate governance practices and alleviate any perceived conflict of interest that may arise in the undertaking of our regulatory and commercial objectives.

The Exchange will fund Bursa Regulation and ensure that it is sufficiently equipped with the financial and human resources required to effectively discharge its duties. The SC meanwhile, will continue to regulate Bursa Malaysia as a listed company and market operator, and also oversee the regulatory functions performed by Bursa Regulation. The adoption of this regulatory structure places Malaysia among the ranks of other mature jurisdictions such as Japan and Singapore.

Bursa Malaysia also established the Integrity and Governance Unit (IGU) during the year to enhance our CG framework. The role of the IGU is to strengthen the integrity and anti-corruption management system, including the implementation, monitoring and evaluation of the Organisational Anti-Corruption Plan — a three-year initiative designed to strengthen governance, integrity and anti-corruption controls. I am confident that the IGU and Bursa Regulation will elevate the level of trust in Bursa Malaysia by making our organisational processes more transparent and accountable, and further cultivate a culture of high integrity among our people.

## Chairman's Statement

The Exchange has also continued to implement initiatives to enhance the corporate governance of PLCs through the amendments made to our listing rules and the issuance of guidance notes. In tandem with the coming into force of the new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, we have included anti-corruption measures in our Listing Requirements for the Main, ACE and LEAP Markets.

### Continuous Value Creation for Our Stakeholders

Our stakeholders are at the forefront of all that we do. Despite the challenging market conditions in 2020, we continued to create and deliver value for all our stakeholders, posting a Profit After Tax, Zakat and Minority Interest of RM377.7 million, more than double the RM185.9 million reported in 2019. In view of these results, the Board has declared a final dividend of 26.0 sen and a special dividend of 8.0 sen, bringing the total dividend for the year to 51.0 sen per share. We have also pledged to contribute 1.0% of our Profit After Tax in 2020 towards community projects aimed at benefitting society. This is inclusive of the inaugural RM667,000 zakat contributed by Bursa Malaysia in 2020.

### Preparing for the Future

Bursa Malaysia has turned the page on its development plan and embarked on a new strategic roadmap that outlines our goals and key initiatives for the next three years. As we take our first step forward, we must take into account the lessons learned during the pandemic while we renew our commitment to supporting the market and contributing to the development of our economy.

We are mindful of the potential risk and opportunities from emerging technologies as well as the rapidly changing operating landscape. The global economy, catalysed by the delivery of COVID-19 vaccines in record time, is expected to heal from the COVID-19 pandemic. Nevertheless, we must remain agile in order to respond robustly to powerful and defining trends on the horizon such as the continuing innovations in financial technology to ensure that Bursa Malaysia continues to make progress and remains relevant to our stakeholders.

We look forward to the new challenges and opportunities that the future will bring and reiterate our commitment to the fulfilment of our purpose and objective as a key component of the financial system and real economy.

### Acknowledgements

I am truly honoured to have been given the opportunity to steer the Exchange since 1 May 2020, and it is a source of pride to be associated with this iconic pillar of the Malaysian financial ecosystem once again. On behalf of the Board, I would like to extend my thanks to the former Chairman, Datuk Shireen Ann Zaharah Muhiudeen, as well as to the previous Board members – Encik Johari Abdul Muid, Datin Mariam Prudence Yusof, Professor Joseph Cherian and Dato' Wan Kamaruzaman Wan Ahmad – for their stewardship of Bursa Malaysia.

On behalf of the Board, I would also like to extend a warm welcome to the new members of the Board – Dato' Anad Krishnan Muthusamy, Puan Sharifatu Laila Syed Ali, Datuk Bazlan Osman and Encik Syed Ari Azhar Syed Mohamed Adlan – who joined us in 2020. The presence of their vast experience on the Board will enhance our Board diversity and help make Bursa Malaysia a more competitive organisation.

I would also like to express my personal appreciation to my fellow Board members who embraced the rapidly changing environment and worked together to steer Bursa Malaysia through the uncertain waters of this past year. They have put in significant effort to adapt to new ways of interaction, and ensured that the Management's focus remains appropriately balanced for the short-, medium- and long-term.

The Board would also like to thank our shareholders for their continued support, as well as to the Management and staff of Bursa Malaysia, for their commitment and determination in unique circumstances. Special thanks also go to our regulators and policy makers who have helped preserve stability in these uncertain times thereby allowing us to maintain accessibility to the market. To our ecosystem and strategic partners, we would like to say thank you for your continued support in helping Bursa Malaysia become a more attractive and vibrant marketplace for all.

Finally, I would like to take this opportunity to remind all of us in the industry to stick to our purpose, play our part, be constructive and pragmatic, and, God willing, we will emerge from this crisis stronger.

Thank you.



**Tan Sri Abdul Wahid Omar**

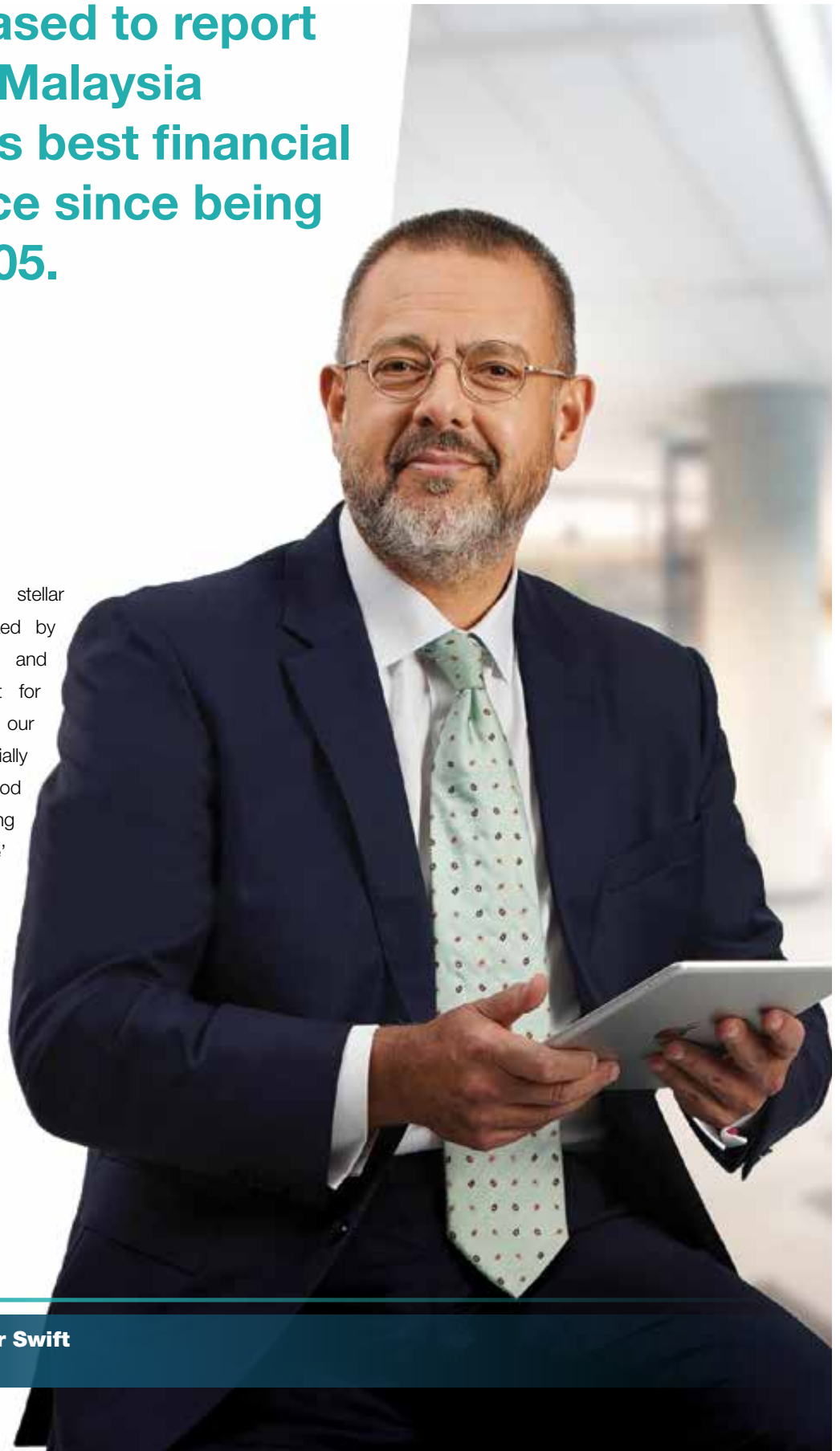
Chairman

## Chief Executive Officer's Review

**We are pleased to report that Bursa Malaysia delivered its best financial performance since being listed in 2005.**

Dear Shareholders,

Bursa Malaysia delivered a stellar performance in a year marked by widespread uncertainties and operational challenges. Credit for this performance must go to all our various stakeholders, especially our employees who have stood by our mission of 'Creating Opportunities, Growing Value' in 2020 despite the challenging environment. Together, we remained steadfast in carrying out our duties, ensuring our market remained open and accessible, while we continued to enhance various aspects of our ecosystem.



**Datuk Muhamad Umar Swift**

Chief Executive Officer

## Chief Executive Officer's Review

### Adapting to Unprecedented Circumstances

Bursa Malaysia or the Exchange, as with other businesses and organisations, had to quickly adapt to the unique circumstances from the COVID-19 pandemic. As an integral part of the national economy, we could not afford to waver in our commitment to keep the exchange accessible. This was especially true during periods of uncertainty, which injected a high degree of volatility in our markets and made maintaining a fair and orderly marketplace crucial to preserve investor confidence. We were quick to put in place the necessary infrastructure, rules and processes to safeguard and support our market ecosystem, allowing investors to continue participating in the markets and manage their portfolios and investments effectively.

The Exchange provided numerous measures, both financial and non-financial, to alleviate the impact of the COVID-19 pandemic and ease the burden faced by our market participants and community. These included, among other things, annual listing fee rebates amounting to over RM3 million benefiting more than 350 eligible listed issuers, as well as various margin financing flexibilities for market participants. Meanwhile, we donated over RM700,000 in medical equipment to hospitals involved in the containment and treatment of the COVID-19 cases as well as food provisions, and reskilling or upskilling programmes for communities in need, particularly those in the lower-income B40 segment.

Precautionary measures were taken to safeguard our operations and employees. We made the decision to initiate our split office operation early on in Q1 2020 to secure the continuity of our critical functions while preserving the health and safety of our employees. The split office operation arrangements were continually adjusted based on the evolving needs of the situation.

### 2020 Performance Overview

We are pleased to report that Bursa Malaysia enjoyed its best financial performance since being listed in 2005. Our Profit After Tax, Zakat and Minority Interest reached a record high of RM377.7 million for the year under review. I am especially proud to share that Bursa Malaysia achieved a Profit Before Tax of RM506.6 million, breaching the RM500 million mark for the first time. Operating Revenue grew 62.2% year-on-year (yoy) mainly from higher trading revenue, particularly from the Securities Market which had seen record figures.

The higher activity was well-supported by our systems infrastructure which smoothly managed the increased volume of trade and trade-related transactions on our systems. Despite our best efforts, we encountered a technical glitch that resulted in a trading halt on our securities trading system on 16 July 2020.

The disruption was caused by a technical issue and was not at all related to any cyber security issue. The Exchange took immediate steps to diagnose the problem and communicate with all participants. Our systems were back online the next day and normal trading resumed. We will continue to monitor our systems and have since undertaken a thorough systems review to minimise the risk of further issues in the future.

### Five-Year Highlights

#### Key Operating Results (RM million)

| Operating Revenue   |       |
|---|-------|
| 2020  | 778.8 |
| 2019  | 480.1 |
| 2018  | 523.3 |
| 2017  | 522.1 |
| 2016  | 472.7 |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) |       |
| 2020  | 508.4 |
| 2019  | 254.7 |
| 2018  | 304.0 |
| 2017  | 295.5 |
| 2016  | 260.7 |
| Profit after Tax and Minority Interest (PATAMI)                       |       |
| 2020  | 377.7 |
| 2019  | 185.9 |
| 2018  | 224.0 |
| 2017  | 223.0 |
| 2016  | 193.6 |

## Chief Executive Officer's Review

A detailed discussion of our financial performance is available in the Management Discussion and Analysis (MD&A) section of this report, but I would like to highlight some of the achievements in each of our markets:

**i** Please turn to pages 57 to 79 of this report for the MD&A.

### Securities Market

The Securities Market enjoyed a record year as the combination of a low interest rate environment, government stimulus packages and exceptional interest in the healthcare sector, especially for glovemakers, encouraged greater participation in the securities market. While foreign funds had exited the Malaysian securities market as they did from other markets in the region, local retail investors emerged in record numbers, supporting and creating a vibrant market. Key highlights of our Securities Market performance include:

In 2020, Bursa Malaysia recorded the highest yoy ADV and velocity growth in ASEAN.

#### ADV

**RM4.2 billion**

(2019: RM1.9 billion)

**GROWTH 118.1%**

Retail ADV reached a historic high with retail participants contributing 37.7% to total ADV of the year.

#### RETAIL ADV

**RM1.6 billion**

(2019: RM473.5 million)

#### Trading velocity

**64%**

(2019: 28%)

In 2020, retail investors were **net buyers** to the tune of

**RM14.3 billion**

(2019: RM2.6 billion)

### Derivatives Market

Volatility and uncertainty in the commodities and securities markets lifted the trading of derivative products, which resulted in our Derivatives Market posting a record-breaking year. The Derivatives Market broke 18 trading records during the year, an indication of the rise in confidence and strong appeal of our products by market participants. Key highlights include:

Achieved historical high for **total Average Daily Contracts** of

**73,523**

contracts representing a 32.8% yoy growth from 2019.

Achieved new record for total trading volume of **Crude Palm Oil Futures Contract** of

**14.6 million**

contracts in 2020, after surpassing the previous record of 11.9 million total contracts in 2017.

### Islamic Markets

The Islamic capital market enjoyed strong growth in tandem with the overall surge in securities trading. We continued to see growth in the ADV of the Bursa Suq Al-Sila' (BSAS) commodity Murabahah trading platform, which grew 7.8% yoy to RM32.9 billion from RM30.6 billion a year ago. Despite the growth in ADV, revenue from BSAS was lower for the year as a higher volume of trades were conducted under the volume-based pricing scheme, which attracts a lower effective fee.

### Creating Opportunities, Growing Value

We continued to deliver initiatives aimed at enhancing our marketplace in pursuit of our aspiration to be ASEAN's leading, sustainable and globally-connected marketplace while we worked on measures addressing unfolding events related to the COVID-19 pandemic. These initiatives will further strengthen our market ecosystem and bridge new relationships that will take us another step closer to our ambitions. The following are some of our main achievements during the year.

#### New and Updated Product Launches

Our strategy emphasised the development of new and revamped products to attract more investors and increase vibrancy in our market. Key initiatives implemented during the year include:

- Launch of the USD RBD Palm Olein Options (OPOL): OPOL is the world's first US-dollar denominated options contract covering palm olein, giving investors and traders the ability to hedge their exposure to the commodity, effectively expanding the suite of risk management tools available to palm oil traders.
- Relaunch of the 5-Year Malaysian Government Securities Futures Contract (FMG5): FMG5 was relaunched with physical settlement rather than cash-settlement as its settlement methodology. The new settlement arrangement enhances FMG5's capability as a hedging tool, especially for financial institutions in managing interest rate risks.
- Relaunch of the Mini FTSE Malaysia Mid-70 Index Futures (FM70): The new FM70 features a revised tick size and contract multiplier aimed at improving cost efficiency and liquidity for participants.
- New listings of government securities on the Exempt Regime: The Exchange listed 76 government instruments comprising 41 Malaysian Government Securities and 35 Malaysian Government Investment Issues on the Exempt Regime. These instruments were issued in part to finance the government's stimulus packages and economic recovery plan under the COVID-19 Fund. While the issuances and trading of these securities remain over-the-counter, their listing on Bursa Malaysia provides greater visibility and transparency to investors.



## Chief Executive Officer's Review

### New Services and Ecosystem Enhancements

Our strategy in this area aimed to improve market accessibility and efficiency. It also covered the deployment of new technology designed to make our markets more vibrant and resilient. Initiatives undertaken in 2020 include:

- New features on Bursa Anywhere mobile app: We enhanced our Bursa Anywhere app to offer new account management services digitally, including the opening of new CDS accounts, the reactivation of dormant or inactive accounts and registration for e-dividend payments. This enhancement leverages on the continuing growth in smart device usage, which we expect to grow further in the future. These new features were timely introductions in light of physical movement control orders.

Over  
**260,000**  
new **INDIVIDUAL CDS**  
accounts in 2020

- Expanded the market-making framework to improve market efficiency and provide greater liquidity in response to market demands. The new framework comprises three changes:
  - The qualifying criteria for foreign entities to participate as a market-maker has been broadened.
  - A new category of participants — Derivatives Specialists — was introduced and allowed to utilise the Permitted Short Selling (PSS) framework for market-making Single Stock Options (SSO) and Single Stock Futures.
  - Existing market-makers of Structured Warrants and SSO are now permitted to utilise PSS for market-making.

With the new framework, market-makers have greater flexibility to quote prices and respond to market demands. The expansion also enhances our market-makers' ability to manage risk by hedging their exposure to price volatility.

- Amendments to our Listing Requirements (LR): The LR for the Main and ACE Markets were amended to enhance disclosure requirements in connection with the new issue of securities. Under the new requirements, the definition of independent directors was also updated to strengthen the independence of proposed directors. Furthermore, enhancements were made to allow securities holders to subscribe for rights shares, exercise convertible securities and participate in a dividend reinvestment scheme electronically. These are aimed at providing greater convenience for investors and enhancing investor protection.
- Successful implementation of ISO 20022 messaging standards: The Exchange, in adopting global best practices, completed the implementation of ISO 20022 messaging standards for corporate announcements by our public listed companies (PLCs). In adopting the standard, we improved the overall efficiency of our market by achieving higher Straight-Through-Processing while at the same time providing global institutional clients with consistent and timely corporate announcements from our listed issuers.

### Marketing and Promoting our Marketplace

The outbreak of the COVID-19 pandemic meant that many of our events had to be conducted virtually due to the restrictions on physical gatherings and movement. Taking advantage of digital channels, we reached out to a wider global audience than our physical events had in the past. Notable successes of our flagship events during the year include:

- The Invest Malaysia Virtual Series, which attracted 1,231 participants from 279 institutions around the world.
- The Virtual Palm and Lauric Oils Price Outlook Conference and Exhibition, which attracted 2,561 registrations and 1,704 unique logins from international industry players.
- Our inaugural Shariah Investing Virtual Conference 2020, which attracted the participation of over 1,300 virtual attendees from around the globe including the United States, Africa, the Middle East-North Africa region, Europe and Asia.

We also enhanced our collaboration with the Shenzhen Stock Exchange to encourage greater cross-border fund flows and investments. The collaboration will enhance the visibility of Bursa Malaysia's PLCs, products and services to China's investors.

In addition, the Exchange collaborated with CGS-CIMB Securities Sdn Bhd to hold the inaugural InvestHack, the first retail investment hackathon. InvestHack challenged participants to create and present potential innovative solutions to enhance and sustain retail participation in the marketplace.

### Other Developmental Highlights

The combination of new technological advances and renewed interest in securities investment has seen a surge of new investors in our marketplace. While continuing to support increased retail participation in our marketplace, we also want to raise the level of investment savviness among Malaysians.

As part of our efforts to guide them through the processes and risks associated with market participation, we launched Bursa Academy in June 2020, an e-learning platform targeted primarily at retail investors across the Securities, Derivatives and Islamic Capital Markets. We also introduced the Mirror, Learn & Trade feature on the Bursa Marketplace (BursaMKTPLC) mobile app to encourage both potential and current investors to elevate their investment knowledge and strategies.

In other developments involving fintech, we embarked on several innovative proof-of-concepts (PoCs) in 2020, namely the bonds on blockchain PoC and ESG PoC leveraging artificial intelligence. These were conducted to explore potential product or service offerings and deepen our fintech capabilities. Conducting PoCs via collaborations are in line with the actions taken by other exchanges around the world.

## Chief Executive Officer’s Review

### Awards and Recognition

It is always a moment of pride when Bursa Malaysia receives acknowledgement for the success of our efforts in creating a vibrant marketplace for our stakeholders. The awards we received stand as a testament to the efficacy of our initiatives to fulfil our purpose and obligations for our marketplace. The following is a list of awards received in 2020:

1

**‘Best Stock Exchange for Islamic Listings’ for the second year in a row by Islamic Finance News at the 14<sup>th</sup> Annual IFN Services Providers Poll**

2

**Bursa Malaysia Derivatives won ‘Exchange of the Year – Asia Pacific’ at the Futures & Options World International Awards 2020**

3

**The 2019 ASEAN Corporate Governance Scorecard Award for the Top 20 ASEAN Publicly Listed Companies, ASEAN Asset Class Award and Malaysia Top 3 PLC**

4

**Bursa Malaysia was included in the Bloomberg Gender-Equality Index, highlighting our commitment to transparency in gender reporting and the advancement of women in the workplace**

### The Way Forward: Our New Strategic Roadmap

We strive to build a diversified exchange that is ready to respond to the changing market landscape. Conditions brought about by the pandemic have emphasised the urgent need to future-proof our businesses. In response, we have rolled out a new Strategic Roadmap. Our aim is to further expand our offerings and become a multi-asset exchange. These objectives are guided by our 2021–2023 Strategic Roadmap in which we outline our key initiatives going forward.

The Strategic Roadmap is built on five pillars:

- Strengthening Our Core Business – Securities Market
- Diversifying the Derivatives Business
- Positioning Bursa Malaysia as the Global Hub for Islamic Capital Markets
- Providing New and Improved Services to the Capital Market
- Embedding Sustainability in Our Organisation and Marketplace

These will require cohesive action throughout our organisation.

#### Our 2021–2023 Strategic Roadmap focuses broadly on three main strategies

1

**Product Expansion**

2

**Ecosystem Development**

3

**Capacity and Capabilities Building**

Our 2021–2023 Strategic Roadmap focuses broadly on three main strategies: Product Expansion, Ecosystem Development as well as Capacity and Capabilities Building. The Strategic Roadmap entails various initiatives to increase market vibrancy, including attracting a wider and more diverse investor base, and collaborating with strategic partners such as working with key institutional investors to progress towards more sustainable offerings. We are also looking to roll out several new products and asset classes, while building our capabilities in fintech via PoCs such as our blockchain initiatives and exploration of artificial intelligence.

Key enablers for our future success are the development of our people and culture, as well as investing in technology so as to ensure the robustness of systems, applications and infrastructure, to deliver customer service excellence, provide agility and to further improve the cost structure for the market participants. A holistic human resources

strategy has also been rolled out focusing on several main objectives, including securing the leadership succession of the Exchange, cultivating a data-focused workforce and ingraining sustainable thinking in our corporate culture.

Our competitive environment and the needs of our participants continue to evolve. Thus, the way we do things should change and our offerings must expand. Our Strategic Roadmap outlines exciting opportunities for charting our growth trajectory and sustaining market vibrancy.

## Chief Executive Officer's Review

### Our Exciting Journey Continues

The COVID-19 pandemic has continued to introduce uncertainties in the economy but we are confident that the government stimulus packages, the gradual reopening of the economy and the progress of the COVID-19 vaccination efforts will aid in the country's economic recovery and maintain the buoyancy of our markets.

Our efforts to increase market vibrancy and liquidity prepared our market to support the increase in retail participation and the emergence of millennials in the securities market. Leveraging this positive momentum, the Exchange will continue to introduce new initiatives and widen product offerings to enhance Bursa Malaysia's attractiveness for a new generation of investors. We have been working closely with regulators to ensure market efficiency as well as improve market accessibility and liquidity, and will faithfully continue to do so.

Lastly, I would like to thank our stakeholders for their unwavering support. We look forward to further developing the capital market together with you as we progress on our Strategic Roadmap. We will enhance our systems and expand our offerings with new products and asset classes. In all that we do, our intent is to make the Exchange accessible and approachable, while delivering a fair, orderly, and vibrant marketplace.



**Datuk Muhamad Umar Swift**

Chief Executive Officer

## Our Strategic Focus

**We strive to build a diversified exchange that is ready to respond to the changing needs and appetite of our growing client base and evolving operating environment. While we have since unveiled a new set of strategic goals for the next three years (2021–2023), our initiatives for the year under review continue to be guided by the following five focus areas:**

### Strengthening the Core

We continue to make fundamental improvements in the critical components of our capital market to ensure that it remains accessible, competitive and vibrant. In strengthening the core, we:

- Create an enabling ecosystem to remain competitive and grow our markets
- Enlarge our participant base to improve market liquidity
- Expand our product offerings to meet investors' demand and risk appetite
- Stimulate the Derivatives Market with an aim to develop unrealised potential

### Capitalising on Technology and Information

We continue to invest in and leverage on technology and information to accelerate our growth, increase efficiency, enhance our competitiveness and develop new competitive advantages. We endeavour to:

- Improve our digital touchpoints to better serve our users
- Leverage on digitalisation for operational excellence
- Leverage on data to enhance our competitiveness
- Forge strategic partnerships to capitalise on emerging technologies such as blockchain and artificial intelligence to create a conducive ecosystem to innovate our offerings and improve our processes
- Ensure readiness to manage cyber security threats

### Regional and Global Connectivity

We build regional and global connectivity to enhance our market reach and accessibility to global investors, in line with our vision of being a globally-connected marketplace. Under this focus area, we:

- Pursue strategic partnerships including bilateral collaborations with other exchanges and international organisations that have strategic value for us
- Facilitate foreign participation in our marketplace

### Fostering a High-Performance Organisation (HPO)

Our employees come from diverse backgrounds and skills. We regularly reskill and upskill our talent to ensure our workforce is ready for the future with digitalisation at the forefront of the rapid change in our operating landscape and industry. Our employees embrace our values and culture, while our remuneration and benefits policies are regularly reviewed. In our efforts to build a HPO, we:

- Upskill our talent to be ready to adopt or apply relevant new technologies
- Integrate a data-driven culture across the group
- Focus on holistic employee propositions and retention strategies

### Sustainability as a Way of Life

Our sustainability practices and disclosures have merited our inclusion in the FTSE4Good Bursa Malaysia Index since the index's inception in 2014. With increasing investor awareness, focus and desire to integrate Environmental, Social and Governance (ESG) into their investment strategies, we continue to encourage a culture of sustainability in what we do. Under this focus area we:

- Strengthen the Exchange's internal sustainability management approach and disclosure
- Advocate sustainability among our stakeholders and facilitate capacity building
- Promote enhanced availability of ESG information and improved financial education

## Our Strategic Focus

### TRANSITIONING TO OUR NEW STRATEGY

Towards the end of 2020, we charted a new Strategic Roadmap which encompasses three core strategies, four key enablers and five strategic pillars to guide our growth and transformation over the next three years (2021–2023). We believe the Roadmap will get us closer to our vision. Our mission of ‘Creating Opportunities, Growing Value’ will invariably be central in what we aim to do.

#### CORE STRATEGIES



##### Product Expansion

To expand and diversify the range of our products and services to grow the offerings and opportunities available to market participants



##### Ecosystem Development

To embed improvements into our market ecosystem to address market needs and create a more conducive, facilitative and competitive marketplace



##### Capacity and Capabilities Building

To develop the necessary capabilities to future-proof our business, especially in the areas of People and Culture as well as Technology

These four key enablers will be imperative in the delivery of our Strategic Roadmap:



**People and Culture**



**Technology**



**Data and Innovation**



**Ecosystem**

#### KEY ENABLERS

We envisage that the initiatives to be implemented under the following five strategic pillars will ensure we progress towards being ASEAN's leading, sustainable and globally-connected marketplace.

#### STRATEGIC PILLARS



##### Strengthening Our Core Business – Securities Market

Our objective is to further develop our ecosystem and expand our product offering to cater to growth segments in the Securities Market



##### Diversifying the Derivatives Business

Our goal is to transform Bursa Malaysia into the leading commodities exchange in ASEAN through the internationalisation of our market and expansion of derivatives products



##### Positioning Bursa Malaysia as the Global Hub for Islamic Capital Markets

We aim to become the global leading exchange for Islamic fundraising, hedging and investments by expanding the range of Shariah-compliant products



##### Providing New and Improved Services to the Capital Market

We intend to develop new solutions, platforms and tools that support the markets' needs



##### Embedding Sustainability in Our Organisation and Marketplace

Our goal is to become the preferred marketplace for sustainable and responsible investment by embedding high standards of sustainability practices and disclosures in both our organisation and in Bursa Malaysia's public listed companies

## Our Operating Context

**Bursa Malaysia operates in a highly dynamic environment. Developments in the global economy, financial markets, technological landscape, regulatory framework and investment trends may have a direct impact on our ability to create value for our stakeholders. Collectively, these areas form the operating context for the Exchange.**

### Coping with the COVID-19 Pandemic

The World Health Organization's designation of the COVID-19 outbreak as a global coronavirus pandemic on 11 March 2020 has accelerated the change in the way economies and societies operate. Countries had quickly responded by restricting movement, intensifying testing and locking down economies to curb the spread of the virus with the unintended effect of disrupting businesses and livelihoods. Businesses were forced to temporarily shut down, negatively impacting workers' earnings and heaping additional pressure on an already stressed financial system and economy. Market volatility escalated in tandem with growing uncertainty over global economic prospects.

In response to these financial challenges, governments took immediate action to revive their economies. Financial relief measures taken included providing financial assistance to households and businesses and a blanket moratorium on the repayment of bank loans for a period of six months. Central banks also simultaneously increased liquidity in the banking system through debt purchases and kept overnight policy rates at record lows to support the weakening business environment and encourage greater economic activity. The Malaysian Government, for its part, injected a total of RM305.0

billion in economic stimulus to mitigate the impact of the COVID-19 pandemic. It also imposed a Movement Control Order (MCO) on 18 March 2020 which remained in effect, in one form or another, until the end of the year.

Members of the International Organisation of Securities Commissions who regulate over 95% of the world's capital markets made commitments to ensure that capital markets would continue to function in an orderly manner despite heightened volatility. This was crucial for global capital markets as it enabled continuous market access to funding and helped maintain investor confidence. Under this continuity plan, stock markets focused on improving the operational and financial resiliency of their market infrastructure, as well as accessibility to their markets by introducing new functionalities such as greater remote access and enhanced information flow.

Some regulatory requirements were also temporarily relaxed to give participants greater flexibility to overcome the challenges posed by the COVID-19 pandemic.

The following is an overview of the impact of the COVID-19 pandemic on our organisation

#### Securing Operational Excellence

- Activated our Pandemic Preparedness Plan to guide mitigation measures, protect our employees and stakeholders, ensure business continuity and safeguard the Exchange's reputation
- Re-organised our working arrangement without compromising our deliverables
- Implemented split office operation, reducing headcount at our main office and mobilising our employees to work from our Disaster Recovery Centre (DRC) and from home
- Leveraged on technology for remote working
- Extended support to all market intermediaries to ensure that they continued to have uninterrupted access to our systems

#### Prioritising Health and Safety

- Conducted all employees' learning and developments online
- Required our employees and visitors to the Exchange to observe our Guidelines on Management of the COVID-19
- Conducted frequent sanitisation at our main site and DRC
- Conducted regular staff updates on the status of the pandemic including updates on new MCO measures, new standard operating procedures and best practices

## Our Operating Context

|  |  |
|--|--|
| <b>Delivering Our Roles, Responsibilities and Commitment</b> | <ul style="list-style-type: none"> <li>• Worked together with the Securities Commission Malaysia (SC) to implement various market intervention measures to maintain orderly markets<sup>1</sup></li> <li>• Provided temporary relief measures to a broad group of market participants to help reduce their financial burden<sup>1</sup></li> <li>• Amended the Main Market Listing Requirements and ACE Market Listing Requirements to allow securities holders the option to electronically subscribe for rights shares, exercise convertible securities and participate in dividend reinvestment schemes</li> <li>• Launched new products and services such as the Option on US Dollar Denominated Refined, Bleached and Deodorised and Palm Olein Futures contracts<sup>2</sup></li> <li>• Rolled out new features on BursaMKTPLC such as the Return Simulator and on Bursa Anywhere mobile app, enabling investors to apply for new CDS accounts, register for e-Dividends, reactivate of dormant and inactive CDS accounts via the app</li> <li>• Launched our e-learning platform Bursa Academy to promote financial literacy and investor education<sup>2</sup></li> <li>• Conducted our first-ever virtual listing ceremony in October 2020 for Samaiden Group Bhd, which was listed on the ACE Market</li> <li>• Conducted our flagship events such as Invest Malaysia and the Palm and Lauric Oils Price Outlook Conference and Exhibition online in compliance with the MCO and reduce the risk of exposure to COVID-19</li> <li>• Engaged with our stakeholders virtually and restricted face-to-face marketing and promotional activities</li> <li>• Adjourned and subsequently conducted our fully virtual 43<sup>rd</sup> AGM with shareholders' remote participation and voting</li> </ul> |
| <b>Financial Performance</b>                                 | <ul style="list-style-type: none"> <li>• Elevated market activity contributed to Bursa Malaysia's better financial performance</li> <li>• Met all financial obligations to meet operating expenditure and settlement obligations, including operating in line with our risk and compliance management frameworks</li> </ul>  |
| <b>Business and Earnings Prospects</b>                       | <ul style="list-style-type: none"> <li>• The COVID-19 pandemic exacerbated operating conditions that were already affected by numerous factors including worsening trade tensions, concerns over a no-deal Brexit, volatility in the commodities market and weak corporate earnings performance. As we are highly linked to global market conditions, these factors have a direct impact on our business and income. In response to these challenges, we increased our efforts to keep our markets open, control costs and elevated organisational effectiveness by focusing on technology, innovation and business process improvements</li> </ul>  |
| <b>Sustainability of Our Business</b>                        | <ul style="list-style-type: none"> <li>• Continued to improve on our processes to enhance our delivery to stakeholders</li> <li>• Engaged with our key stakeholders regularly</li> <li>• Explored new partnership opportunities and investments in innovation and technology, and reinforced our digital touchpoints to better serve our users</li> </ul>  |

<sup>1</sup> For more details, see *Marketplace Report: Fair and Orderly Market* section on pages 107 to 113.

<sup>2</sup> For more details, see *Management Discussion and Analysis* on pages 57 to 79.

### Going Forward

The real long-term impact of the COVID-19 pandemic remains uncertain. In the short-term, however, the financial markets are likely to remain volatile and will remain reactive to new data related to the pandemic such as infection rates, the effectiveness of the vaccines being deployed and the continuing impact on economic activities and corporate performance.

Bursa Malaysia has managed to weather the pandemic relatively well, but the COVID-19 outbreak has impressed upon us the need to

accelerate our digital transformation, specifically in the delivery of our commitments to our stakeholders. While some enhancements have already been made towards this end, we will continue to explore new opportunities presented through technology.

Bursa Malaysia's initiatives for the next few years have been outlined under our 2021–2023 Strategic Roadmap, which has been designed to take the Exchange to the next level.

## Our Operating Context

### THE COMPETITIVE LANDSCAPE

Bursa Malaysia's competitive landscape is gradually changing with the emergence of alternative funding, trading, wealth management and tokenised securities platforms. These platforms, which leverage on new technological developments and cater to changing consumer trends, have already started to disrupt the traditional fundraising model by allowing greater access to funds and assets via alternative channels.

Collectively known as financial technology (fintech), greater competition is emerging in the capital markets in the form of new players and products, which drastically changes the landscape. This digitalisation trend is not expected to reverse but it has forced us

to do more as a fully-integrated exchange in creating greater value as well as attracting new and retaining existing market participants. We continue to evolve in tandem with the change in the competitive landscape and explore the use of new technology capabilities to drive our future growth while keeping our competitors at bay.

We view new technological developments as opportunities for us and believe that our position as an established exchange allows us to offer unique value propositions to our stakeholders. We have a long-established track record of being a trusted, stable, fair, orderly and secured exchange and we plan to further enhance that with the targeted deployment of fintech.

### ECONOMIC AND FINANCIAL TRENDS

Global capital markets were already operating cautiously at the start of 2020 amidst a number of developments including the ongoing Brexit negotiation, the anticipated US presidential election in November 2020 and continuing trade tension between the US and China. On the Malaysian front, markets were affected by developments in domestic politics at the start of the year.

The impact of the COVID-19 pandemic on the global markets was significant and unprecedented. For example, the price of West Texas Intermediate crude oil futures, one of the benchmarks in global oil pricing alongside Brent and Dubai crude, turned negative for the very first time on 20 April 2020 as demand for crude oil plummeted and oil storage rapidly reached capacity. Malaysia, meanwhile, fell into a technical recession after gross domestic product contracted in the second, third and fourth quarters of the year. According to the Department of Statistics, Malaysia's economy shrank 5.6% in 2020, the biggest contraction since the 1998 financial crisis.

The unfavourable market sentiment spurred the flight of foreign funds from the Malaysian equities market with foreign investors selling down almost RM25.0 billion in equities for the year. However, this gap was plugged by local investors, particularly retail investors, who

were net buyers to the tune of RM14.3 billion. Local institutions, meanwhile, purchased RM10.4 billion net worth of equities. Their combined buying support made up for the selling of equities by the foreign investors.

**i** For more information about the market landscape for our securities market, please turn to pages 57 to 79 of the Management Discussion and Analysis.

**The Malaysian economy is expected to grow between 6.5% and 7.5% in 2021 following a contraction of 5.6% in 2020.**

While key economic indicators are pointing towards an improving outlook for the Malaysian economy, the ongoing developments of the COVID-19 pandemic will continue to influence the volatility and performance of our markets. The Malaysian economy is expected to grow between 6.5% and 7.5% in 2021. This forecast stems from positive developments in the local economy including a rebound in production and trade figures, a decline in unemployment and a recovery in private consumption in the third quarter of 2020.

As the containment of the COVID-19 pandemic around the world is still uneven and fragile, it remains to be seen how key economies and markets will be affected in 2021.

### CHANGES IN THE REGULATORY ENVIRONMENT

We operate in a highly-regulated environment where changes to the regulatory landscape could impact our performance. We work closely with the SC to ensure that regulatory changes are supportive of capital market growth and our markets remain fair and orderly. Bursa Malaysia is at the regulatory frontlines of our capital market and therefore responsible for the issuance and enforcement of market rules that protect the interest and rights of our market participants.

To further enhance the regulatory oversight of our capital market, we have incorporated a wholly-owned subsidiary – Bursa Malaysia

Regulation Sdn Bhd (Bursa Regulation) – to assume the regulatory functions undertaken by Bursa Malaysia and its subsidiaries. The separation of the regulatory function will enhance our governance structure and address the perceived conflict of interest of Bursa Malaysia as a commercial organisation and as a market regulator. Bursa Regulation will be governed by a board of directors, majority of whom are independent of Bursa Malaysia.

Moving forward, calls for a transition to a lower-carbon economy may also see regulatory changes in the capital market that are aligned with this movement.



## Our Operating Context

In terms of our commercial objectives, there are two regulatory developments that may have an impact on our value creation activities:

- i. On 28 October 2020, the SC's revised Guidelines on Digital Assets came into force and applications were open for licences to operate Initial Exchange Offering platforms. These fundraising platforms, which deal in securitised tokens, create another fundraising avenue for companies and gives fundraisers another channel for raising funds. While we welcome the addition of this new dimension of fundraising to the Malaysian capital markets, we are also aware that these platforms may add additional competitive pressure. In anticipation of this development, we have started to take necessary measures to develop in-house capabilities to leverage on this opportunity.
- ii. On 12 November 2020, the SC launched its framework on Islamic funds with Waqf features that effectively broadens the range of Islamic capital market products and provides public access to Islamic funds that allocate returns towards socially impactful activities via Waqf. While the current framework only applies to unit trust funds and wholesale funds, this development of a new Islamic framework may prove to be a valuable opportunity for Bursa Malaysia, especially if it is extended to apply to exchange-traded funds. Specifically, the Waqf mechanism has direct implications for social responsibility in which the Exchange has a direct interest.

### NON-FINANCIAL TRENDS

Quickly evolving technology has changed the way organisations, including stock exchanges, create value to meet stakeholders' expectations. The ubiquity of technology has had significant impact on the way that our stakeholders participate in the market, such as the growing demand for digital market solutions. The COVID-19 pandemic has accelerated the pace as market participants grow more wary of exposure to the virus through close physical contact.

Meanwhile, Bursa Malaysia has strengthened its capabilities in the areas of anti-fraud, bribery and corruption in line with the national objective of building a nation with integrity and one that is free from corruption. Pursuant to the government's directive, Bursa Malaysia has established an Integrity and Governance Unit to strengthen internal controls preventing corruption, abuse of power and malpractices.

We note that the corporate liability provision under the Malaysian Anti-Corruption Commission Act 2009 which came into force on 1 June 2020, empowers authorities to hold companies criminally liable for acts of corruption by its directors, employees or associated persons. While the Exchange has always held a zero-tolerance policy on acts of corruption, the enforcement of the provision places greater emphasis on the need to prevent corruption and to address them as soon as they arise.

The Exchange is fully supportive and committed to this nationally-driven goal and is highly aware of our position as a role model for other PLCs. Therefore, in line with the National Anti-Corruption Plan which applies to PLCs, we have developed an Organisational Anti-Corruption Plan to guide our efforts in further strengthening governance, integrity and anti-corruption controls within our organisation.

### Developing Our Sustainability Strategy

The COVID-19 pandemic has put the spotlight on environmental, social and governance (ESG) issues such as employees' safety and welfare as well as income and wealth inequalities. The pandemic also raised greater awareness on climate change as the world has seen first-hand the impact of human activity on nature, and how, in return, natural occurrences can threaten human livelihoods because of that interference.

The greater focus on ESG has translated to growing demand for sustainable investments and securities. In a trend that has been growing over the past decade, organisations have increasingly embraced sustainability and good corporate governance as a key priority for their activities as it has been proven that ESG-focused investments show more resilience in times of crisis. Investors have similarly grown more aware of the merits of ESG-themed assets thus sparking the growth of Shariah-compliant, Socially Responsible Investments as well as other ESG-related funds.

In anticipation of the rapid rise of ESG investing trends and emerging best practices, Bursa Malaysia continues to make sustainability a key focus area and placed greater emphasis on creating an enabling ecosystem to facilitate the issuance and trade of ESG-themed investment products. This also includes transforming Bursa Malaysia's culture through our programme, 'Make Sustainability a Way of Life', which is a call to our employees to incorporate a sustainability mindset.

Embedding sustainability into our organisational DNA has correspondingly changed the way we function as a market operator, regulator and a listed company. Our sustainability strategies and practices are guided by global recommendations and principles such as those set out by the Task Force on Climate-related Financial Disclosures and the World Federation of Exchanges. In addition, Bursa Malaysia has also become a participant of the United Nations Global Compact (UNGC), and we have since included disclosure of our status of alignment with the Ten Principles of the UNGC in our Sustainability Report 2020.

The year under review saw us complete and release the most recent iteration of our Sustainability Roadmap, which will guide us towards our sustainability goals and in helping us further integrate sustainability into our business activities. We are confident that our emphasis on sustainability will result in long-term sustainable growth and value creation for our stakeholders.

## Our Stakeholders

**As an Exchange, we are accountable to a large group of stakeholders. We seek to be transparent in our engagements with them in order to build relationships of trust that support our long-term value creation. In addition, we place significant emphasis on these stakeholder engagements to ensure that our business practices are aligned with their needs and expectations.**

A comprehensive description of our stakeholder groups, engagements as well as conversations with them are detailed on pages 72 to 77 in our standalone Sustainability Report 2020 prepared in accordance with Global Reporting Initiative Standards: Core option. The following is a summary of our Stakeholder Groups:



PLCs or potential PLCs  
(including advisers and secretarial firms that act on their behalf)



Investors



Intermediaries  
(including brokers, clearing participants, authorised direct members and authorised depository agents)



Regulators and Government Agencies



Employees



Shareholders and Analysts



Industry associations, professional bodies and industry experts



Vendors and Suppliers



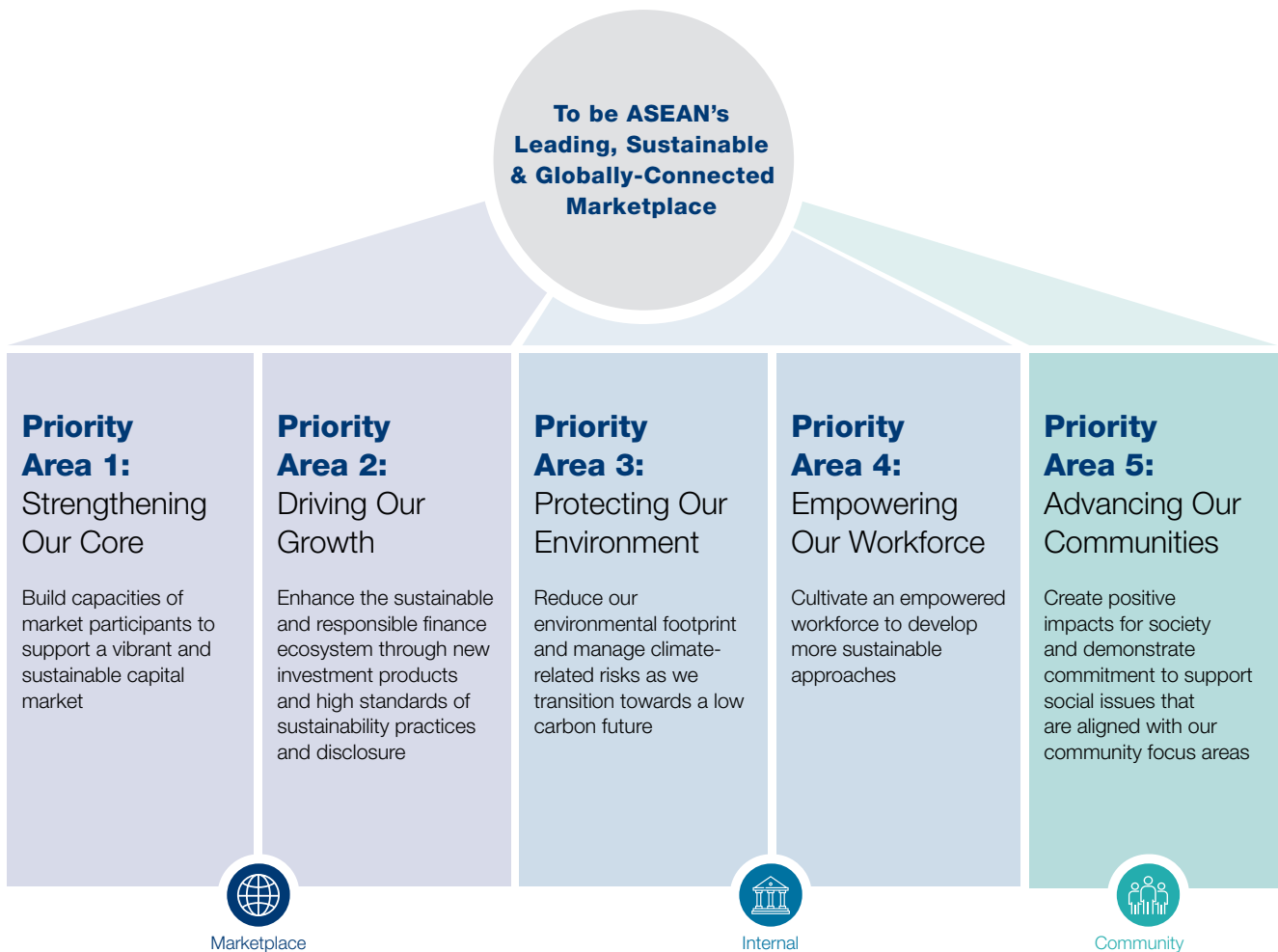
Community groups  
(including non-profit organisations (NGOs) which are beneficiaries of our community initiatives)

## Our Approach to Sustainability and Material Matters

### Our sustainability approach is shaped by our vision to be ASEAN’s leading, sustainable and globally-connected marketplace.

We aim to integrate a strong sustainability focus into our core business activities. To that end, we have established a Sustainability Policy which solidifies this commitment. In ensuring a clear framework for our sustainability-related priority areas and strategies across the organisation, we developed dedicated time-bound roadmaps guided by material sustainability issues for Bursa Malaysia and the capital market. Our sustainability strategies and efforts are also regularly benchmarked against best practices, frameworks and indices criteria, including the United Nations Sustainable Development Goals (SDGs). We are committed to do our part to support the achievement

of the SDGs by 2030 through our sustainability strategies and efforts. During the year under review, we developed a new Sustainability Roadmap (Roadmap) to replace our previous Sustainability Roadmap which expired at the end of 2020. The new Roadmap was developed after a careful review of outcomes from the materiality assessment exercise and engagements with key internal and external stakeholders. The new Roadmap outlines key sustainability strategies which we intend to work on until 2023 and is based on these five priority areas.



## Our Approach to Sustainability and Material Matters

### Sustainability Governance

Our Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of Bursa Malaysia and also embedded into our day-to-day operations. The Corporate Sustainability Committee (CSC) is set up to oversee the formulation, implementation and effective management of Bursa Malaysia's sustainability strategies.

The CSC comprises members who are key management personnel and is chaired by Bursa Malaysia's Chief Executive Officer (CEO). The development and implementation of sustainability strategies across our business are undertaken by the Group Sustainability and also other divisions/departments as may be relevant. The Group Sustainability is headed by the Director of Group Sustainability, who reports directly to the CEO.

### Materiality Assessment 2020

In accordance with our strategic planning cycle, we conduct comprehensive materiality analyses every three years, to identify, understand and prioritise the economic, environmental and social issues that matter most to our business and stakeholders. Our materiality approach is a core component of our sustainability management process, which helps align our strategies, performance management and reporting with stakeholder expectations and our strategic objectives.

We also carry out an annual pulse check to ensure the issues identified reflect evolving stakeholder priorities and our impact creation potential, as well as to help us anticipate relevant megatrends.

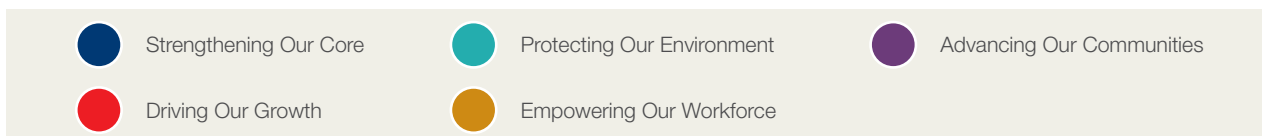
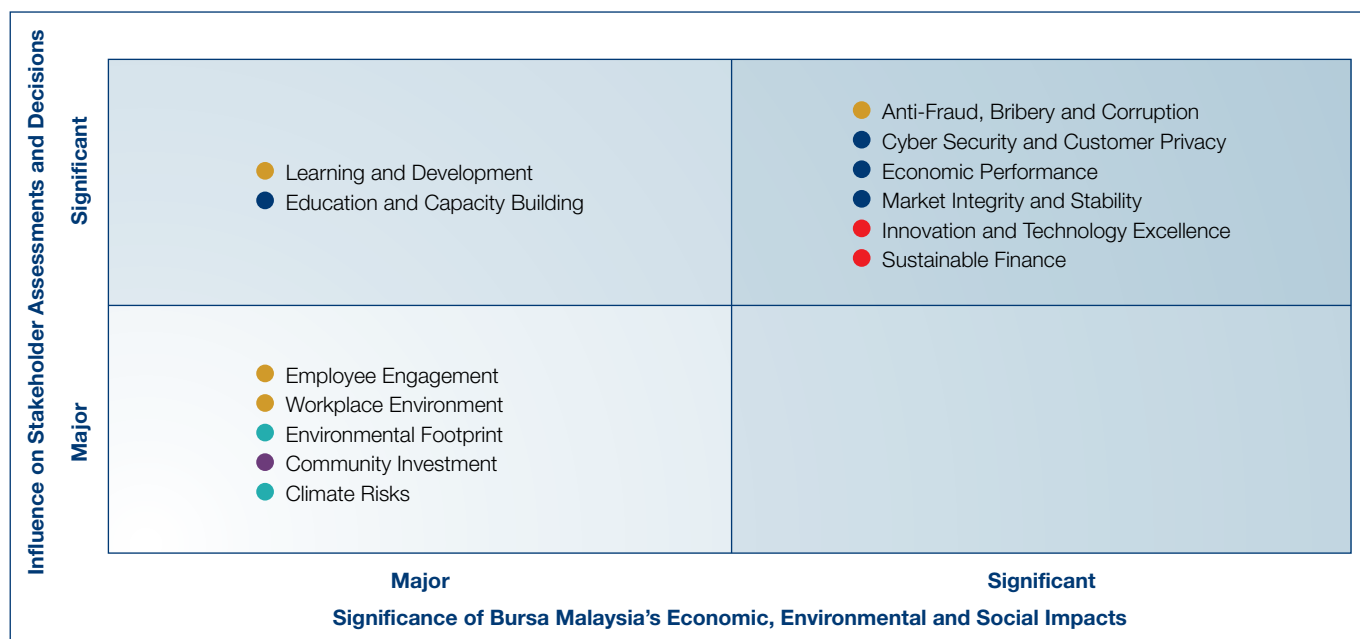
In 2020, we undertook a comprehensive assessment to identify our Material Matters. Our materiality assessment comprises the following activities:

- An internal review of our overall materiality methodology and 17 Material Matters from our 2019 Materiality Assessment
- Identification of a broad list of potential sustainability issues through a scan of globally recognised and investor-driven sustainability frameworks, international sustainability rankings and indices as well as a review of peer exchanges' sustainability disclosures
- An online survey to solicit feedback from external and internal stakeholders
- Focus group sessions with selected stakeholder groups and key opinion leaders
- Management discussion on the prioritisation of Material Matters

**i** For more information on our materiality assessment, please refer Sustainability Report 2020 from pages 69 to 71.

## BURSA MALAYSIA MATERIALITY MATRIX

A total of 13 Material Matters were identified and have been clustered into five Priority Areas that will form the basis of our Sustainability Roadmap 2021–2023 as well as the narratives of our Sustainability Report.



## Our Approach to Sustainability and Material Matters

### Our Approach to Managing Our Material Matters

#### Priority 1:

#### Strengthening Our Core

We operate and regulate a fully integrated exchange that offers a comprehensive range of exchange-related facilities and services. As a market operator, our core activity is to build a vibrant and sustainable capital market which is supported by system infrastructure that allows our operation to function without disruption. As a frontline regulator, we strive to create a more efficient and facilitative market ecosystem for all our market participants. Therefore, it is important for us to continue to strengthen our core so that we can deliver long-term value to our stakeholders.



#### Economic Performance

##### Our Approach

We employ various targeted approaches to ensure economic value is distributed proportionately for the specific stakeholder groups, namely shareholders, employees, community, suppliers and service providers, and government. We have a dividend policy where we commit to pay our shareholders an annual dividend of no less than 75% of our Profit After Tax, Zakat and Minority Interest (PATAMI). We have also pledged to contribute 1.0% of our Profit After Tax for 2020 towards community projects aimed at benefitting society. This is inclusive of the inaugural RM667,000 zakat contributed by Bursa Malaysia in 2020.

##### Our Key Progress

- Refer to Our Performance section in this report on page 7

##### Relevant Indicators

- RM377.7 million PATAMI, increased by 103.2% year-on-year
- 51.0 sen per share of total dividend payout for 2020, increased by 145% from the total dividend of 20.8 sen per share paid in 2019
- 88% of our suppliers were local vendors



#### Market Integrity and Stability

##### Our Approach

We are guided by our three-year Regulatory Plan as well as our statutory obligation to maintain a fair and orderly market and act in the public interest, having particular regard to the need for the protection of investors.

##### Our Key Progress

- Announced a set of relief measures targeted at our public listed companies (PLCs) to help lessen the financial and compliance burdens and provide greater flexibility in navigating the challenges posed by the COVID-19 pandemic
- Incorporated a wholly-owned subsidiary - Bursa Malaysia Regulation Sdn Bhd (Bursa Regulation) to assume the regulatory functions undertaken by Bursa Malaysia and its subsidiaries
- Introduced temporary revisions to existing market management and control mechanisms as a response to volatile market conditions
- Provided additional flexibilities to help intermediaries manage the challenging operating conditions
- Provide support to intermediaries to ensure no disruption to their services during the pandemic

##### Relevant Indicators

- 98.7% of submissions of financial information by PLCs received on time
- Only six PLCs had deviation of more than 10% between the unaudited and audited results based on fiscal year end
- 50 media queries issued on media articles
- 196 queries issued on corporate announcements
- 2.7% of PLCs were classified as financially distressed

## Our Approach to Sustainability and Material Matters



### Education and Capacity Building

#### Our Approach

We adopt a stakeholder-centric approach to help shape our education and capacity building strategies. In addition, we collaborate with various industry partners, our intermediaries and training providers to design appropriate programmes and initiatives that meet our strategic objectives. As technology continues to grow at a rapid pace, we also aim to leverage on digital tools to deliver our education content and programmes.

#### Our Key Progress

- Launched Bursa Academy, a content-rich e-learning website to facilitate financial literacy and investment learning for the public
- Issued the Intermediaries' Communication on Supervision of Trading 2.0 and Intermediaries' Communication on Remuneration Practice
- Launched the Equality for Equity Campaign to raise awareness on gender investing gap in the Malaysian equity market, in conjunction with Ring the Bell for Gender-Equality
- Organised Ring the Bell for Financial Literacy
- Was the exclusive event partner of the Securities Commission Malaysia's (SC) InvestSmart Fest 2020
- Established two more Bursa Young Investor Club (BYIC) chapters at Swinburne University of Technology (Sarawak campus) and University Sains Islam Malaysia
- Moved all education and capacity building initiatives to virtual mode

#### Relevant Indicators

- 1,690 participants attended our advocacy programmes for PLCs
- 827 participants from Participating Organisations (POs) and Trading Participants (TPs) attended our training sessions
- 253,518 participants attended our investor education programmes on Securities, Derivatives and Islamic Capital Markets
- 844,496 registered users for BursaMKTPLC and 36,671 registered users for Mirror, Learn & Trade
- 93,019 visitors accessed Bursa Academy website
- 26 BYICs across Malaysia comprising 2,118 student members



### Cyber Security and Customer Privacy

#### Our Approach

Cyber security threats and attempted attacks at our perimeter network were effectively mitigated and contained by the various security controls and solutions that are in place. Bursa Malaysia continues to remain proactive and vigilant and to ensure the overall robustness and effective controls on cyber resilience. A Technology and Cyber Security Committee (TCC) was established in 2019 to oversee all technology and cyber security related functions of Bursa Malaysia and ensure a more coordinated approach in preventing and mitigating our cyber risk. We also continue to improve the resilience of our technology infrastructures, support continuous training and upskilling of our IT personnel, while raising awareness among employees on cyber security issues.

#### Our Key Progress

- Information Security Management System for all our Priority 1 services has been extended to ensure ISO 27001 certification to all critical systems
- Remained vigilant and conducted regular assessment to identify and detect any potential security threats. In 2020, we adopted the Unified End Point Management Solution to manage all mobile devices within the organisation
- Carried out continuous awareness programmes and issued regular email communications to educate our employees on cyber security matters

#### Relevant Indicators

- No material breaches or substantiated complaints concerning cyber security and customer privacy. We continue to remain vigilant in this area

## Our Approach to Sustainability and Material Matters

### Priority 2:

#### Driving Our Growth

The pursuit of growth is a crucial component for the survival of every business. It drives better business performance that can lead to greater profitability, improved resiliency to competition and higher preparedness to embrace change. We constantly keep abreast of emerging trends in the market to identify new growth frontiers. At the same time, we continue to enhance our capabilities so that we can be ever-ready to respond to new opportunities that arise.



#### Sustainable Finance

##### Our Approach

We adopt a multifaceted approach to advance the sustainable finance agenda. In general, our approach focuses on three key areas:

- Facilitating sustainable and responsible investment products and services**  
 This includes alignment between Shariah and environmental, social and governance (ESG) investing, supporting ESG investments, facilitation of microfinancing to underbanked communities and promotion of the LEAP Market.
- Enhancing corporate governance and sustainability practices and disclosures**  
 We employ a comprehensive approach in strengthening the corporate governance and sustainability practices and disclosures of our PLCs that includes providing a reporting framework, undertaking disclosure review and education.
- Participation in relevant committees, working groups and events**  
 We actively participate in various working groups and committees that enable us to work closely with other financial market regulators, peer exchanges around the world and other sustainability proponents in steering the capital markets along more sustainable paths. We also actively engage our stakeholders for consultation and feedback.

##### Our Key Progress

- Organised the Shariah Investing Virtual Conference 2020 and Shariah Investing Dialogue Series 2020
- Continued to create awareness and provide guidance to SMEs on the benefits of listing on the LEAP Market and the listing process
- Completed ESG Artificial Intelligence Proof-of-Concept (AI PoC) which aimed to fill a market need for easily accessible ESG data and information to support investment decisions, monitoring, research, or product development by market participants
- Signed a memorandum of understanding with UN Global Compact Malaysia and Brunei to collaborate on several areas to advance the corporate sustainability agenda
- Took active roles in global workstreams to contribute to relevant documents that support the development of the sustainable finance ecosystem, as well as participated in several events to drive thought leadership conversations in sustainable finance
- Continued to conduct various advocacy programmes in the areas of corporate governance and sustainability for directors, practitioners and company secretaries
- Launched the Sustainability Healthcheck, a free self-assessment tool designed to help PLCs diagnose where they are on their sustainability journey, as part of our continuous enhancements to BURSASUSTAIN

##### Relevant Indicators

- 75 FTSE4Good Bursa Malaysia (F4GBM) Index constituents (increased from 69 in 2019) of which, 54 are Shariah-compliant
- 26 one-on-one engagements with PLCs on F4GBM Index
- RM1.7 billion disbursed by Amanah Ikhtiar Malaysia (AIM) to the community through Bursa Suq Al-Sila' (BSAS) (down from RM2.6 billion in 2019)
- RM2.0 billion financing by cooperatives on BSAS (up from RM0.8 billion in 2019)
- 86 cooperatives trading on BSAS (increased from 62 in 2019)
- 34 listed companies on LEAP Market (increased from 28 in 2019)
- 7 Malaysian PLCs recognised as being among the Top 20 ASEAN PLCs in the ASEAN CG Scorecard Awards 2019
- Improved average CG score for the Top 100 Malaysian PLCs from 80.4 in 2015 to 98.4 in 2019 in the Malaysia-ASEAN CG Scorecard by MSWG
- Recorded average compliance levels of 93% and average quality scores of 68% across 300 sampled PLCs in the sustainability disclosure review 2020
- 144,146 page views on BURSASUSTAIN (increased from 121,174 in 2019); and 46,849 visitors on BURSASUSTAIN (increased from 44,618 in 2019)

## Our Approach to Sustainability and Material Matters



### Innovation and Technology Excellence

#### Our Approach

Innovation and technology represent vital components in Bursa Malaysia's new three-year Strategic Roadmap.

Further, we have also developed a Technology Roadmap that outlines key initiatives and provides clear guidance and principles to ensure our technology infrastructure is designed to provide the balance required for availability, security, flexibility and manageability to meet the current and future business and technological needs.

#### Our Key Progress

- Completed the Cloud-based Analytics Dashboard PoC and Bonds on Blockchain PoC
- Launched the "InvestHack" hackathon event in partnership with CGS-CIMB Securities Sdn Bhd, to develop innovative solutions and offerings that could enhance retail investor participation in the marketplace
- Continued to ensure system availability and improved resiliency by undertaking a systems refresh exercise such as Equity Post Trade Technology Refresh and Bursa Trade Securities2 Technology Refresh
- Enhanced customer digital experience by releasing additional features for Bursa Anywhere mobile app that aimed to help depositors better manage their CDS accounts remotely
- Carried out initiatives that aimed to improve operational efficiency, such as:
  - process automation and workflow project
  - enhancement on the onboarding process for our market participants
  - enable digital submission of draft information memoranda and online applications for admission of sponsors and advisers for the ACE and LEAP Markets via Bursa LINK
  - adoption of Enterprise Data Management Framework
  - enhancement of our Derivatives Clearing and Settlement system to cater to the re-launch of the FMG5 revised settlement method

#### Relevant Indicators

- 138,622 registered Bursa Anywhere users

### Priority 3:

#### Protecting Our Environment

The destruction of the natural environment often can be catastrophic and have far reaching consequences to our health and societal wellbeing. In our view, organisations should continuously evaluate their impacts to ensure a mutually productive relationship with the natural environment. Every step we take towards a greener future can help to preserve the planet for future generations.



### Climate Risks

#### Our Approach

In setting an example as a PLC, we became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2018. As a frontline regulator, we actively engage on platforms such as the Joint Committee on Climate Change (JC3) of which Bursa Malaysia is Chair of its Sub-Committee 2 on Governance and Disclosure, to maximise reach and impact. Additionally, we play facilitative and supportive roles to PLCs via bespoke advocacy programmes.

Our commitment to considering climate risks and opportunities and promoting good environmental practices among our PLCs are embedded in our Sustainability Policy, which is available on our website.

#### Our Key Progress

- Joined the United Nations Sustainable Stock Exchanges Advisory Group on Climate Disclosure, a new workstream launched in 2020 that aims to support exchanges in developing best practice guidance for issuers on climate-related disclosures
- Undertook an assessment of climate-related disclosures across a sample of financial institutions operating in Malaysia as part of the members of Sub-Committee 2 on Governance and Disclosure of the JC3
- Conducted a Sustainability Thematic Workshop on Climate Change: Practical Steps in Measuring and Managing Greenhouse Gas (GHG) Emissions for PLCs
- Embarked on a systematic process to identify the steps required towards full-adoption of the recommendations of the TCFD

#### Relevant Indicators

- None



## Our Approach to Sustainability and Material Matters



### Environmental Footprint

#### Our Approach

We continually assess our GHG emissions, energy efficiency and water usage. We also measure the amount of hazardous and non-hazardous waste generated as well as paper and fabric-based items recycled at our office.

We also apply the precautionary principle as defined in the GRI Standards and the Ten Principles of United Nations Global Compact to identify potential environmental impacts, appropriate preventive actions and cost-effective measures to mitigate negative impacts on the environment and human health. Through our Vendor Code of Conduct, we also encourage our vendors to operate in an environmentally responsible manner.

#### Our Key Progress

- Implemented several energy saving measures over the last three years to improve our building energy efficiency
- Explored the feasibility of installing solar photovoltaic (PV) system at our building rooftop space

#### Relevant Indicators

- Negligible reduction (0.1%) in total GHG emissions in 2020 compared to 2019 (approximately 11% reduction since 2017)
- 0.23MWh/m<sup>2</sup> in building energy intensity
- 7,170kg of paper and 2,522kg fabric-based items recycled

### Priority 4:

#### Empowering Our Workforce

Creating a strong, ethical and empowered workforce is a top priority for Bursa Malaysia. Our employees represent our most valuable asset and make up the backbone of our organisation. They play a vital role in contributing towards our business success and our ability to create stakeholder value. We firmly believe in investing in our employees through progressive measures that can help nurture individual growth and integrate employees into our overall strategic vision and mission.



### Anti-Fraud, Bribery and Corruption

#### Our Approach

We adopt a zero-tolerance approach towards fraud, bribery and corruption. We ensure that we are in compliance with all relevant laws, including anti-corruption laws, and we treat any allegation of such a conduct very seriously. Our Board maintains oversight of our approach to managing fraud, bribery and corruption risks.

Internally, we also employ the Three Lines of Defense model and have a comprehensive framework for managing fraud, bribery and corruption, including a Whistleblower Policy and Procedures to provide an avenue for employees or any external party to report any breach or suspected breach of any law or regulation.

#### Our Key Progress

- Enhanced our Anti-Fraud, Bribery and Corruption Policy and Guidelines, Code of Ethics for Bursa Malaysia Group, Code of Conduct and Ethics for Directors, and Whistleblower Policy and Procedures
- Developed the Bursa Malaysia Organisational Anti-Corruption Plan (OACP) which outlines a comprehensive programme to strengthen governance, integrity and anti-corruption controls within Bursa Malaysia for the next three years
- Established a dedicated Integrity and Governance Unit (IGU) to strengthen our integrity and anti-corruption management system
- Introduced a Vendor Code of Conduct to communicate Bursa Malaysia's policies and expectations to all existing and prospective vendors
- Revised our Purchasing Policy to align the existing processes with the current needs of Bursa Malaysia and introduce automation into our purchasing processes

#### Relevant Indicators

- 99% of employees received the training on the corporate liability provision under section 17A of MACC Act 2009 and the Bursa Malaysia Anti-Fraud, Bribery and Corruption Policy and Guidelines

## Our Approach to Sustainability and Material Matters



### Workplace Environment

#### Our Approach

The wellbeing of our workplace environment is anchored on three key tenets:

- **Diversity and Inclusion**

We strive to be an equal opportunity employer for all and we are committed to developing a diverse and inclusive workforce that reflects the multicultural society in Malaysia. Our commitment towards diversity and inclusion is also covered in our Board Diversity Policy comprised within our Board Charter. We embrace all forms of diversity with a particular focus on gender equality. We are a signatory of the Women's Empowerment Principles which reinforces our commitments to strengthening gender equality in the workplace as well as the markets and the community.

- **Health and Safety**

We have an Occupational Safety and Health (OSH) Committee which comprises members from the management team and our workforce. We are committed to creating an enabling environment for employees to embrace an active and healthy lifestyle. We have also implemented several safety and security measures to protect our employees from any external security risks.

- **Good Labour Practices**

Our commitment to uphold fair labour practices and protection of human rights is embedded within our Sustainability Policy and Employee Code of Ethics. We also acknowledge our employees' rights to freedom of association and collective bargaining. Thus, we have recognised the National Union of Commercial Workers since 1990 to represent our non-executive employees.

#### Our Key Progress

- Included into the 2020 Bloomberg Gender-Equality Index which recognises companies that are committed to advancing women's equality and high-level transparency in gender reporting
- Implemented flexible working hours to provide employees more control over their time schedule
- Implemented several measures to protect our employees and minimise exposure risks to COVID-19
- Completed a comprehensive review of our OSH management systems which covered the state of safety, ergonomics and hygiene in the workplace

#### Relevant Indicators

- 44.4% of our senior leadership roles held by women
- 1:1 for Male and Female Pay Ratio
- 7.6% of female employees promoted and 6.0% male employees promoted
- 5.1% turnover rate for female employees and 4.1% turnover rate for male employees
- 61% of our non-executive employees were union members as at 31 December 2020



### Employee Engagement

#### Our Approach

Our employee engagement approach is centred on four key objectives:

- Ensuring alignment of internal culture with BURSA values
- Promoting social connectedness and sense of belonging
- Encouraging open and transparent communication
- Building a culture of recognition

#### Our Key Progress

- Rolled out an organisational-wide culture programme to create measurable and sustainable improvements
- Carried out a series of employee engagement surveys throughout the year to gain insights into our employees' perceptions and attitudes towards their respective departments and overall work culture
- Organised several town hall sessions to engage our employees on important company updates and strategic issues that help the organisation succeed
- Continued to reward our employees' children who have excelled in major public examinations

#### Relevant Indicators

- 39% improvement in overall sentiment when compared against our baseline assessment established from our first survey

## Our Approach to Sustainability and Material Matters



### Learning and Development

#### Our Approach

We adopt the 70-20-10 model for learning and development. In addition to that, each employee is required to submit an individual development plan or training action plan which is further embedded into their individual performance scorecards. We also leverage on both physical and digital channels to deliver our learning and development programmes.

#### Our Key Progress

- Enhanced GO1, our e-learning platform by expanding our content library, enabling more customisation options for in-house e-courses development, providing on-the-spot online technical support for system administrators, improving search capabilities, and built-in algorithm to allow personalised recommendations of e-courses
- Delivered training programmes as per Learning Plan for 2020

#### Relevant Indicators

- 20,610 total training hours
- RM1,371,826 invested in the learning and development of employees

### Priority 5:

#### Advancing Our Communities

We are connected in one way or another. We recognise we all have a role to play in securing a sustainable future for everyone on the planet. To us, advancing our communities helps to create a sense of shared progress.



### Community Investments

#### Our Approach

To ensure our community investment efforts deliver impacts to their full potential, we adopt the following key approaches:

- Develop targeted long-term programmes that are aligned with the identified strategic priorities of Bursa Malaysia
- Seek out partnership opportunities to scale-up efforts and implement solutions towards common goals
- Continuously improve existing mechanisms and processes to enhance capacities and efficiencies in delivering sustainable impacts

#### Our Key Progress

- Developed 2021–2023 Corporate Social Responsibility (CSR) Plan that will shape our priorities and efforts for the next three years
- Donated RM737,000 as our COVID-19 community response, which was focused on supporting those least able to cope, especially communities that were disproportionately affected by the pandemic
- Entered into a strategic collaboration with Creador Foundation to drive financial literacy awareness
- Launched a fundraising campaign together with six participating brokers to support awareness creation among underprivileged women from B40 communities on the importance of early detection and screening of breast cancer

#### Relevant Indicators

- 11 COVID-19 designated hospitals received medical equipment donated by Bursa Malaysia
- More than 7,000 individuals from B40 communities received sustenance donated by Bursa Malaysia
- 21 scholars supported under Yayasan Bursa Malaysia Scholarship Programme
- RM219,240 raised during the fundraising campaign for breast cancer

## Key Risks and Opportunities

Bursa Malaysia is exposed to a number of risks owing to its status as Malaysia's stock exchange and its roles as a market facilitator and frontline market regulator. As the global financial market is a highly interconnected ecosystem, the emergence of global systemic risk can quickly translate into deteriorating operating conditions that may affect our ability to create value.

We have seen in the past year the way that the COVID-19 pandemic quickly evolved from being a health issue to one that systemically affected all aspects of life and business. We must be vigilant and remain prepared for future developments that may have a similar impact.

At the same time, there are also ample business opportunities open to us because of our position and role as Malaysia's stock exchange. These opportunities may arise as the result of our continuous improvement efforts over the years, or they may arise due to other unprecedented external factors. A good example of the latter was the substantial increase in domestic participation in our capital market in 2020 as investors were drawn to the market by a combination of factors including increased liquidity, volatility in the market and a low interest rate environment. In either case, we strive to make the most of these opportunities when they present themselves.

### Risks Related to the COVID-19 Pandemic

We have identified a number of new or heightened risk items due to the pandemic including:

Potential delays in the completion of planned activities

Potential threats to health and well-being in Bursa Malaysia's physical working environment

Greater uncertainty and volatility in the price of commodities

To overcome these challenges, we have put in place robust risk management policies and controls to ensure the continuity of our business operations despite the pandemic.

These risk items will likely persist until the pandemic abates and operating conditions settle at a new norm. To further mitigate the impact of the pandemic, Bursa Malaysia will continue to strengthen core operations and leverage on technology to reduce the risk of business interruption. In 2020, we have further strengthened our business continuity procedures and processes by establishing the Pandemic Preparedness Plan for COVID-19 and Guidelines on Management of Events in Workplace During a Pandemic to ensure the readiness and availability of response plans in managing the COVID-19 and potential pandemics in the future. We also established Standard Operating Procedures (SOPs) for split office operations outlining the requirement and strategies to maintain the continuity of critical business functions. Bursa Malaysia will continue to work closely with our stakeholders to ensure orderly operations and reliable access to the Malaysian capital market.

## Key Risks and Opportunities

### How We Manage Risk

To ensure effective oversight of risks at the enterprise-wide level, we have embedded risk management in all our key processes and activities. These are guided by our Enterprise Risk Management Principles and Framework (ERMPF), which was designed in accordance with ISO 31000:2018 Risk Management – Guidelines. In addition, Bursa Malaysia adopts the Guidelines on Financial Market Infrastructures issued by the Securities Commission Malaysia (SC) and Principles for Financial Market Infrastructures (PFMI) issued by the International Organisation of Securities Commissions (IOSCO) to manage the risks of our business and operations.

These best practice risk management standards are encapsulated into the overarching risk management and compliance framework known as the Integrated Governance, Risk and Compliance (IGRC) Framework which is supplemented by various guidelines and SOPs within Bursa Malaysia.

One of the key features of the risk management framework is the implementation of the three lines of defence comprising established and clear functional responsibilities and accountabilities for the management of risk.

**1<sup>st</sup> Line of Defence:** Comprises business units and the Management Committee (MC)

**2<sup>nd</sup> Line of Defence:** Comprises Risk and Compliance (RC) team, Management Risk and Audit Committee (MRAC) and Risk Management Committee (RMC)

**3<sup>rd</sup> Line of Defence:** Comprises our Internal Audit (IA) team and the Audit Committee (AC)

Our risk management approach accomplishes, inter alia, the following:

Monitor Bursa Malaysia's risk environment, guides business activities to develop a corporate risk profile (CRP) and mitigate risks that may adversely affect Bursa Malaysia's ability to achieve its goals.

Monitor the evolution in the competitive landscape and key risks noted from the development of competitors, which may potentially support or impede Bursa Malaysia from achieving its objectives.

Monitor the delivery of high-impact projects and assess their implications on Bursa Malaysia's strategic objectives.

Integrate risk management into our organisational processes to facilitate informed decision-making.

Bursa Malaysia performs an annual risk assessment to review our key risk areas and subsequently develop our CRP. Our CRP describes the severity of risks within key risk areas of Bursa Malaysia at the corporate, division and business case levels based on a set of risk criteria using the measurements of Impact and Likelihood. In each case, our ability to sustainably carry out our business may be put in jeopardy should these risks materialise into actual risk events, especially if there are no adequate mitigation processes in place to address the fallout from these risk events.

The risks identified in the CRP are further specified into four categories.

**OPERATIONAL RISK**

**FINANCIAL RISK**

**STRATEGIC RISK**

**LEGAL AND REGULATORY RISK**

**i** More information regarding our risk management activities and their guiding principles are disclosed in our Statement on Internal Control and Risk Management on pages 114 to 122 of this report.

## Key Risks and Opportunities

### OPERATIONAL RISK

Bursa Malaysia's management of operational risk is guided by Principle 17 of the IOSCO PFMI. Operational risk is defined as risk arising from deficiencies in information systems or internal processes, human errors, management failures or disruptions from external events that could result in the reduction, deterioration or breakdown of services provided by Bursa Malaysia.

The following are the key operational risks faced by the Exchange:

#### BUSINESS INTERRUPTION

Business interruption risks refer to events or factors that may disrupt the day-to-day functions of Bursa Malaysia. Examples of business interruption risks include viral pandemics, systems disruptions, performance failures by third-party service providers, internal sabotage, as well as internal and external hazards. Bursa Malaysia has a comprehensive Business Continuity Plan (BCP), including a Disaster Recovery Plan which is tested annually to ensure continuity of the business and technology operations. In addition to mandatory industry-wide assessments, Bursa Malaysia also conducts BCP exercises for market participants to ensure that Bursa Malaysia remains accessible through their systems in the event of a disruption.

#### Related Material Matters



#### Related Capitals



#### PHYSICAL BREACHES

Bursa Malaysia has in place several controls to mitigate physical breaches covering our main building as well as at our Disaster Recovery Center (DRC). To ensure that Bursa Malaysia is sufficiently prepared to meet any eventuality, plans have been formulated and tested to address several possible scenarios that may compromise the level of physical security at Bursa Malaysia's premises. Measures include security teams, police presence, active surveillance and access-control technology. Social and political developments are also monitored closely to determine if heightened security measures are required.

### DEFICIENCIES IN POLICIES AND PROCEDURES

The effective operation of Bursa Malaysia is dependent on the availability, adequacy and effectiveness of its frameworks, policies, processes and procedures. We have put in place key frameworks, policies and procedures which include, but are not limited to the following:

#### Systems/Operations

- Bursa Malaysia Information Security Policy and Standards
- IT Security Policy
- Information Management Policy
- Business Rules, Trading & Clearing Procedures
- Information Security Management System (ISMS) Manual
- Cybersecurity Framework and Procedure

#### Risk & Compliance

- ERMPPF
- Compliance Framework
- Business Continuity Management Framework

#### People

- Code of Ethics
- Employee Handbook
- Group Disciplinary Policy
- Anti-Fraud, Bribery and Corruption Policy and Guidelines
- Sustainability Policy

#### Financial Resources

- Corporate Authority Manual
- Finance Policies and Procedures
- Contract Management Guidelines

These key frameworks, policies and procedures listed above, are managed in tandem with the policies and procedures governing Bursa Malaysia's daily operations. These documents are periodically reviewed to ensure that the effectiveness and adequacy of the implementation are in accordance with global best practices and standards.

## Key Risks and Opportunities

### CYBER SECURITY

Bursa Malaysia has adopted the Cyber Resilience for Financial Market Infrastructures issued by IOSCO and Guidelines on Management of Cyber Risk issued by the SC. The increasing use of technological platforms in our business has increased our cyber security risk profile. Cyber threats such as malware, phishing, data theft and social engineering not only have the potential to disrupt the regular functioning of our systems, but also put private, sensitive information that we collect from our stakeholders in jeopardy. We are aware of the significant damage that cyber attacks could cause to our business and reputation, and have taken strong mitigation measures to minimise our risk exposure.

Our measures to safeguard the Central Depository System (CDS) information of our customers are guided by the requirements of Sections 42 and 43 of the Securities Industry (Central Depositories) Act 1991 (SICDA), which stipulate our responsibilities in maintaining the privacy of all information pertaining to our depositors, and in particular to their securities accounts. This includes the duty to take reasonable security measures to protect confidential information against unauthorised access, alteration, disclosure or dissemination.

### OUTSOURCING OR THIRD-PARTY RISK

Bursa Malaysia engages vendors for services in various areas which expose us to risks arising from the failure of the service provider to meet its obligations. This may then result in a number of consequences including compromised security and the leakage of confidential information. Subsequently, these may in turn have a significant impact on Bursa Malaysia's obligations to its stakeholders, financial performance and reputation.

Our controls in managing outsourced or third-party risks include annual assessment of high-risk vendors, strict compliance of the procurement process, ongoing monitoring of contract renewals and timely escalation to the management team.

### TALENT MANAGEMENT

Bursa Malaysia's business is dependent to a significant extent on the continued employment and performance of a number of key personnel. The non-availability or loss of service of key personnel could have substantial impact on our ability to carry out operations, implement key initiatives or successfully execute our long-term strategy. Additionally, poorly trained personnel represent talent risks as oversights on their part may have ramifications for Bursa Malaysia as a whole.

To mitigate our talent management risk, Bursa Malaysia has established its Talent Council which oversees the appointment of individuals in critical roles within the organisation.

### DATA MANAGEMENT

Data Management refer to risks resulting from poor data governance, data mismanagement, and inadequate data security which could lead to potential business loss, regulatory fines, and reputational impact. As a market regulator and exchange operator, Bursa Malaysia deals with a substantial amount of confidential data on a daily basis.

In handling of confidential data, Bursa Malaysia is governed by regulatory Acts such as the Personal Data Protection Act on confidentiality of personal information and SICDA on confidentiality of CDS information. Additionally, we have adopted ISO 27001 ISMS which covers protection of sensitive or critical assets and information that is accessible by suppliers. We have established an Information Management Policy and Data Leakage Prevention as being some of the key controls in data management.

### Opportunities

Enhancing our trading capabilities, ensuring business continuity and hiring the right talent add to the overall attractiveness and resilience of our market, which in turn propels us ahead of our competitors in the region. As such, maintaining operational excellence by addressing our risk items ensures that the Exchange is sufficiently prepared to make the most of opportunities as they present themselves. This was amply demonstrated in the year under review where Bursa Malaysia's operational resilience was tested by the COVID-19 pandemic. Despite the challenging financial landscape, the Exchange benefited from a lower interest rate environment and increased public interest in the equities market, which resulted in record trading volume and market growth.

## Key Risks and Opportunities

### FINANCIAL RISK

Bursa Malaysia has robust risk management processes and procedures in place to manage counterparty and settlement risks that may have a systemic impact on the market. Bursa Malaysia Securities Clearing Sdn Bhd (BMSC) and Bursa Malaysia Derivatives Clearing Berhad (BMDC) (collectively referred to as 'Clearing Houses') act as the central counterparty (CCP) for the equities and derivatives trades, respectively, and thus are subject to counterparty credit risk.

#### Related Material Matters



#### Related Capitals



The processes and procedures of our Clearing Houses are in line with the PFMI issued by the Committee on Payment and Market Infrastructures (CPMI), a Technical Committee of the IOSCO. The management of financial risk is guided by the following principles:

#### Principle 4 of PFMI (Credit Risk)

Requires the CCP to maintain sufficient financial resources to cover its credit exposure to each participant and manage its credit exposure arising from its payment, clearing and settlement processes effectively

#### Principle 5 of PFMI (Collateral)

Requires the CCP to accept only collateral with low credit, liquidity and market risks while ensuring appropriate haircut and limits are imposed accordingly

#### Principle 6 of PFMI (Margin)

Requires the CCP to manage its credit exposure through the collection of margins

#### Principle 7 of PFMI (Liquidity Risk)

Requires the CCP to maintain sufficient liquid resources in all relevant currencies to effect same-day, intraday and multiday settlements with a high degree of confidence

#### Principle 16 of PFMI (Custody and Investment Risk)

Requires the CCP to safeguard its own and participants' assets and invest in instruments with minimal credit, market and liquidity risks

Risk mitigation measures in place to manage our exposure to financial risk include:

- Daily mark-to-market of outstanding positions and intraday revaluations of positions and collaterals
- Setting initial and variation margin requirements as well as prudent cash and collateral management
- Monitoring Trading Clearing Participants' (TCP) and Clearing Participants' (CP) capital adequacy ratios and adjusted net capital levels
- Monitoring settlement flows for our Clearing Houses and managing their exposure vis-à-vis other financial institutions
- Performing daily stress-tests on the adequacy of Clearing Guarantee Fund (CGF) of BMSC and the Clearing Fund (CF) of BMDC to ensure that they are sufficient under extreme but plausible market scenarios
- Performing daily stress tests on the adequacy of liquid resources of the Clearing Houses to ensure there are sufficient liquid resources to meet their settlement obligations in a timely manner
- Conducting annual default drill exercises by simulating default scenarios to test the effectiveness of the Default Management Procedures to ensure they remain robust and relevant in an uncertain market environment

### Opportunities

Maintaining the financial strength of the Exchange is crucial for preserving investor confidence in our ability and reliability as a market operator, particularly during times of uncertainty and volatility. It also ensures that we have sufficient financial resources to pursue our strategic investments that will unlock greater value for our stakeholders and help us withstand systemic shocks in the financial system.



## Key Risks and Opportunities

### STRATEGIC RISK

Strategic risk refers to Bursa Malaysia's exposure to internal and external events that may affect our ability to achieve our strategic objectives. To that end, the Exchange has in place the Strategic Risk Unit (SRU) which actively monitors the developments in our competitive landscape. The unit monitors developments which may have an impact on the Exchange including:

#### Related Material Matters



#### Related Capitals



New or developing investment trends

Geopolitical and macroeconomic risk stemming from international and local developments

Launch of new products and services by competitors

Strategic alliances via partnerships or mergers with other exchanges

Emerging market disrupters from fintech services such as cryptocurrency, robo-advisory and algorithmic trading

In each case, the risks associated with each development will be escalated for deliberation by the management and risk committees, with measures to address each risk appropriately in subsequent business plans.

The SRU also monitors the delivery of high-impact projects against Bursa Malaysia's strategic objectives as outlined in the current business plan. The risk assessment of these projects is conducted from the initial business case review right up to post-implementation. All potential execution risks are identified and remedies proposed at the implementation stage.

The following are the key strategic risks faced by the Exchange:

#### BUSINESS PERFORMANCE AND COMPETITION RISK

Business Performance and Competition Risk refer to external factors that could either threaten or present opportunities to Bursa Malaysia's competitive position to be the leading ASEAN marketplace. Market activity levels are influenced by government policies, economic performance, and general financial market conditions in Malaysia and globally.

#### NEW WAY OF DOING BUSINESS INCLUDING NEW TECHNOLOGIES

Advancements in new technology is a risk that could impact Bursa Malaysia's ability to remain competitive. With the advancement in new technologies, it is important to respond to changes in the business landscape that may significantly impact Bursa Malaysia's business model in order to maintain a competitive edge. This includes the adoption of new and emerging technologies.

### Opportunities

Keeping on top of our strategic risks ensures that our business plan is always kept up to date in anticipation of emerging strategic opportunities and potential strategic risks. For example, we forged a strategic partnership with a Singaporean fintech technology provider to complete the bond on blockchain proof-of-concept (PoC). The PoC was designed to facilitate the growth of the bond marketplace at the Labuan International Financial Exchange by harnessing the opportunities afforded by blockchain technology and the tokenisation of assets. With the completion of the first milestone, we demonstrated that blockchain technology can deliver increased efficiencies, transparency and trust that can benefit the bond market. We will continue to heighten our efforts to develop a vibrant and attractive marketplace.

## Key Risks and Opportunities

### LEGAL AND REGULATORY RISKS

Legal and Regulatory Risks refer to the potential losses and uncertainties that may arise from the failure to comply with contractual or regulatory obligations. The Exchange operates in a highly regulated environment that is governed by rules and regulations, which are subject to review on a regular basis. Our legal and regulatory risks therefore arise from various sources including changes in rule implementation, product liability, as well as liabilities arising from contractual terms. We also ensure that we are always kept up to date on the latest legislative and regulatory changes to avoid regulatory breaches.

The management of Legal and Regulatory Risks ensure that the Exchange's exposure to potential legal liabilities during the course of our business such as rule implementation or product liability are well mitigated to avoid disruption to our business and operations. Without proper mitigation, legal liabilities can have a significant financial and reputational impact on the Exchange which, in turn, can affect our ability to perform our role as a market operator. In response to this risk, we have built an effective management and response system which is overseen by our Legal and Regulatory Risk unit.

We monitor for any new or on-going litigation cases to assess the potential adverse impact of these cases to the market, Bursa Malaysia's reputation, and financial standing. Bursa Malaysia will continue to review and enhance the above processes and procedures in accordance with global best practices and standards to ensure that the risk management framework remains relevant and applicable in the current market environment.

#### Related Material Matters



#### Related Capitals



### Opportunities

Opportunities can be found in the legal and regulatory landscape in which business is conducted. For instance, we have seen the increasing concern over climate change within the financial industry given the significant risks and systemic impact that climate events can inflict on our lives and livelihoods. This development can pose as both a risk and as an opportunity for the Exchange: a risk if new regulatory requirements are ignored or inadequately complied with, an opportunity if we can be exemplary to public listed companies (PLCs) and set the tone for the climate change agenda in the capital market as a whole.

In response to the increasing concern over climate change, we have taken several steps including:

Participation of Bursa Malaysia's senior management in the Joint Committee on Climate Change to stay abreast of climate change issues and to support efforts in building resilience against climate and environmental-related events

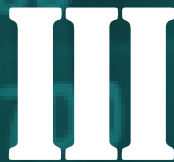
Closely monitoring of the implementation of recommendations of the Task Force on Climate-related Financial Disclosures and development of relevant frameworks on climate risk management

Formulating our Sustainability Roadmap 2021–2023 which puts climate change front-and-centre of our initiatives

By keeping tabs on this development, we not only ensure that our market and our PLCs are aligned with the latest guidelines and expectations related to climate change, but also open the doors to new developments and innovations related to climate change-related products and services. This will subsequently make our market more appealing to investors such as environmental-focused funds and may attract new classes of businesses to list on our markets.

# DELIVERING VALUE TO STAKEHOLDERS

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## Management Discussion and Analysis

### Delivering Our Strategy

The year under review proved to be a litmus test for the effectiveness of the Exchange's strategies and business continuity plan.

Over the last few years, Bursa Malaysia has invested substantial time and resources to enhance our marketplace and improve the reliability of our systems and processes such that our organisation can continue to operate and fulfil our obligations to our stakeholders at all times, including in the event of a crisis or emergency. We are pleased to report that despite the challenges posed by the COVID-19 pandemic, Bursa Malaysia emerged relatively unscathed, and managed to preserve the immediate- and long-term confidence in our marketplace.

### FINANCIAL REVIEW

Bursa Malaysia posted a Profit After Tax, Zakat and Minority Interest (PATAMI) of RM377.7 million for the financial year ended 31 December 2020, the highest since its listing in 2005. This represents an increase of 103.2% from the RM185.9 million recorded in 2019.

The better-than-expected results were driven largely by the improved performance of the Securities and Derivatives Markets, which together substantially contributed to a higher operating revenue of RM778.8 million from RM480.1 million in 2019, an increase of 62.2%. This was driven by a surge in domestic trading activity which was supported by strong domestic liquidity, the low-interest rate environment as well as the strong foundations built into the Exchange's marketplace and systems. Bursa Malaysia ended the year as one of the best performing exchanges in ASEAN, with the FBMKLCI benchmark index closing out the year at 1,627.21 points, 2.4% higher than the close of the preceding year.

Operating expenses increased 18.5% to RM291.8 million year-on-year (yoy) due mainly to higher manpower costs, information technology maintenance costs, as well as Globex and professional fees incurred. The increase in total operating expenses was partially mitigated by lower marketing and development costs as most events were conducted virtually during the year.

The Exchange's capital expenditure (capex) for 2020 amounted to RM14.2 million (2019: RM19.6 million) and was funded entirely by internally generated funds. Our capex spending was focused on the delivery of strategic objectives including refreshing our internal IT infrastructure, continuous enhancement to Bursa Anywhere services and system enhancement to support MGS physical delivery.

There was no significant change to our financial position during the year. There was also no significant event that had material impact on the liquidity of the Exchange.

#### Creating Value for our Shareholders

The Board has declared a final dividend as well as a special dividend of 26.0 sen per share and 8.0 sen per share, respectively, for 2020. The interim dividend of 17.0 sen per share and the final dividend of 26.0 sen per share, combined, represents a payout of 92.1%. This is in line with our policy of paying out no less than 75% of our annual PATAMI and our practice of paying out more than 90% of PATAMI since listing.

Management Discussion and Analysis



## Management Discussion and Analysis

## SECURITIES MARKET

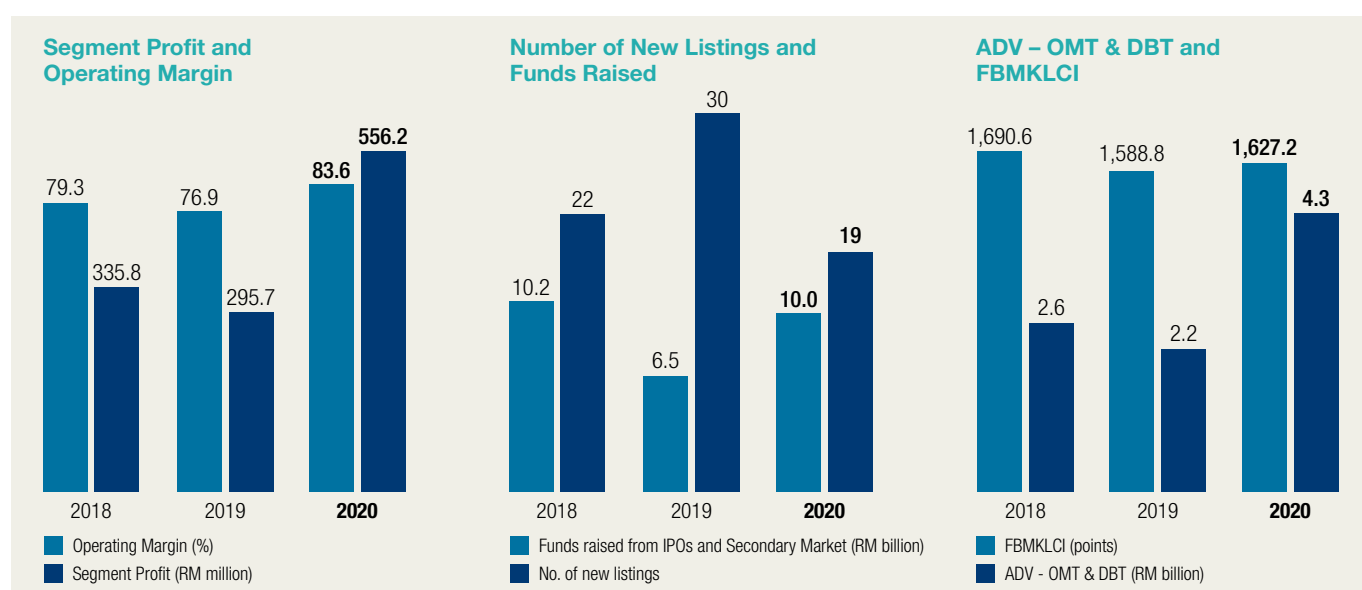
The Securities Market put on a strong performance in 2020 as the combination of the volatility in the market from the developments surrounding the COVID-19 pandemic such as high demand for personal protective equipment like rubber gloves and the development of vaccines, the low interest rate environment, government stimulus spending and the gradual reopening of the economy spurred active trading activities in the Securities Market.

Sluggish trading on the Securities Market at the start of the year recovered to post record high numbers in spite of the challenging operating environment.

The Securities Market reported a record operating revenue of RM654.5 million (2019: RM372.2 million), rising 75.8% and contributing 84.0% of total Group revenue in 2020. Trading revenue rose 114.3% to RM498.9 million (2019: RM232.8 million) with the average daily value (ADV) for on-market trades (OMT) and Direct Business Trades (DBT) rising 100.1% to a record RM4.3 billion (2019: RM2.2 billion). This surge in activity was driven by the return of retail investors to the securities market in numbers unseen in a decade, as well as increased buying activity from local institutions. Trading velocity was higher by 36 percentage points to 64% (2019:

28%). Retail investors were net buyers with total trades amounting to RM14.3 billion (2019: RM2.6 billion). Retail ADV increased 235.6% to hit a record high of RM1.6 billion (2019: RM473.5 million). With the higher operating revenue, the Securities Market's profit increased 88.1% to RM556.2 million for the year (2019: RM295.7 million).

Meanwhile, non-trading revenue from the Securities Market increased by 11.6% yoy to RM155.6 million (2019: RM139.4 million) mainly due to higher additional listing fees and processing fees earned from higher number of corporate exercises, higher record of depositors fees, transfer fees, market data fees and account opening fees. Revenue from Market Data surged 21.4% to RM36.4 million (2019: RM29.9 million).



## Segment Revenue

|                                  | 2019<br>RM million | 2020<br>RM million | % Change     |
|----------------------------------|--------------------|--------------------|--------------|
| Trading Revenue                  | 232.8              | 498.9              | 114.3%       |
| Listing & Issuer Services        | 53.9               | 56.9               | 5.6%         |
| Depository Services              | 41.9               | 49.2               | 17.4%        |
| Market Data                      | 29.9               | 36.4               | 21.4%        |
| Member Services and Connectivity | 13.7               | 13.1               | -3.9%        |
| <b>Total</b>                     | <b>372.2</b>       | <b>654.5</b>       | <b>75.8%</b> |

## Management Discussion and Analysis

### Operating Environment

Cautious investor sentiment amidst fear of further escalation of tensions in the Middle East and the US-China trade deals saw the FBMKLCI drift lower at the start of the year. The benchmark index closed at its lowest level at 1,219.72 points on 19 March 2020 as investors remained jittery about the impact of the COVID-19 pandemic and the change in government before rallying to close the year at 1,627.21 points.

Share prices of Healthcare, Pharmaceutical and Technology counters soared on the expectation of a surge in demand for their products and services due to the COVID-19 pandemic. However, this did not stem the net outflow of foreign funds which reached a monthly high of RM5.5 billion in March 2020 following the Malaysian Government's imposition of the first Movement Control Order (MCO). At the end of a volatile year, the market capitalisation of Bursa Malaysia rose marginally to RM1.8 trillion in 2020 (2019: RM1.7 trillion) with total foreign net outflow from the equity market reaching RM24.6 billion. Foreign holdings of debt securities and sukuk did however increase RM18.3 billion or 8.9% to total RM223.0 billion in 2020 from RM204.7 billion in 2019\*.

Meanwhile, the COVID-19 pandemic would also see the Exchange adopt new means and practices to manage the restrictions on movement and physical meetings as a result of the MCO. Electronic and virtual means were used as substitutes to minimise the risk of contagion, including for events such as our flagship Invest Malaysia conference and listing ceremonies of new initial public offerings (IPOs). Meetings as well as educational and awareness programmes were all conducted virtually.

Aside from the COVID-19 pandemic, the Securities Market also had to contend with other challenges including:

- The level of investor confidence in our marketplace in relation to the prospects of the Malaysian economy and the earnings performance of our PLCs.
- Changing investor preferences and operating dynamics.
- Evolving customer behaviour driving rapid proliferation of digital platforms.
- Increasing prominence of passive investing strategies.
- Level of awareness of the associated risks of our products and services among the investing public and community.

Meanwhile, we continued to deliver our plans and their outcomes based on our strategic plan during the year.

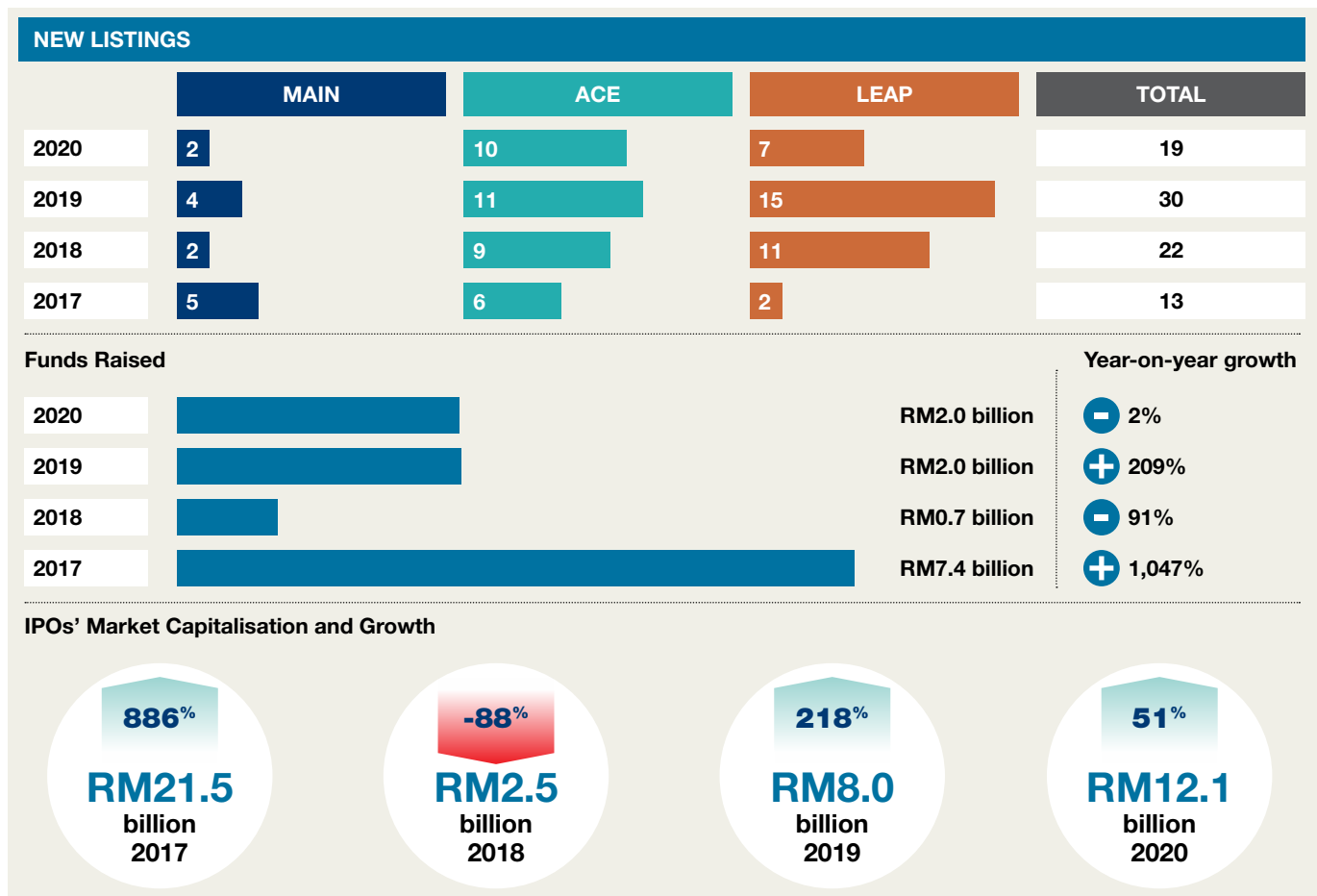
\* Source: Bank Negara Malaysia

## Management Discussion and Analysis

### Strengthening the Core

#### Initial Public Offerings (IPOs) and New Listings

The Exchange saw 19 new listings in 2020 (2019: 30 listing) which raised a total of RM2.0 billion (2019: RM2.0 billion). Although the total number of listings had declined in 2020, the IPOs collectively contributed a total of RM12.1 billion to the market capitalisation representing an increase of 51.0% from RM8.0 billion in 2019. While there were fewer listings, the average size of each listing was significantly larger than in the previous year. Mr D.I.Y. Group Berhad, which raised RM1.5 billion and contributed RM10.0 billion to market capitalisation, was the Exchange's largest listing since 2017. Increased retail participation also fuelled IPO subscription rates, especially for mid-sized IPOs, with Optimax Holdings Berhad achieving an oversubscription rate of 82.1 times. The LEAP Market also recorded the listing of its first irredeemable convertible preference shares in conjunction with the listing of ICT Zone Asia Berhad on 15 December 2020 by way of introduction.



Concerns over the impact of the COVID-19 pandemic on investor confidence and corporate earnings have led some potential issuers to delay their IPOs and take a wait-and-see approach. Face-to-face IPO marketing and promotional activities were converted to virtual meetings, leveraging on digital means. A total of 54 one-on-one consultations and 17 seminars were conducted in 2020.

#### Supporting Our PLCs and Business Partners

The Exchange waived the processing fees for listing applications to the ACE and LEAP Markets submitted between 27 February 2020 and 26 February 2021 to ease the financial burden of listing in this challenging operating environment. In addition, a waiver was also extended to the initial and annual listing fees for companies meeting either of the following criteria:

- newly listed on the ACE or LEAP Markets between 27 February 2020 and 26 February 2021; or

- newly listed on the Main Market between 27 February 2020 and 26 February 2021 and with a market capitalisation of less than RM500.0 million.

Separately, existing PLCs with a market capitalisation of below RM500.0 million as at 31 December 2019 and which reported losses after tax for their quarters that ended between 1 April 2020 to 30 June 2020 were given a 50% rebate on their annual listing fees.

Other forms of support granted to our PLCs during the year include:

- A 12-month extension for PLCs classified under Practice Note 17 or Guidance Note 3 (PN17/GN3) to submit their regularisation plans.
- An automatic one-month extension for Main and ACE Markets-listed issuers to submit financial statements including quarterly and annual reports. Similarly, a one-month extension was



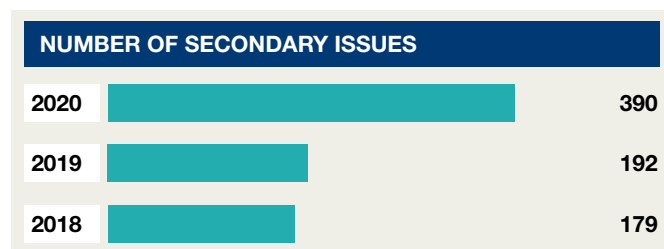
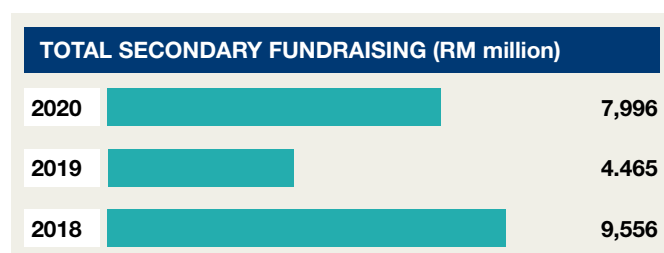
## Management Discussion and Analysis

granted for LEAP Market-listed issuers to submit their audited financial statements that were due between 31 March 2020 and 30 April 2020.

- Greater flexibility for brokers to manage margin accounts by removing the requirement to automatically liquidate their clients' margin account should the equity in the margin account fall below 130.0% of the outstanding balance and expanding the list of collaterals for margin financing to include other assets such as bonds, collective investment schemes, unit trusts, gold and immovable properties.
- A time extension for Authorised Depository Agents (ADAs) to submit physical Central Depository System (CDS) transaction forms for transactions performed between 2 March 2020 and 30 April 2020.

### Secondary Market

In 2020, we recorded a two-fold increase in the number of issuances from 192 in 2019 to 390. The majority of the secondary issuances came from the Industrial Products & Services, Technology and Energy sectors, which collectively accounted for 65.6% of the 390 issuances.



In terms of the total amount of secondary funds raised, we recorded approximately RM8.0 billion in 2020, an increase of 79.1% from the RM4.5 billion raised in 2019. The three companies raising the largest amount of secondary funds were Sunway Berhad, Sunway REIT and Serba Dinamik Holdings Berhad which raised RM1.1 billion, RM710.0 million and RM456.7 million respectively.

### Alternative Market

In the bonds and sukuk space, the Exempt Regime of Bursa Malaysia recorded the listing of 76 Government instruments comprising 41 Malaysian Government Securities (MGS) and 35 Malaysian Government Investment Issues in December 2020. Collectively, these instruments reported a total outstanding amount of approximately RM811.0 billion as at 31 December 2020.

In addition to the Government instruments, the Exempt Regime recorded 27 programmes worth approximately RM312.8 billion. From this total, 85 issuances of sukuk or debt securities amounting to approximately RM176.5 billion in nominal value from 23 corporate issuers have been issued as at 31 December 2020.

### Our Institutional Roadmap

Our institutional outreach programme is a core component of our business activities designed to develop and diversify our institutional investor base. Traditionally conducted on a face-to-face basis, our outreach programmes pivoted to virtual alternatives as a result of the restrictions caused by the pandemic. We conducted 28 targeted marketing and outreach programmes, 18 virtual sectoral and corporate events, four MidS Gems events and three Passive Investing Index events.

We also put together a virtual edition of our annual Invest Malaysia Kuala Lumpur (IMKL) event which has traditionally been a flagship event in our corporate calendar. We held three virtual IMKL events in 2020 covering more themes and sectors than the previous physical IMKL events. We co-hosted each event with a different broker and addressed unique themes. The events attracted a total of 1,231 participants from 279 institutions globally and was broadcast live on social media for the first time. This greatly increased the accessibility of our IMKL events, particularly by retail market participants, and recorded over 20,000 live views on each day of the event.

We launched the Institutional Insights portal, a repository of key content and takeaways from sectoral events, on the Bursa Malaysia website. The portal provides viewers greater access to PLCs, expert speakers and sectoral events that were previously available only to the brokers' institutional clients.

### Our Retail Roadmap

Our Retail Roadmap aims to galvanize greater participation by retail investors. The increase in retail participants to our market in 2020 was a positive development with 264,118 individual CDS accounts opened during the year while 67,810 inactive and dormant accounts were reactivated. In terms of ADV, retail investors accounted for 37.7% of total market ADV, building on the record high of 24.5% that we saw in 2019.

In addition to new products and services developed for the retail market as well as the delivery of programmes together with our partners, we also conducted direct marketing initiatives which were aimed at raising retail awareness on the importance of investments in financial portfolios. These events were also designed to raise the general level of financial literacy.

Our education and advocacy programmes were conducted through various channels including our online platforms and social media. These digital channels were particularly important sources of information and education in 2020 in light of the revival of retail interest in investing and the limitations due to the MCO. Retail initiatives conducted in 2020 include:

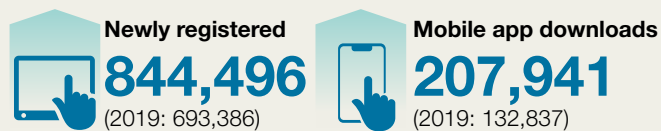
- Incentivising our intermediaries and our salesforce to secure greater retail trading participation.
- Promoting awareness and education through Bursa Marketplace (BursaMKTPLC), as well as through the Mirror, Learn and Trade (MLT) programme.
- Launching a series of informational and educational videos on BursaMKTPLC social media channels during the MCO to keep our investors aware and informed on developments in the market.

## Management Discussion and Analysis

- Providing market outlook videos by analysts to give our retail investors a snapshot of our PLCs and sectors that were in focus.
- Broadcasting interviews with Chief Executive Officers of our PLCs on Facebook Live to give retail investors a better understanding of targeted companies.
- Launching an inaugural fintech Hackathon event, InvestHack, which encouraged participants to submit ideas that could enhance the market with innovative solutions. A total of 75 teams participated in the InvestHack.
- Conducting various workshops and webinars in collaboration with foreign broker partners to increase foreign retail investors' awareness of our marketplace.

We have received positive response to our outreach programmes, particularly from segments that have traditionally been resistant to securities trading. In 2020, 64.0% of all new applications for retail investing accounts were by investors aged 26-45 years old, while the number of new accounts opened by women investors rose 111.0% yoy. This is a step in the right direction for the Exchange as obtaining greater participation from these segments of investors is an important part of our sustainability strategy. The new CDS account openings were partly supported by a new feature in our Bursa Anywhere mobile app.

**Our BursaMKTPLC platform also saw more visitors in tandem with the rise in retail participation.**



### Exchange-Traded Funds (ETFs)

ETFs have been identified as an important component of our growth strategy as it is a trading product with significant untapped potential. To realise this latent potential, we have engaged with stakeholders and collaborated with our business partners. Key developments in the ETF ecosystem during the year include:

- Increased the listing and variety of ETFs to 20 (2019: 16), including Leveraged and Inverse ETFs (L&I ETF), US- and China-focused ETFs as well as Smart Beta ETFs.
- Leveraged on digital channels including social media platforms to increase more awareness of ETFs.

In a national move to further support the take-up of ETFs, the Malaysian government announced that the stamp duty exemption for ETF trading is extended until the end of 2025. While we have achieved some success with our ETF programme, there remain a number of challenges facing the ecosystem, particularly for institutional investors, including:

- The lack of institutional mandates to invest or seed new products such as ETFs.
- Insufficient assets under management (AUM) to warrant a solid business case for ETF issuers to sustain or grow their offerings.

### Structured Warrants (SWs)

Similar to ETFs, SWs have been earmarked as another avenue of growth for the Securities Market. The main appeal of SWs is the additional value they create for our stakeholders by making another asset class available to different risk appetites as well as for investment strategies. To increase the understanding of SWs, we continued the delivery of online education and awareness programmes on Bursa Academy.

The number of SWs quoted on our Exchange has increased steadily to 1,208 in 2020 (2019: 1,105). This growth is supported in part by incentives in the form of an initial listing fee rebate. Despite a two-month disruption in SWs issuance due to the MCO, the SWs market pulled ahead in terms of both new issuances and ADV. The ADV for SWs totalled RM143.5 million, 72.9% higher than RM83.0 million recorded in the previous year. The sharp increase in ADV was attributable to the increase in retail participation and general trading activities.

Going forward, we will continue to work with issuers to lower their cost of SW issuance through the implementation of incentive schemes.

### Enhancing the IPO Ecosystem

Ensuring a continuous stream of IPOs is essential for the continued growth and sustainability of our marketplace. New listings not only add to our total market capitalisation, but also expands the breadth and depth of our marketplace in terms of product range and liquidity. This is essential for the sustained creation of value for our stakeholders and our potential issuers.

The IPO ecosystem was affected by the MCO in 2020 as traditional IPO marketing and promotional activities were disrupted by the movement and physical meeting restrictions. This challenge similarly extended to our efforts to build our IPO pipeline, especially in attracting potential issuers. Therefore, digital alternatives were used in our engagements with stakeholders.

A total of 17 IPO seminars were held during the year. The seminars addressed the concerns and questions of potential issuers who were either unfamiliar with the Exchange's listing criteria or concerned about their readiness for listing.

We also worked with our regulatory authorities to enhance the IPO ecosystem. Our main priority is to ensure greater efficiency in existing processes and that the regulatory framework does not burden potential issuers.

### Increasing Market Liquidity

Market liquidity is an important indicator of the health and vibrancy of a capital market and remains a key consideration for market participants and the Exchange. Increased liquidity enhances the sustainability and value of our marketplace. Among our initiatives to increase the market's liquidity include:

## Management Discussion and Analysis

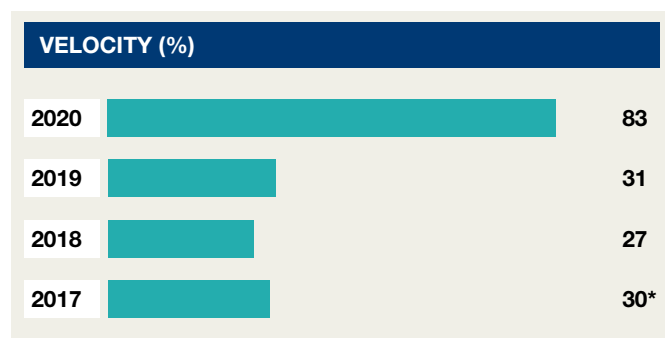
### Mid and Small Cap Research Scheme (Bursa MidS)

The Bursa MidS programme was launched in 2017 to raise the visibility of mid- and small-cap companies quoted on our markets. Under the programme, analysts from research houses produced research reports on participating small- and mid-cap PLCs, and these reports are subsequently distributed to the public on BursaMKTPLC.

We have a specific Bursa MidS webpage on our BursaMKTPLC to disseminate information on the Bursa MidS. The cumulative traffic and statistics recorded from 2017 to 2020 are highlighted in the table below:

| As at end December   | 2017    | 2018    | 2019    | 2020           |
|--|---------|---------|---------|----------------|
| Cumulative Number of Reports Uploaded (Include initiation coverage, summary reports, result reviews and company updates) | 421     | 1,259   | 1,829   | <b>2,153</b>   |
| Cumulative Number of Bursa MidS Company Report Downloads (from BursaMKTPLC website)                                      | 8,835   | 27,201  | 42,519  | <b>53,222</b>  |
| Cumulative Number of Reports Summary Views   | 9,244   | 21,033  | 29,579  | <b>41,089</b>  |
| Cumulative Number of visits/users to BursaMKTPLC Bursa MidS page   | 33,721  | 42,445  | 47,836  | <b>53,093</b>  |
| Cumulative Number of page views by users for BursaMKTPLC Bursa MidS page   | 236,593 | 326,770 | 383,462 | <b>489,084</b> |

Due to several factors, including the impact of the Bursa MidS programme and increase in retail participation in 2020, the average monthly velocity in 2020 recorded by the participating PLCs of Bursa MidS increased significantly as shown in the table below:



\* Average monthly velocity from May 2017 (being the launch month of Bursa MidS in 2017) to Dec 2017.

Bursa MidS was supported and funded by the Capital Market Development Fund (CMDf). The scheme ended in December 2020 and recorded the participation of 94 PLCs and 20 research companies.

### Volume-Based Incentive Programme (VBIP)

Launched in 2018, the VBIP invigorates traders to transact higher volumes while encouraging the entrance of new classes of traders such as foreign proprietary trading firms. The presence of new traders and higher trade volumes are expected to bolster market vibrancy and also inject resilience into our marketplace. Registered VBIP participants contributed an average of 12.4% to total market ADV in 2020 as compared to 11.0% in 2019.

### Intraday Short-Selling (IDSS)

IDSS was introduced in April 2018 to increase market liquidity and give investors greater flexibility in taking advantage of market volatility. IDSS has had visible impact in the securities trading since its introduction, accounting for 2.4% or RM46.0 million of total ADV in 2019. However, as part of a slew of measures by Bursa Malaysia and SC to mitigate potential risks arising from heightened volatility and global uncertainties, the IDSS and Regulated Short-Selling programmes were suspended from 24 March 2020 to 31 December 2020.

### Channel Management

Our channel management initiatives were established in 2017 to foster more effective, cohesive and collaborative business relationships with our partners. Together, we develop strategies to showcase, develop and grow the Malaysian market through regular engagements on all our initiatives. In 2020, we conducted eight webinars which saw the participation of 800 dealer representatives and remisiers. The webinars are aimed to keep the participants abreast on the initiatives undertaken by the Exchange in the products and services space.

We also developed Quarterly Broker Data Factsheets which we share with our partners. These Factsheets rank our partners vis-à-vis industry average in all areas of the broking business. The purpose of the Factsheet is to provide our partners with business benchmarks to encourage them to further grow their respective market share.

### Bursa Excellence Awards

The Bursa Excellence Awards has established itself as one of the highest accolades of success that brokers can receive in the Malaysian capital market. In 2020, the Awards ceremony was held on 30 July 2020 with the theme 'Rising to the Challenge'. The achievements of top-performing brokers and market intermediaries contributing to the growth across our markets in 2019 were recognised during the ceremony, with a total of 47 awards in 21 categories presented.

## Management Discussion and Analysis

### Capitalising on Technology and Information

The Securities Market depends on technology to improve the efficiency of its operations and to expand its capabilities for our market participants. Technology also became an enabler of communication between our team and our stakeholders in this past year owing to the restrictions due to the MCO. Our team leverages on technology to conduct educational seminars, raise awareness and conduct virtual events in fulfilling our obligations to enhance the market ecosystem.

#### Key initiatives in 2020 include:

- Enhancing the Exchange's Bursa Anywhere mobile app to allow for the opening of new CDS accounts, the reactivation of inactive or dormant CDS accounts and online e-Dividend registration.
- Revising the CMDf ETF initiative to provide subsidies for ETF market-makers in their technology investments.
- Making available sufficient information on ETFs on BursaMKTPLC.
- Certifying potential L&I ETF investors who have gone through L&I ETF educational videos and performance simulators through Bursa Academy.
- Organising online webinars through Zoom and Youtube Live, and the Kahoot! Platform for online, real time trading quizzes. A total of 29 webinars reaching out to over 10,000 participants were held in 2020.
- Offering free SWs courses on Bursa Academy.
- Incentivising new investors to include ETFs in their investment portfolio through our Touch 'n Go eWallet cashback programme.

### Enhancing Regional and Global Connectivity

The Exchange continued to develop linkages with our partners from across the world through formal arrangements with partner exchanges as well as through our promotional activities. Due to the restrictions on movement, many of our regular events were held virtually during the year. These included:

- Invest Malaysia virtual conference,
- Bursa Malaysia's Institutional Sectorial Series,
- Bursa Malaysia's Institutional Corporate Series highlighting sectors or themes of focus, and
- Tactical campaigns and social media campaigns.

Bursa Malaysia also organised dedicated webinars with the Shenzhen Stock Exchange (SZSE) and the Stock Exchange of Thailand to encourage greater cross-border fund flows and investments. Additionally, we also partnered with V-Next platform, a wholly-owned subsidiary of SZSE, to on-board Malaysian PLCs for greater business connectivity and profiling for Chinese investors.

## Management Discussion and Analysis

## DERIVATIVES MARKET

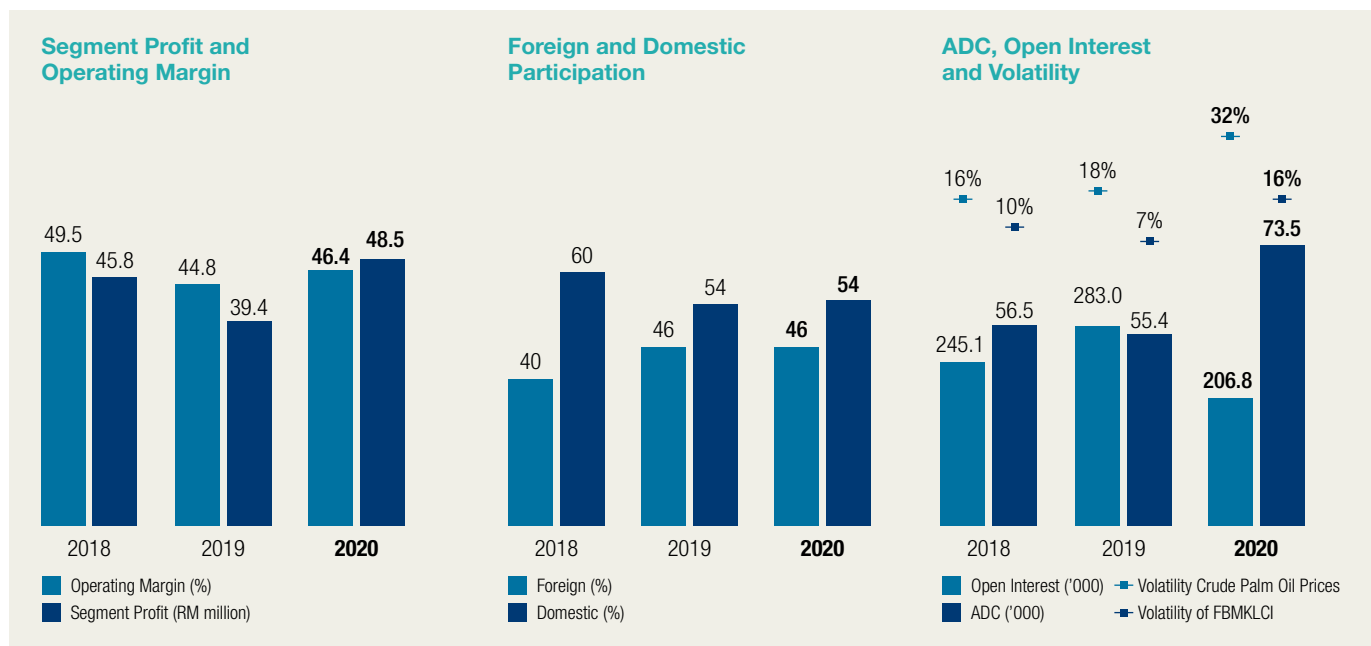
The Derivatives Market turned in a strong performance on the back of record-breaking trading numbers. Demand for our derivative products was boosted by the greater number of investors increasing the hedging of their positions to cope with the heightened uncertainties due to the COVID-19 pandemic.

Derivatives trading revenue increased 26.0% to RM91.1 million from RM72.3 million a year ago on the back of higher contracts traded primarily on Crude Palm Oil Futures (FCPO) and FTSE Bursa Malaysia KLCI Futures (FKLI). Meanwhile, non-trading revenue decreased 14.5% to RM11.7 million in 2020 from RM13.7 million in 2019. Although market data contributions had risen 34.8% to RM11.4 million in 2020, the cancellation of our Palm and Lauric Edible Oils Conference and Exhibition (POC) in 2020 had offset this gain. In total, operating revenue for the segment rose 19.6% to RM102.8 million in 2020 (2019: RM86.0 million).

In terms of trading numbers, the total average daily contracts (ADC) traded rose by 32.8% to 73,523 contracts from a year ago (2019: 55,372 contracts). Total FCPO contracts traded surged 36.5% to

14.6 million in 2020 (2019: 10.7 million), representing a record high surpassing the previous record of 11.9 million contracts traded in 2017. Trading in the FKLI was similarly robust with 3.5 million contracts traded during the year as compared to 2.3 million contracts in 2019.

The Derivatives Market broke 18 trading records in 2020. The performance on the derivatives market was lauded by the Futures and Options World International Awards 2020, naming Bursa Malaysia Derivatives (BMD) the 'Exchange of the Year - Asia Pacific'. The award recognises the best in innovation, achievement and commitment to the industry.



## Segment Revenue

|                                   | 2019<br>RM million | 2020<br>RM million | % Change     |
|-----------------------------------|--------------------|--------------------|--------------|
| Trading Revenue                   | 72.3               | 91.1               | 26.0%        |
| Market Data                       | 8.4                | 11.4               | 34.8%        |
| Member Services and Connectivity  | 0.3                | 0.1                | -45.6%       |
| Conference and Exhibition Related | 5.0                | 0.2                | -95.6%       |
| <b>Total</b>                      | <b>86.0</b>        | <b>102.8</b>       | <b>19.6%</b> |

## Management Discussion and Analysis

### Operating Environment

Labour shortages in the palm oil industry, reduced exports to China and India, persisting negative news on palm oil from the European Union as well as continued trade tensions between the US and China heaped pressure on the trade of the commodity, raising the overall volatility of the derivatives market. This in turn encouraged greater trading activities in the derivatives market as investors took advantage of market swings to protect existing positions or to capitalise on price movements.

The rally in FCPO trading in the 4Q2019 continued into 2020, posting a record high of 1.7 million contracts traded in March 2020, helping our Derivatives Market to record the highest total number of monthly trades. A total of 2.1 million derivatives contracts were traded in March, surpassing the previous record of 1.5 million contracts set in November 2019.

The price for FCPO rose to its highest in over eight years in November 2020 as a result of lacklustre CPO production and the depletion of CPO stockpiles. Optimism on economic recovery arising from the successful development of the COVID-19 vaccines

also boosted demand for FCPO. Meanwhile, high volatility in the securities market, which saw the FBMKLCI slump to an 11-year intraday low of 1,207.80 points on 19 March 2020 before sharply recovering to close out the year above the 1,600-point mark, also spurred higher trading of the FKLI.

In response to the MCO, we quickly pivoted to digital communications to conduct our engagement sessions while expanding our reach to a larger global audience. A total of 125 events were organised in 2020, attracting a total of 24,862 virtual attendees.

Although we enjoyed a successful year in 2020, our aspiration to become a leading commodities derivatives trading hub in Southeast Asia prevails. To that end, we continued to drive greater improvements in the ecosystem, developing new products and introducing enhancements into our market to heighten the attractiveness of our Derivatives Market. The initiatives implemented during the year are discussed below.

### Strengthening the Core

#### New Product Launches and Enhancements

We continued to expand our range of derivative products during the year to improve market liquidity, boost trading activity and expand our range of risk management tools. The following products were launched or enhanced in 2020:

##### USD RBD Palm Olein Options (OPOL)

The OPOL, a US Dollar-denominated options contract, was launched on 13 January 2020 covering the US Dollar-denominated Refined, Bleached and Deodorised (RBD) Palm Olein Futures (FPOL) contract. OPOL is the world's first options contract on RBD Palm Olein that allows investors to hedge their exposure to the commodity. The addition of OPOL into our stable of products adds to our range of risk management tools, offering an alternative product to investors who were previously unwilling to trade in the Ringgit-denominated Options on Crude Palm Oil Futures (OCPO) due to currency risk.

##### Single Stock Futures (SSF)

The SSF, an option with stocks as underlying assets, was re-launched in 2020 with enhancements to make it more attractive to investors. The number of underlying stocks covered by the SSF increased to 10 from seven previously. SSF represents another hedging tool that gives investors greater flexibility in managing their share exposure risk or as an investment asset to capitalise on share price movements.

##### 5-Year Malaysian Government Securities Futures Contract (FMG5)

The FMG5 was re-launched in September 2020 with a revised settlement methodology. Previously cash-settled, the contract is now settled via physical delivery thereby enhancing its role as a hedging instrument for MGS holdings. The revised FMG5 also functions as an efficient hedging instrument to help financial institutions manage their interest rate risks. It also provides new trading opportunities for other market participants and adds diversity to existing over-the-counter products. The enhancement of the delivery mechanism was made in line with the Malaysian Financial Markets Committee's development initiatives aimed at improving market accessibility and liquidity in the Malaysian financial market.

##### Revamped Mini FTSE Bursa Malaysia Mid 70 Index Futures (FM70)

The revamped FM70 was re-launched on 11 December 2020 with a lower entry cost so as to attract more retail investors into the derivatives market. The new FM70 features a revised tick size and contract multiplier aimed at improving cost efficiency and liquidity for market participants. The FM70 functions as a risk management and hedging tool for investors with exposure to the FBM Mid 70 index and component stocks.

### Products Under Development

In addition to the above, we are currently working on revamping the Crude Palm Kernel Oil Futures (FPKO) contract to better meet market needs for an effective hedging instrument. The revamped contract is expected to be better aligned with practices in the physical Crude Palm Kernel Oil market. Approval-in-principle from the SC for the revamp was obtained on 9 December 2020.

## Management Discussion and Analysis

### Retail Focus

Interest in investing and trading grew significantly in 2020 with retail investors looking for higher returns in the current low interest rate environment. As the market had grown more volatile because of the COVID-19 pandemic, we took this opportunity to accelerate the delivery of our retail initiatives to raise awareness of the function of derivative products as risk hedging tools and investment assets among retail investors. We delivered a number of webinars and education programmes through our digital channels. Key initiatives delivered in 2020 include:

- Let's Learn Futures Webinar series
- Facebook Live series on Exchange Traded Derivatives
- Digital learning content on Bursa Academy
- Educational posts and videos on social media pages
- Derivatives trading statistics posted on social media pages (i.e. our monthly newsletter, palm oil industry and financial industry statistics)
- Partnership with information service websites such as the i3Investor to provide information about derivative products

These efforts were further supported by 14 webinars hosted under the Capital Market Education and Integrity Fund education initiative. Although the total number of events held during the year had decreased due to the cancellation of physical events, the number of participants on our online webinars had increased to 6,686 participants from 3,044 in 2019.

Meanwhile, our Retail Trading Incentive Programme (RTIP), which aims to increase the trading participation in the retail segment of the derivatives market, saw a total of 25 retail traders participate in the programme in 2020. RTIP complements our efforts to encourage experienced retail traders to increase their trading activities which would further enhance liquidity in the derivatives market.

### Institutional Focus

We continued to leverage on our global leadership in CPO, particularly the position of FCPO as the global benchmark for palm oil futures, to increase institutional participation in the derivatives market. As part of our ongoing market-building initiatives, we conducted strategic outreach programmes in 2020 with institutional players to obtain feedback on our marketplace and discuss new developments in the derivatives industry.

### Virtual Palm and Lauric Oils Price Outlook Conference (POC) 2020

Due to the MCO, we hosted our flagship event, POC, virtually. The Virtual POC 2020 was held over two days in October 2020 following the cancellation of our regular physical event scheduled for June 2020. The virtual POC attracted a total of 1,699 unique logins from international industry players making the event a success for Bursa Malaysia.

One of the main functions of POC is to bring industry players together in order to discuss developing issues, market trends and prospects for the prices of palm oil and other major edible oils. The conference is also the platform for the unveiling of new tools for business matching and networking as part of our larger efforts to build stronger relationships between various industry players. POC continued to be our main platform for communicating the use of our derivative products as risk management tools.

The event was given additional support by our strategic partner CME Group, special partner exchange Dalian Commodity Exchange (DCE), the Ministry of Plantations Industries and Commodities and various palm oil industry associations, as well as 14 sponsors, seven exhibitors, three partners from futures broking houses, investment banks, palm oil players, infrastructure providers and the media.

### Institutionalising Locals

One of our strategies to drive greater trading activity in our derivatives market is to encourage local professional traders to set up their own proprietary trading firms through the Associate Participant (AP) programme. By becoming an AP, traders can scale up their participation in the derivatives market and also recruit and train new traders. However, despite our efforts to convince locals to make the conversion, the take-up rate has remained relatively low. Out of the 23 APs in 2020 (2019: 21 APs), only one was established by a local participant. We will continue with our efforts to achieve greater conversions in the future.

### Enhancing Regional and Global Connectivity

Bursa Malaysia signed a Memorandum of Understanding (MoU) with the Taiwan Futures Exchange (TAIFEX) on 18 May 2020 with the intent of pursuing a mutually beneficial business partnership. The MOU enables the sharing of information and best practices in the areas of product development and market operations with TAIFEX. The collaboration is expected to contribute to the development of the Asian derivatives ecosystem, and ultimately create more opportunities between the two exchanges. There are also ongoing and continuous discussions with other exchanges including the DCE and Chicago Mercantile Exchange on potential joint-products and marketing collaborations.

Our regional and global connectivity strategy also comprises various promotional and marketing initiatives held in strategic locations around the world, particularly in China. The aim of these initiatives is to raise awareness of our derivatives market and attract greater foreign participation. Initiatives during the year include:

- **Inclusion of FKLI pricing on WenHua:** WenHua is one of China's most popular websites and mobile applications. Having FKLI pricing available on that platform is part of our strategy to penetrate China's market and increase the awareness and visibility of our products. At present, WenHua displays the prices for both FCPO and FKLI.
- **Live Trading Competition organised by China Futures Daily:** We listed FCPO for the live trading competition with the aim of raising our profile as well as the profile of the FCPO contract among Chinese brokerage firms and traders. This exercise also effectively provides a platform for traders to experience trading in the Malaysian derivatives market as well as to channel new traders to set up their connectivity to our market.
- **Market Data Incentive Scheme:** This scheme aims to encourage the trading of our products by waiving the market data fees for brokerage firms. It is targeted at foreign markets such as Greater China and Singapore to further diversify the demography of our trading participants and gain wider international reach.

## Management Discussion and Analysis

### BUSINESS ANALYTICS AND INFORMATION SERVICES

Business Analytics and Information Services (BAIS) embarked on an aggressive plan to grow its business and has managed to achieve several key partnerships to expand its product offerings and grow demand for market information products. The strategic partnerships have enabled us to on-board new market data users such as large asset management companies and high-frequency traders, and grow new development channels.

Growing demand for market data has made BAIS an increasingly important contributor to our business. Subscription and licence fees for data and index services increased Market Data revenue by 24.8% in 2020 to RM48.1 million (2019: RM38.6 million). The improvement in BAIS revenue was supported by healthy contribution from our partners including FTSE and BursaStation, which had seen greater investor interest owing to the high level of trading activity during the year. In the segmental report, revenue for Market Data is recorded under both the Securities and Derivatives Markets depending on the type of data.

#### Operating Environment

The growing interconnectivity of financial markets globally as well as the rise of new investing methodologies driven by the advent of Big Data has accelerated the demand for enhanced, up-to-date and accurate market data. Investing trends such as passive investing, algorithmic trading and robo-advisory make use of data analytics in new ways to extract value from the market, but rely on quick, accurate and reliable market data as key inputs.

Bursa Malaysia has, over the past few years, placed greater emphasis on the development of our own market data offerings as part of our overall strategy to increase our non-trading revenue and to better serve the needs of our participants. Enhancing our capabilities in data mining and analytics are also critical for us to grow into a more mature capital market. Our aim is to build our capabilities to be able to offer advanced analytics and insights to a broader class of stakeholders in the ecosystem, promote greater market transparency and facilitate better informed investment decisions.

#### Strengthening the Core

##### Improving our Ecosystem

The information and data analytics ecosystem is highly dynamic with changes driven by the rapid pace of innovation in technology. Our priority is to leverage on the latest technology to ensure that we operate at peak efficiency and reliability in creating value for our stakeholders. In addition, we are confident that our data and visualisation models can be commercialised to further support the growth of our non-trading revenue.

In 2020, we accomplished several strategic building blocks towards growing the Market Data business beyond the traditional sense. We have expanded distribution channels to reach new customer classes, and acquired adjacent datasets which will enable Bursa Malaysia to serve more participants in the ecosystem, such as small and medium enterprises and commercial banks.

##### Capitalising on Technology and Information

The activities of BAIS are inextricably linked to the use of technology and information to create value in the form of operational efficiencies, analytical data and new products and services. To that end, BAIS is

constantly exploring the latest technological offerings that may be integrated into Bursa Malaysia. Some of our key initiatives are as follows:

##### DIBots Data Platform

In expanding our digital offerings to our stakeholders, we launched a strategic collaboration with WorldVest Base Inc offering value-added data solutions on a new subscription-based data platform called DIBots. DIBots runs on Global Intelligence Database, which sources data and information from the public domain and offers data and analysis in multiple areas including:

- Reference and fundamental data of PLCs across the globe
- Financial data from private companies in India, Malaysia, Thailand and Vietnam as well as non-financial data from private companies in 11 other countries
- Financial strength indicators
- Detailed company ownership structures and connectivity
- Information on people, including advisors, auditors, board members and directors
- Sanctions Watchlist
- Politically Exposed Persons
- Original Filing documents



## Management Discussion and Analysis

The offering is aimed at addressing the fragmented data landscape by providing a one-stop cross function data solution, incorporating data sets not commonly available in the market to serve the various needs of our capital market stakeholders. Through DIBots, Participating Organisations (POs), research institutions and institutional investors gain a bird's eye view over a company's investors demography, and up-to-date share performance and fund movements against current market conditions. The offering also helps to explain the company's valuation position through in-depth peer analysis, by benchmarking a company's stock and financial performance against other similar public listed and private companies in the region.

### Cloud-based Analytics Dashboard Proof-of-Concept (PoC)

In 2020, we embarked on a cloud-based Analytics Dashboard PoC to develop a small-scale database and end-to-end automated data integration pipeline utilising an international best-in-class cloud-based service model. Users can access the data through an interactive dashboard from the cloud for visualisation purposes as well as perform multi-dimensional analysis across various timeframes. This new initiative is intended to eventually replace existing periodic Excel- or PDF-based reports.

One of the main objectives of the PoC is to help nurture a data-driven culture within the organisation by making self-service analytic capabilities available to our employees.

Development of automated periodic reports for the various business units within Bursa Malaysia is already well underway, with enhancements drawn from insights accumulated through working on other aspects of our market information ecosystem. These reports facilitate informed decision-making as they ensure the availability of accurate and relevant data on a more timely basis.

The datasets and analytics know-how acquired during the PoC have been commercialised through the DIBots platform, which is available to POs and PLCs.

### Making Sustainability a Way of Life

#### Promoting Sustainable Finance

Since the inception of the FTSE4Good Bursa Malaysia Index (F4GBM Index), we have continuously conducted outreach programmes for PLCs designed to give them a better understanding and clarity on how the Environmental, Social and Governance (ESG) assessment is undertaken and the criteria for inclusion into the index. In 2020, we held two ESG webinars, which were attended by more than 200 participants, and we also conducted a series of one-on-one engagements with companies.

This in turn laid the ground work to introduce a new variation of ESG index to complement the existing F4GBM Index, such as a Green Index which would provide investors with another perspective, namely companies with exposure to green revenues. Our aim is to capitalise on observed global trends, of which climate change has become an important topic.

With sustainable investment recognised as an increasingly important driver in investment decision making, the Exchange is collaborating with our local stakeholders to facilitate the availability of quality ESG data to the market. This initiative will form one of the essential building blocks in unlocking potential new sustainability products and services helmed by BAIS.

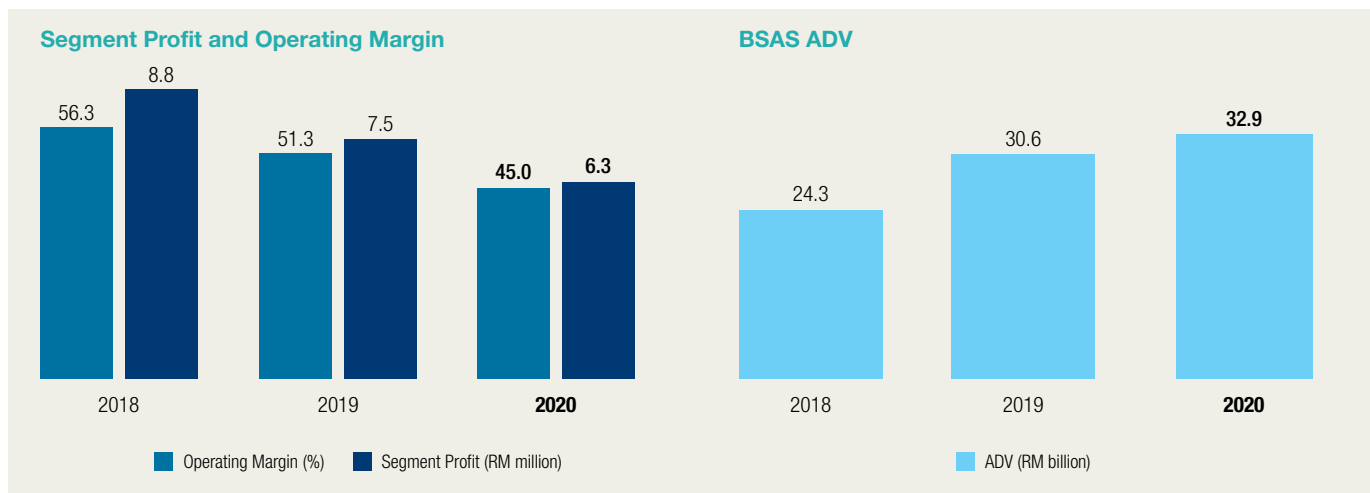
## Management Discussion and Analysis

### ISLAMIC MARKETS

Bursa Malaysia aims to become the leading global exchange for Islamic capital market products and remain an integral component of Malaysia's comprehensive Islamic finance ecosystem.

Islamic capital market products are tailored to the growing demand for sustainable and responsible investment assets, as well as for investors with principles-based investment mandates. Our Islamic Markets offerings comprise Shariah-compliant securities, as well as two Shariah-compliant platforms, namely the Bursa Suq Al-Sila' (BSAS) commodity Murabahah trading platform and the Bursa Malaysia-i securities exchange platform. All revenue generated from the trading of Shariah-compliant securities is reported under the Securities Market. For the purposes of segmental reporting, revenue generated by BSAS is reported here together with other non-trading revenue contributions.<sup>1</sup>

Trading interest on BSAS increased during the year with ADV growing 7.8% in 2020 to reach RM32.9 billion from RM30.6 billion a year ago. However, trading revenue from BSAS contracted 6.5% to RM13.1 million (2019: RM14.0 million) due to lower total effective fees as a higher number of trades were conducted under the volume-based pricing scheme. Profit contribution declined 16.8% to RM6.3 million (2019: RM7.5 million).



### Segment Revenue

|                         | 2019<br>RM million | 2020<br>RM million | % Change     |
|-------------------------|--------------------|--------------------|--------------|
| Trading Revenue         | 14.0               | 13.1               | -6.5%        |
| Other Operating Revenue | 0.4                | 0.6                | 43.2%        |
| <b>Total</b>            | <b>14.4</b>        | <b>13.7</b>        | <b>-4.9%</b> |

### Operating Environment

BSAS was affected by the COVID-19 pandemic in two distinct ways. On the domestic front, the MCO had seen reduced demand for financing, resulting in lower Islamic financing transactions and therefore lower BSAS transactions. This is reflected in the lower local ADV in 2020 as compared against 2019. Additionally, Malaysian financial institutions had also anticipated that the benchmark interest rate would fall during the year and shifted their funds to shorter terms which attract a lower fee on BSAS.

Meanwhile, increased foreign participation on BSAS, especially from the UAE and new participants from Saudi Arabia, more than made up for the decline in local ADV and boosted total BSAS ADV. We saw increased trade flows from the UAE due to the increase in liquidity from the economic and financial stimulus packages implemented in the Emirates. As for the participants from Saudi Arabia, we saw new entrants using BSAS to facilitate sukuk issuances which also contributed positively to the overall BSAS ADV.

<sup>1</sup> This includes bond-related non-trading revenue as well as contributions from the Labuan Financial Exchange.

## Management Discussion and Analysis

### Strengthening the Core

#### Bursa Suq Al-Sila' (BSAS)

BSAS is a commodity Murabahah trading platform designed to facilitate Islamic finance transactions and liquidity management for Islamic financial institutions. BSAS provides industry players with a regulated environment to support various transactions including:

- Islamic interbank transactions,
- Shariah-compliant financing and deposit-taking activities,
- sukuk issuances,
- profit rate swap and cross currency swap,
- trading of debt instruments via Bai' Al-Dayn Bi Al-Sila',
- Shariah-compliant factoring transactions, and
- Ar-Rahnu transactions through Tawarruq contracts.

As at end of 2020, BSAS had 264 registered participants (2019: 222) comprising 231 Commodity Trading Participants (CTP) (177 Local and 54 foreign), 28 Commodity Supplying Participants (CSP) (26 local and 2 foreign) and five Commodity Executing Participants (CEP). In 2020, BSAS admitted 43 new CTPs made up of 36 local and seven foreign participants from South Africa, Djibouti, Palestine, Pakistan, Jordan, United Arab Emirates and the Maldives. At present, BSAS is directly accessed by and facilitates trades from over 20 countries globally.

In line with the needs of our participants from new countries, new currencies were added onto BSAS in 2020, including:

- the Djiboutian Franc,
- the Botswana Pula,
- the Malawian Kwacha,
- the Pakistani Rupee, and
- the Maldivian Rufiyaa.

As at the end of the year, BSAS facilitates trading in over 40 currencies and six commodities.

Meanwhile, we completed a total of seven system integration initiatives with our participants using our Straight-Through-Processing functionality. This integration enables seamless and real time trading activities and eliminates the duplication of data entry thus improving the overall efficiency and effectiveness of the trading processes.

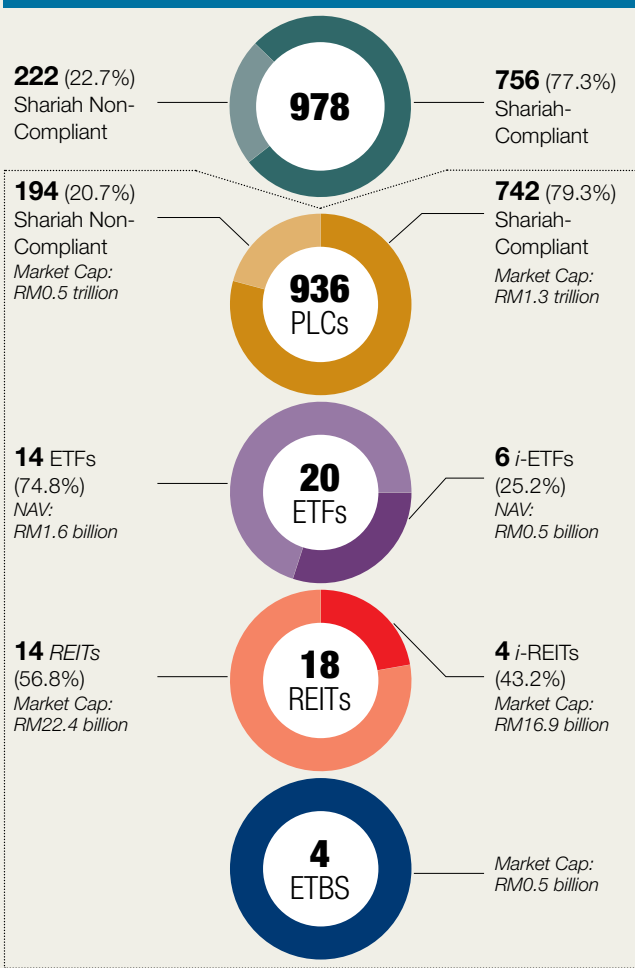
#### Bursa Malaysia-i

Bursa Malaysia-i is an end-to-end Shariah-compliant securities exchange platform with a comprehensive range of exchange-related facilities including listing, trading, clearing, settlement and depository services. Through Bursa Malaysia-i, Shariah-seeking investors can choose to invest in Shariah-compliant securities quoted on the Exchange and access the Bursa Malaysia-i platform through the interfaces of 16 brokers with Islamic stockbroking services. Bursa Malaysia-i also offers access to a wide range of Shariah-compliant securities including *i*-Stocks, *i*-ETFs, *i*-REITs and Exchange-Traded Bonds and Sukuk (ETBS).

As at 31 December 2020, 756 or 77.3% of the 978 securities listed on Bursa Malaysia with a total market capitalisation of RM1.3 trillion are Shariah-compliant and eligible for trade over Bursa Malaysia-i.

- *i*-Stocks: 742
- *i*-ETFs: 6
- *i*-REITs: 4
- ETBS: 4

#### TOTAL SHARIAH-COMPLIANT SECURITIES



## Management Discussion and Analysis



### Members of our Shariah Committee.

From left to right: Prof Dr Younes Soualhi (Member), Prof Dr Ashraf Md Hashim (Chairman), and Dr Shamsiah Mohamad (Member).

As at 31 December 2020, the ADV of Shariah-compliant securities traded on the Exchange totalled RM3.2 billion, which is 76.9% of the overall ADV of RM4.2 billion.

### Institutional Focus

#### Shariah Investing Virtual Conference 2020 (SIVC 2020)

We organised our inaugural SIVC 2020 in June 2020 in partnership with CGS-CIMB Securities Sdn Bhd to showcase the value proposition of Shariah investing to institutional investors. Themed 'Shariah Investing and Socially Responsible Investing: Meeting at the Midway', SIVC 2020 aimed to bridge the gaps between Shariah investing and socially responsible investing on the basis that the two investing methods shared similar values.

Our aim in highlighting the similarities between the two investment philosophies is to further grow our institutional investor base by showing them that investors are taking long-term views and choosing responsible investments. More than 1,300 attendees participated in SIVC 2020, of which 10% of the total were foreign participants from the United States, Africa, the Middle East-North Africa region, Europe and Asia.

#### Shariah Investing Dialogue Series 2020 (SID 2020)

We held our SID 2020 in October and November 2020 in partnership with the Association of Shariah Advisors in Islamic Finance. The objective of the dialogues was to create a forum for the leading Shariah scholars to share their thoughts on the role that the Islamic capital market and Shariah investing plays in the Islamic finance ecosystem, as well as the role of the Shariah fraternity in accelerating the growth of the Islamic capital market. We held two virtual sessions of the Series in 2020:

- Series 1 — 'Investment in the Future: Shariah Fraternity's Role in ICM'  
The series, held on 21 October 2020, garnered the interest of over 1,800 people of which 63.0% were foreign participants, highlighted the potential of Malaysia's Islamic capital market and the important role of the Shariah fraternity in championing the Islamic capital market and Shariah investing, as well as emphasise the way that end-to-end Shariah investing adds value to investors.
- Series 2 — 'Shariah Fraternity: Setting the Pace of Innovative Thinking'  
The second in the series took place on 17 November 2020 and saw the participation of over 2,900 participants of which 67.0% were foreign participants. The second series was focused on the role of the Shariah fraternity in the development of new innovations in the Islamic capital market space.

### Retail Focus

Retail investors continue to be a key target group for our outreach programmes as Shariah-compliant securities tend to yield greater long-term value and are comparatively less volatile compared to non-Shariah-compliant assets. As a result of the continuous engagement efforts of our outreach team, retail investors contributed 50% of total Shariah ADV on the Bursa Malaysia-i platform during the year under review. We view this development as a significant step forward in terms of securing the sustainability of our Shariah marketplace and also the greater awareness among our investing public of the importance of Shariah-compliant assets in any financial portfolio.

## Management Discussion and Analysis

Through our Shariah Investing (SI) Programme Series, we have conducted more than 200 retail engagements with over 200,000 retail investors in 2020 in a bid to raise the overall level of investor education. These sessions were held in collaboration with industry partners including Islamic POs and training providers. Due to the COVID-19 pandemic, most of the SI programmes were conducted virtually. The breakdown of our outreach sessions are as follows:

- Shariah Investing Seminar (SIS) – 29 sessions
- Shariah Investing Workshop (SIW) – 99 sessions
- Shariah Investing Roadshow (SIR) – 2 sessions
- Shariah Investing Education (SIE) – 60 sessions
- Other Engagement – 11 sessions

In addition, we have been working closely with BursaMKTPLC Social Influencers, licensed dealer representatives, remisiers and certified financial planners to drive Shariah investing whilst attracting and increasing the Bumiputera market segment to boost participation in the Islamic capital market. As a result of these efforts, we saw 66,086 new Shariah trading accounts opened during the year (2019: 26,837).

### 'Meet the Customers' Day (BMi2U)

We introduced BMi2U last year to enhance the relationship between the Exchange and Shariah retail investors. BMi2U was held on the last Friday of each month and functioned as an avenue for engagement with retail investors. BMi2U was temporarily suspended in March 2020 due to the imposition of the MCO and resumed after the order was lifted in June 2020.

### Social Media Engagement

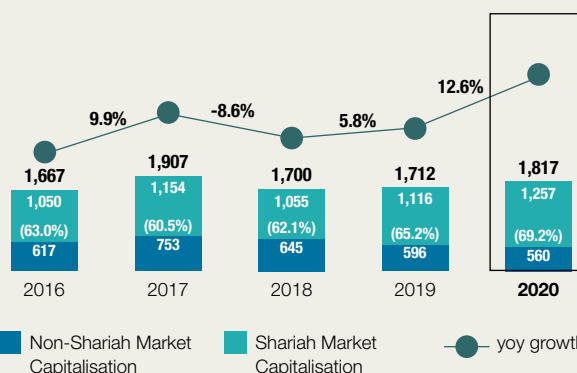
Social media has become an increasingly important outreach tool for us because of its reach and popularity among the Malaysian public. We have been actively leveraging on social media, specifically on Facebook, Twitter, Instagram and Telegram, to raise awareness about the merits of Shariah investing and to provide updates about developments of Bursa Malaysia's Shariah equity market and events. As at end December 2020, we gained over 21,000 followers on Twitter, 26,210 followers on Facebook, 3,229 followers on Instagram, and 639 subscribers on Telegram following developments on our Bursa Malaysia-*i* platform.

Our social media engagements include the following:

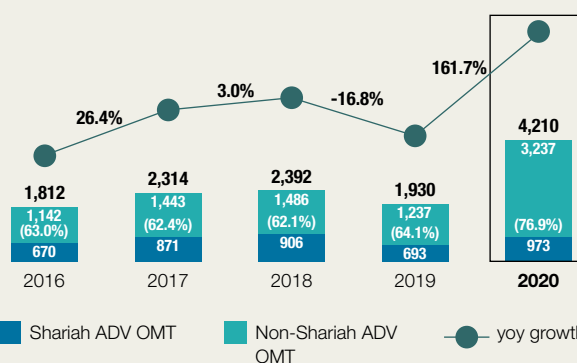
**Labur 101:** We introduced Labur 101 in August 2020 on Twitter to provide basic education of the Malaysian stock market and Shariah investing, as well as to engage with our Twitter followers. The Labur 101 segment conducts its outreach in a simple and informal manner on a monthly basis and uses the Malay language as a medium of communication. Information is extracted from the Bursa Malaysia website, BursaMKTPLC and Bursa Academy together with examples that are relevant and in line with Shariah investing. We also provide references to other websites where the retail public can obtain more information.

**Social Media Takeover:** We started hosting a Social Media Takeover event in January 2020 where social media influencers are invited to 'take over' our Twitter account and discuss different Shariah investing-related topics each month. The aim of the event is to increase awareness of the importance and benefits of Shariah investing among the general Malaysian public, particularly targeting millennials. As at 31 December 2020, the initiative had attracted more than 4,000 new followers within the 24-hour period when the sessions took place, and attracted an average of 8,701 impressions per tweet. A total of 554 tweets were curated while 89.0% of respondents polled reported having enjoyed the sessions.

### SHARIAH MARKET CAPITALISATION (RM billion)



### SHARIAH AVERAGE DAILY TRADING VALUE (RM million)



## Management Discussion and Analysis

### TOWARDS OPERATIONAL EXCELLENCE

The adoption of technology and the leveraging of our employees' talents are key in enabling us to realise our strategic vision. With the fast-changing financial market landscape, we continue to invest in technology and operational infrastructure to meet our stakeholders' needs and expectations.

#### Leveraging on Technology

We keep abreast of the latest developments in technology, with particular emphasis on fintech and advancements in stock exchange technology. The pace of development in this field has accelerated exponentially over the last few years, opening up a completely new competitive landscape that is rife with both competitive risks and opportunities for Bursa Malaysia. On the one hand, technological innovation is a key enabler that is necessary for taking us to the next level; on the other hand, it poses new challenges in the form of new competitors as well as new capabilities that must be integrated into our systems.

**i** For more information about the strategic risk posed by new technological innovations, please turn to pages 50 to 56 of this report.

#### Key achievements during the year include:

##### ISO 20022 Messaging Standards for Corporate Announcements

We encouraged our market participants to adopt ISO 20022 messaging standards which will help them benefit from Straight-Through Processing. By adopting this standard, market participants will receive the listed issuer's corporate announcement (CA) in the following format:

- i. Actionable CA in ISO 20022 messaging standards; and
- ii. Non-actionable CA in XML messaging standards.

In using this standard, information from listed issuers can flow directly to our market participants' target system, which will effectively enhance efficiency and accelerate the processing of data from corporate announcements.

##### Enterprise Data Management (EDM)

We aim to elevate Bursa Malaysia's data management maturity level to enhance the quality of data available to our decision-makers. Under this initiative, we have:

- Adopted an EDM framework in accordance with international best practices from the Data Management Body of Knowledge, Capability Maturity Model Integration and ISO 8000.
- Established a Central Data Governance structure to institute data governance policies.
- Established a central reference point for all common business terms used in Bursa Malaysia for reporting purposes to ensure consistency in the usage of the business terminology across the Exchange.
- Classified data sensitivity in accordance with Bursa Malaysia's Information Management Policy, i.e. Secret, Confidential, Restricted or Public.

The EDM initiative is crucial in transforming Bursa Malaysia into a data-driven organisation.

## Management Discussion and Analysis

### Key achievements during the year include:

#### Equity Post-Trade Technology Refresh

We completed the technology refresh for the Exchange's equity post-trade system to secure greater availability, better security, and better performance in the operations of our securities clearing house and central depository. Core applications affected during this refresh include our:

- i. Central Depository System;
- ii. Equity Clearing and Settlement System;
- iii. Central Matching Facility;
- iv. Securities Borrowing and Lending System; and
- v. Equities Margining System.

#### Derivatives Clearing and Settlement (DCS) System Enhancement Catering for FMG5 Revised Settlement Method

In line with the re-launch of the FMG5 contract with a revised settlement methodology, we enhanced our DCS system to cater to the contract's new parameters, i.e. from cash to physical delivery versus payment (DVP) model. The DVP model refers to the exchange of securities and funds between the seller and the buyer in real-time that is facilitated through the Real-Time Electronic Transfer of Funds and Securities System (RENTAS).

### Cyber Security

A vast amount of data and information is handled by the Exchange daily, including a substantial amount of private and sensitive information related to our stakeholders and their trading practices. Any breach in our cybersecurity and technology infrastructure could result in the data falling into unauthorised hands, which in turn has significant security and liability ramifications for Bursa Malaysia. Additionally, any compromise of our network may also affect the reliability and functioning of the Exchange, and jeopardise our reputation as a market operator.

Bursa Malaysia's key Cyber Security Standards and Guidelines is in line with international frameworks and principles in managing current and emerging cyber threats.

This is supported by continuing improvements that are introduced regularly to defend against threats as they arise and to further mitigate the possibility of cyber breaches.

In December 2020, Bursa Malaysia was certified with Information Security Management System (ISMS) ISO 27001 for all critical services.

Further, we continue to advocate the need for a collective effort on the part of our key stakeholders to build a safe, strong, and cyber-resilient capital market, and have conducted awareness programmes to this end.



## Management Discussion and Analysis

### Building a High-Performance Organisation (HPO)

The Exchange continues to invest substantial resources in developing its human capital towards becoming a HPO. This is in recognition of the critical role that our talent plays in our value creation activities on a day-to-day basis. Our People and Culture strategy is aimed at improving business processes in order to enhance efficiency and promote innovation aimed at supporting organisational transformation. It entails five objectives:

|  |  |
|--|--|
| <p><b>1</b></p> <p><b>Building Leadership Bench Strength</b></p> | <p>Bursa Malaysia is focused on building leadership bench strength at the senior- and middle-management levels. A leadership pipeline with comprehensive succession management strategies and plans have been constructed to ensure that trained and experienced talent are ready to fill mission-critical roles in the Exchange. The Talent Council, comprising key members of the management team, is responsible for reviewing the succession management approach, strategies, as well as the implementation of initiatives. The Council also makes recommendations to the Board regarding talent issues.</p> <p>Successors identified for mission critical roles are enrolled in a 12-month Accelerated Leadership Development Programme which adopts a blended and modular learning approach comprising formal training, 360-degree assessments, group coaching, discussion chats and virtual leadership sharing by renowned leaders. Areas covered by the programme are Team Leadership, Strategic Thinking and Decision Making, Leadership Influence and Enterprise Leadership as well as Internal Communication.</p> |
| <p><b>2</b></p> <p><b>Capability Development</b></p>             | <p>Targeted individual development plans (IDPs) have been identified for all employees. Together with Division Heads, the Group Human Resources (HR) drives the completion of IDPs through various developmental methods including on-the-job, social and formal learnings. Our Capability Development initiatives focus on narrowing the competency gaps of our employees while developing new competencies. Key training programmes conducted include:</p> <ul style="list-style-type: none"> <li>o IR4.0 Skill Training – Stakeholder Management, Critical Thinking and Problem Solving, and Creative Problem Solving</li> <li>o Business Tools – Effective PowerPoint Presentations, Power Query by MS Excel</li> <li>o Personal Effectiveness – Presentation Skills, Effective Business Communication, Team Effectiveness</li> </ul>  |
| <p><b>3</b></p> <p><b>Rewards Enhancement</b></p>                | <p>Following the benchmarking on HR Policies and Procedures by AON Hewitt in 2019, a number of Bursa Malaysia's HR policies were revised and updated in 2020. New policies were introduced including Flexible Working Hours whereby employees now have the flexibility to choose their mandated eight hours between the 8:00 am to 7:00 pm work window. They have also been accorded greater flexibility in terms of their dress code.</p>   |
| <p><b>4</b></p> <p><b>Productivity Enhancement</b></p>           | <p>HR participated in the Bursa Malaysia Digitalisation and Automation Programme in which five processes have been automated and manual forms digitised. The areas that were impacted by this programme are manpower requisitions, interview assessments, training applications, trainee requisitions and Code of Ethics declarations.</p>   |
| <p><b>5</b></p> <p><b>Culture Transformation</b></p>             | <p>We aim to inculcate a data-driven, high-performance culture that is sustainable and growth-focused. To that end, we have mapped these values to the existing behavioural competencies through an initiative called Bursa Culture Change (BCC) that determines the current levels of Bursa Malaysia's population behaviour against our expressed values. Our objective is to drive culture alignment to achieve the desired behavioural change. It also aims to achieve sustainable results, continuous improvement and take results to action through effective action planning. Following the delivery of our BCC initiatives in 2020, we noted an improvement of 39% in terms of alignment.</p>   |



## Management Discussion and Analysis

### OUTLOOK

The World Bank noted in its January 2021 Global Economic Prospects that it expected the global economy to expand by 4% in 2021, recovering from a 4.3% contraction in 2020 caused mainly by the global outbreak of the COVID-19 pandemic.

However, the World Bank added the proviso that this projection hinges on the scale and effectiveness of the vaccine rollout, as well as the measures taken by policy makers to contain the pandemic and implement investment-enhancing reforms. Its outlook for the near-term also remained uncertain with different growth outcomes still possible. It also projected that Malaysia's economy would grow 6.7% in 2021, subject to the robustness of the global recovery.

Meanwhile, Bank Negara Malaysia (BNM) has forecasted that the country would grow between 6.5% and 7.5% after contracting by 5.6% in 2020. However, the central bank also acknowledged that its outlook remained subject to downside risks as a resurgence of COVID-19 cases could lead to the reintroduction of containment measures, which would again disrupt economic activities. Points of concern include lacklustre demand and the unemployment rate which ended the year at 4.8%. BNM is expected to issue its revised growth projection for the year in March 2021.

#### **Our Strategic Plans Moving Forward**

We completed the final year of our last strategic development plan in 2020 and will embark on a new three-year plan beginning in 2021. We recognise there are uncertainties ahead in both the global and domestic markets but we nevertheless remain focused on our objective of strengthening our organisation and market ecosystem. Our aim is to build sustainable momentum by driving the sustainability agenda and delivering equitable growth for all our stakeholders. This is reflected in our refined vision of becoming ASEAN's leading, sustainable and globally-connected marketplace.

Our new Strategic Roadmap is future-focused and contains plans aimed at improving productivity, enhancing our markets and widening our product and service offerings. The Strategic Roadmap also details the way forward for our sustainability agenda as well as our cybersecurity development plan. At the same time, we will also be further expanding our collaborative ties with peer exchanges around the world in order to develop greater capabilities in our niche areas of specialisation.

# OUR GOVERNANCE

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## Who Governs Us

### Tan Sri Abdul Wahid Omar

Chairman, Public Interest Director\* and Independent Non-Executive Director

|                        |                   |                                  |   |   |
|------------------------|-------------------|----------------------------------|---|---|
| Gender:<br><b>Male</b> | Age:<br><b>57</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>1 May 2020</b> | Length of Service (as at 29 January 2021):<br><b>9 months</b> |
|------------------------|-------------------|----------------------------------|---|---|



#### Board Meeting Attendance in 2020:

**9/9**

#### Board Committees Membership(s) Δ:

- Governance and Nomination Committee (Chairman)
- Remuneration Committee
- Market and Development Committee (Chairman)
- Regulatory and Conflicts Committee (Chairman)
- Appeals Committee (Chairman)

#### Academic/Professional Qualification/Membership(s):

- Association of Chartered Certified Accountants (ACCA), United Kingdom (UK) (Fellow)
- Institute of Chartered Accountants in England & Wales (ICAEW) (Member)
- Malaysian Institute of Accountants (MIA) (Member)
- Diploma in Advanced Accountancy, Luton College of Higher Education, UK
- Honorary Doctorate in Economy & Muamalat Administration, Islamic Science University of Malaysia
- Honorary Doctorate in Economy, Multimedia University, Malaysia

#### Present Directorship(s):

Listed entity:

Nil

Other public companies:

Nil

#### Present Appointment(s):

- Chairman of the Board of Directors, Universiti Kebangsaan Malaysia
- Trustee, World Wide Fund for Nature, Malaysia
- Professor of Practice, International Centre for Education in Islamic Finance (INCEIF)
- Visiting Fellow, Oxford Centre for Islamic Studies, UK
- Adviser, NS Corporation
- Chairman of the Advisory Council, Economic Club Kuala Lumpur
- Member, Advisory Council, Malaysian Chamber of Commerce, Hong Kong & Macau

#### Past Directorship(s) and/or Appointment(s):

- Group Chairman, Permodalan Nasional Berhad (August 2016 - June 2018)
- Minister in the Prime Minister's Department in charge of Economic Planning (June 2013 - June 2016)
- President & Chief Executive Officer, Malayan Banking Berhad (May 2008 - June 2013)
- Independent Non-Executive Director, Bursa Malaysia Berhad (April 2004 - May 2011)
- Group Chief Executive Officer, Telekom Malaysia Berhad (July 2004 - April 2008)
- Managing Director/Chief Executive Officer, UEM Group (October 2001 - June 2004)
- Group Chief Financial Officer, Telekom Malaysia Berhad (March 2001 - September 2001)
- Divisional Director, Capital Market & Securities/ Director, Group Corporate Services, Amanah Capital Group (August 1994 - February 2001)
- Senior Vice President, Finance, Administration & Secretarial, Kumpulan FIMA Berhad (April 1991 - July 1994)
- Deputy Manager, Corporate Banking, Bumiputra Merchant Bankers Berhad (January 1988 - April 1991)

\* appointed by the Minister of Finance pursuant to Section 10(1)(a) of the Capital Markets and Services Act 2007 (CMSA) in consultation with the Securities Commission Malaysia

## Who Governs Us

**Datuk Muhamad Umar Swift****Chief Executive Officer, Non-Independent Executive Director**

|                        |                   |  |   |  |   |
|------------------------|-------------------|--|---|--|---|
| Gender:<br><b>Male</b> | Age:<br><b>56</b> | Nationality:<br><b>Australian / Permanent Resident of Malaysia</b> | Date of Appointment:<br><b>11 February 2019</b> | Length of Service (as at 29 January 2021):<br><b>2 years</b> | Date of Last Re-election:<br><b>28 March 2019</b> |
|------------------------|-------------------|--|---|--|---|

**Board Meeting Attendance in 2020:****12/12****Board Committees Membership(s) Δ:**

- Technology and Cybersecurity Committee
- Market and Development Committee

**Academic/Professional Qualification/Membership(s):**

- Bachelor of Economics, Monash University, Australia
- Graduate Diploma in Applied Finance and Investment, Securities Institute of Australia
- Associate Member, Institute of Chartered Accountants, Australia
- CPA Australia
- Fellow Member, Taxation Institute of Australia
- Fellow Member, Financial Services Institute of Australasia, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Registered Member, Malaysian Financial Planning Council

**Present Directorship(s):**

Listed entity:

Nil

Other public companies:

- Bursa Malaysia Berhad Group
- Yayasan Bursa Malaysia
- Securities Industry Development Corporation
- Capital Market Development Fund

**Present Appointment(s):**

- Ex-Officio, Financial Reporting Foundation
- Member, Corporate Governance Council, Securities Commission Malaysia
- Member, United Nations Global Compact Network Malaysia & Brunei Advisory Panel

**Past Directorship(s) and/or Appointment(s):**

- Chief Executive Officer (CEO)/Group Managing Director, MAA Group Berhad (September 2006 - February 2019)
- Director, Columbus Capital Pty Limited (October 2006 - December 2018)
- Director, MAA General Assurance Philippines, Inc (March 2015 - February 2019)
- Director, MAA International Group (March 2017 - February 2019)
- Director, MCIS Insurance Berhad (October 2018 - January 2019)
- Member, Board of Trustees, MAA Medicare Charitable Foundation (July 2006 - February 2019)
- Member, Board of Trustees, The Budimas Charitable Foundation (April 2013 - February 2019)
- Member, Board of Trustees, Anaho Foundation (November 2013 - February 2019)
- Non-Independent Non-Executive Director, MAA Takaful Berhad (May 2007 - June 2016)
- Director, MAAKL Mutual Berhad (March 2008 - December 2013)
- Director, Federation of Investment Managers Malaysia (2012 - 2014)
- CEO, Malaysian Assurance Alliance Berhad (August 2008 - September 2011)
- Deputy CEO, Malaysian Assurance Alliance Berhad (June 2006 - July 2008)
- Head, Enterprise Financial Services Group, Malayan Banking Berhad (April 2004 - May 2006)
- Director, Maybank Allied Credit & Leasing Sdn Bhd (August 2005 - April 2006)
- Director, Mayban Ventures Sdn Bhd (2004 to December 2005)
- Practice Leader, Utilities Business, Deloitte Consulting in Malaysia (September 2003 - March 2004)
- CEO, Gas Malaysia Sdn Bhd (July 1997 - December 2002)

## Who Governs Us

**Dato' Anad Krishnan Muthusamy****Public Interest Director\* and Independent Non-Executive Director**

|                        |                   |                                  |  |   |
|------------------------|-------------------|----------------------------------|--|---|
| Gender:<br><b>Male</b> | Age:<br><b>66</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>23 April 2020</b> | Length of Service (as at 29 January 2021):<br><b>9 months</b> |
|------------------------|-------------------|----------------------------------|--|---|

**Board Meeting Attendance in 2020:****10/10****Board Committees Membership(s) Δ:**

- Audit Committee
- Regulatory and Conflicts Committee
- Market Participants Committee (Chairman)

**Academic/Professional Qualification/Membership(s):**

- Bachelor of Law (Hons), National University of Singapore

**Present Directorship(s):**

Listed entity:

Nil

Other public companies:

Nil

**Present Appointment(s):**

- Managing Partner, Anad & Noraini

**Past Directorship(s) and/or Appointment(s):**

- Independent Non-Executive Director, Bina Puri Holdings Berhad (May 2005 - May 2013)
- Partner, Anad & Associates
- Partner, James Foong & Anad
- Legal Assistant, James Foong & Associates

\* appointed by the Minister of Finance pursuant to Section 10(1)(a) of the CMSA in consultation with the Securities Commission Malaysia

## Who Governs Us

**Sharifatu Laila Syed Ali****Public Interest Director\* and Independent Non-Executive Director**

|                          |                   |                                  |   |   |
|--------------------------|-------------------|----------------------------------|---|---|
| Gender:<br><b>Female</b> | Age:<br><b>58</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>1 October 2020</b> | Length of Service (as at 29 January 2021):<br><b>4 months</b> |
|--------------------------|-------------------|----------------------------------|---|---|

**Board Meeting Attendance in 2020:****5/5****Board Committees Membership(s) Δ:**

- Risk Management Committee
- Regulatory and Conflicts Committee

**Academic/Professional Qualification/Membership(s):**

- Bachelor of Science (Hons), Universiti Kebangsaan Malaysia
- Master of Business Administration, University Malaya
- Advanced Management Programme, Harvard Business School

**Present Directorship(s):**

Listed entity:

- RHB Bank Berhad

Other public companies:

- RHB Investment Bank Berhad
- Badan Pengawas Pemegang Saham Minoriti Berhad (Minority Shareholders Watch Group)

**Present Appointment(s):**

- Member, Investment Committee, University Malaya
- Senior Advisor, Think3associates Sdn Bhd

**Past Directorship(s) and/or Appointment(s):**

- Director, RHB Islamic International Asset Management Bhd (October 2018 - May 2020)
- Director, RHB Asset Management Sdn Bhd (October 2018 - May 2020)
- Advisor to the Board, ValueCap Sdn Bhd (August 2018)
- Group Chief Executive Officer (CEO)/Managing Director, ValueCap Sdn Bhd (January 2015 - July 2018)
- Director, VCAP Asset Managers Sdn Bhd (December 2013 - July 2018)
- Director, i-VCAP Management Sdn Bhd (October 2007 - July 2018)
- CEO, ValueCap Sdn Bhd (2002-2014)
- Head, Investments, Lembaga Tabung Haji (July 2002 - September 2002)
- Head, Equities Investment Division/Senior Portfolio Manager, Employees Provident Fund (EPF), Malaysia (1997 - June 2002)
- Head, Treasury Division, EPF, Malaysia (1994 - 1996)
- Senior Investment Officer, EPF, Malaysia (1988 - 1994)
- Investment Operations Executive, Permodalan Nasional Berhad (1985 - 1987)

\* appointed by the Minister of Finance pursuant to Section 10(1)(a) of the CMSA in consultation with the Securities Commission Malaysia

## Who Governs Us

**Datuk Karownikaran @ Karunikaran Ramasamy****Senior Independent Non-Executive Director**

|                        |                   |                                  |  |  |   |
|------------------------|-------------------|----------------------------------|--|--|---|
| Gender:<br><b>Male</b> | Age:<br><b>70</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>28 March 2013</b> | Length of Service (as at 29 January 2021):<br><b>7 years 10 months</b> | Date of Last Re-election:<br><b>29 April 2020</b> |
|------------------------|-------------------|----------------------------------|--|--|---|

**Board Meeting Attendance  
in 2020:****12/12****Board Committees  
Membership(s) Δ:**

- Governance and Nomination Committee
- Remuneration Committee (Chairman)
- Regulatory and Conflicts Committee
- Appeals Committee

**Academic/Professional Qualification/Membership(s):**

- Bachelor of Economics (Hons) in Accounting, University of Malaya

**Present Directorship(s):**

Listed entities:

- Malayan Banking Berhad
- IOI Corporation Berhad
- Chairman, Integrated Logistics Berhad

Other public companies:

- Chairman, Etiqa International Holdings Berhad
- Chairman, Maybank Ageas Holdings Berhad
- Chairman, Maybank Singapore Limited

**Past Directorship(s) and/or Appointment(s):**

- Chairman, Etiqa Life Insurance Berhad (January - December 2018)
- Chairman, Etiqa General Insurance Berhad (formerly known as Etiqa Insurance Berhad) (March 2016 - December 2018)
- Chairman, Etiqa Family Takaful Berhad (formerly known as Etiqa Takaful Berhad) (2016 - 2017)
- Director, Maybank (Cambodia) PLC (2012 - 2017)
- Director, Maybank Asset Management Group Berhad (2012 - 2016)
- Director, Chemical Company of Malaysia Berhad (2011 - 2014)
- Director, Maybank Investment Bank Berhad (2009 - 2014)
- Director-General, Malaysian Investment Development Authority (MIDA) (2004 - 2008)
- Deputy Director-General, MIDA (2001 - 2003)
- Director, Industrial Promotion Division overseeing 16 MIDA overseas offices (1996 - 2000)
- Director, MIDA in Singapore, Germany and London (1978 - 1995)

## Who Governs Us

**Pushpanathan S.A. Kanagarayar****Independent Non-Executive Director**

|                        |                   |                                  |   |   |   |
|------------------------|-------------------|----------------------------------|---|---|---|
| Gender:<br><b>Male</b> | Age:<br><b>69</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>23 June 2014</b> | Length of Service (as at 29 January 2021):<br><b>6 years 7 months</b> | Date of Last Re-election:<br><b>29 April 2020</b> |
|------------------------|-------------------|----------------------------------|---|---|---|

**Board Meeting Attendance in 2020:****12/12****Board Committees Membership(s) Δ:**

- Audit Committee (Chairman)
- Remuneration Committee
- Listing Committee (Chairman)

**Academic/Professional Qualification/Membership(s):**

- Institute of Chartered Accountants of Scotland (Member)
- Malaysian Institute of Certified Public Accountants (MICPA) (Member)
- Malaysian Institute of Accountants (MIA) (Member)

**Present Directorship(s):**

Listed entities:

- IJM Corporation Berhad
- IJM Plantations Berhad

Other public companies:

- Asian Institute of Finance Berhad (In Members' Voluntary Winding-up)
- Sun Life Malaysia Assurance Berhad

**Present Appointment(s):**

- Council Member, MICPA
- Trustee, World Wide Fund for Nature, Malaysia
- Director, Malaysian Community Education Foundation
- Chairman, Malaysian Financial Reporting Standards (MFRS) Application & Implementation Committee of the Malaysian Accounting Standards Board (MASB)
- Project Chairman, the Insurance Standards Working Group of the MASB on MFRS 17

**Past Directorship(s) and/or Appointment(s):**

- Director, Sun Life Malaysia Takaful Berhad (2010 - 2019)
- Board Member, MASB (2009 - 2015)
- Honorary Secretary, Financial Reporting Foundation (2010 - 2015)
- President, MICPA (2012 - 2014)
- Council Member, MIA (2012 - 2014)
- Partner, Messrs Ernst & Young (1983 - 2009)
- Chairman, Adjudication and/or Organising Committees, National Annual Corporate Report Awards (2003 - 2009)
- Chairman, MICPA's Financial Statements Review Committee and Project Chairman, the Insurance Standards Working Group of MASB on Financial Reporting Standard 4 (2003 - 2007)
- Member, International Federation of Accountants' Developing Nations Permanent Taskforce (2004 - 2005)



## Who Governs Us

**Datin Grace Yeoh Cheng Geok****Independent Non-Executive Director**

|                          |                   |                                  |   |  |   |
|--------------------------|-------------------|----------------------------------|---|--|---|
| Gender:<br><b>Female</b> | Age:<br><b>59</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>24 February 2017</b> | Length of Service (as at 29 January 2021):<br><b>3 years and 11 months</b> | Date of Last Re-election:<br><b>28 March 2018</b> |
|--------------------------|-------------------|----------------------------------|---|--|---|

**Board Meeting Attendance  
in 2020:****12/12****Board Committees  
Membership(s) Δ:**

- Risk Management Committee (Chairman)
- Governance and Nomination Committee
- Listing Committee

**Academic/Professional Qualification/Membership(s):**

- Bachelor of Laws (Hons), London School of Economics and Political Science
- Master of Laws (LLM), University of London
- Barrister-at-Law, Middle Temple
- Advocate and Solicitor of the High Court of Malaya

**Present Directorship(s):**

Listed entity:  
Nil

Other public companies:

- CIMB Bank Berhad

**Present Appointment(s):**

- Head, Corporate and Commercial Law Practice Group, Shearn Delamore & Co.
- Head, Energy, Natural Resources & Green Technology Practice Group, Shearn Delamore & Co.
- Member, Corporate and Commercial Law Committee, Malaysian Bar Council
- Member, International Professional Services Committee, Malaysian Bar Council

**Past Directorship(s) and/or Appointment(s):**

- Managing Partner, Shearn Delamore & Co. (2016 - 2018)
- Member, Management Committee, Shearn Delamore & Co. (2002 - 2018)

## Who Governs Us

**Chong Chye Neo****Independent Non-Executive Director**

|                          |                   |                                  |   |  |   |
|--------------------------|-------------------|----------------------------------|---|--|---|
| Gender:<br><b>Female</b> | Age:<br><b>58</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>21 December 2018</b> | Length of Service (as at 29 January 2021):<br><b>2 years 1 month</b> | Date of Last Re-election:<br><b>28 March 2019</b> |
|--------------------------|-------------------|----------------------------------|---|--|---|

**Board Meeting Attendance in 2020:****12/12****Board Committees Membership(s) Δ:**

- Audit Committee (until 30 November 2020)
- Risk Management Committee
- Technology and Cybersecurity Committee (Chairman)

**Academic/Professional Qualification/Membership(s):**

- Bachelor of Science (Hons) in Computer Science, Universiti Sains Malaysia
- Executive Education, Harvard Business School

**Present Directorship(s):**

Listed entities:

- Hong Leong Bank Berhad
- Hong Leong Financial Group Berhad

Other public companies:

Nil

**Present Appointment(s):**

- Honorary Member, American Malaysian Chamber of Commerce

**Past Directorship(s) and/or Appointment(s):**

- Managing Director/ Chief Executive Officer, IBM Malaysia Sdn Bhd (October 2015 - December 2018)
- Director, Kenexa Technologies Sdn Bhd (September 2015 - December 2018)
- Director, IBM Global Delivery Centre (Malaysia) Sdn Bhd (September 2015 - December 2018)
- Client Director, Financial Services Sector, IBM Malaysia Sdn Bhd (2014 - 2015)
- Director, Intellectual Property – ASEAN, IBM Research (2011 - 2012)
- Director, Business Partners & Alliances, IBM ASEAN (2009 - 2010)
- Director, Mid Market, IBM ASEAN/ South Asia (2007 - 2008)
- General Manager, Storage Systems Group, IBM ASEAN/ South Asia (2005 - 2006)
- Regional Leader, Marketing, IBM ASEAN (2004)
- Country Head, Enterprise Systems Group, IBM Malaysia Sdn Bhd (2002 - 2003)
- Regional Marketing Manager, Enterprise Systems Group, IBM ASEAN (2001)
- Various roles in IBM (engineering, sales, marketing and operations in Malaysia). Asia Pacific sales roles covering Japan, Korea, Greater China Group, ASEAN/ South Asia, Australia/ New Zealand (1989 - 2001)
- Software Development Engineer, Hewlett Packard Malaysia (1986 - 1989)

## Who Governs Us

**Uji Sherina Abdullah****Independent Non-Executive Director**

|                          |                   |                                  |   |  |   |
|--------------------------|-------------------|----------------------------------|---|--|---|
| Gender:<br><b>Female</b> | Age:<br><b>59</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>18 November 2019</b> | Length of Service (as at 29 January 2021):<br><b>1 year 2 months</b> | Date of Last Re-election:<br><b>29 April 2020</b> |
|--------------------------|-------------------|----------------------------------|---|--|---|

**Board Meeting Attendance  
in 2020:****12/12****Board Committees  
Membership(s) Δ:**

- Risk Management Committee (from June to November 2020)
- Governance and Nomination Committee
- Remuneration Committee
- Technology and Cybersecurity Committee

**Academic/Professional Qualification/Membership(s):**

- Associate in Occupational Studies Degree, with a major in Business Administration/Management, Central City Business Institute, Syracuse, New York

**Present Directorship(s):**

Listed entity:

Nil

Other public companies:

Nil

**Past Directorship(s) and/or Appointment(s):**

- Group Chief Human Resource Officer, AMMB Holdings Berhad (2015 - 2018)
- Country Chief Human Resources Director, HSBC Malaysia (2009 - 2012)
- Country Chief Human Resource Director, Citibank Malaysia (2004 - 2009)
- General Manager, Human Resources and Corporate Communications, Mesiniaga Berhad (2001 - 2004)
- Head, Human Resources, Mesiniaga Berhad (1995 - 2000)
- Training and Development Manager, Mesiniaga Sdn Berhad (1994 - 1995)
- Sales and Marketing Manager - Mid-range System, Mesiniaga Sdn Berhad (1993 - 1994)
- Various IT and Technology roles at Mesiniaga Sdn Bhd (1982 - 1993)
  - Systems Engineering and Support Manager
  - Systems Engineer
  - Product Support
  - Programmer

## Who Governs Us

**Datuk Bazlan Osman****Independent Non-Executive Director**

|                        |                   |                                  |   |   |
|------------------------|-------------------|----------------------------------|---|---|
| Gender:<br><b>Male</b> | Age:<br><b>56</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>16 November 2020</b> | Length of Service (as at 29 January 2021):<br><b>2 months</b> |
|------------------------|-------------------|----------------------------------|---|---|

**Board Meeting Attendance in 2020:****3/3****Board Committees Membership(s) Δ:**

- Audit Committee
- Risk Management Committee
- Technology and Cybersecurity Committee

**Academic/Professional Qualification/Membership(s):**

- Association of Chartered Certified Accountants (ACCA), United Kingdom (Fellow)
- Malaysian Institute of Accountants (MIA) (Member)
- Diploma in Accounting, Polytechnic of North London, United Kingdom

**Present Directorship(s):**

Listed entities:

- Fima Corporation Berhad
- Glomac Berhad
- Syarikat Takaful Malaysia Keluarga Berhad

Other public companies:

- Citibank Berhad

**Present Appointment(s):**

- Chairman, GITN Sdn Bhd (wholly-owned subsidiary of Telekom Malaysia Berhad (TM))
- Council Member, MIA
- Chairman, Professional Accountants in Business Committee, MIA
- Vice Chairman, ACCA Malaysian Advisory Chapter
- Director, Malaysia Professional Accountancy Centre

**Past Directorship(s) and/or Appointment(s):**

- Board Member, Universiti Utara Malaysia (2020)
- Director, Malaysia Digital Economy Corporation Sdn Bhd (2018)
- Executive Director, TM (2008 - 2019)
- Acting Group Chief Executive Officer (CEO), TM (2018)
- Deputy Group CEO, TM (2017 - 2018)
- Group Chief Financial Officer (CFO), TM (2005 - 2017)
- Director, Labuan Reinsurance (L) Ltd (2005 - 2008)
- Board Commissioner, PT XL Axiata Tbk (2005 - 2008)
- CFO, Celcom Malaysia Berhad (2002 - 2005)
- Senior Vice President, Corporate Finance & Treasury, Celcom Malaysia Berhad (2001 - 2002)
- Director, Nationwide Express Holdings Berhad (1994 - 2005)
- Senior Vice President, Finance and Company Secretary, Kumpulan Fima Berhad (1994 - 2001)
- Manager, Accounting & Financial Control, American Express (M) Sdn Bhd (1993 - 1994)
- Finance at Corporate Office, Kuala Lumpur, Melaka and Singapore, Sime Darby Group (1989 - 1993)
- Auditor, Messrs. Hanafiah Raslan & Mohamad (1986 - 1989)

## Who Governs Us

**Syed Ari Azhar Syed Mohamed Adlan****Independent Non-Executive Director**

|                        |                   |                                  |   |   |
|------------------------|-------------------|----------------------------------|---|---|
| Gender:<br><b>Male</b> | Age:<br><b>47</b> | Nationality:<br><b>Malaysian</b> | Date of Appointment:<br><b>16 November 2020</b> | Length of Service (as at 29 January 2021):<br><b>2 months</b> |
|------------------------|-------------------|----------------------------------|---|---|

**Board Meeting Attendance in 2020:****3/3****Board Committees Membership(s) Δ:**

- Audit Committee
- Market and Development Committee

**Academic/Professional Qualification/Membership(s):**

- Bachelor of Arts, Economics (Hons), Trinity College, Cambridge University

**Present Directorship(s):**

Listed entity:

Nil

Other public companies:

Nil

**Past Directorship(s) and/or Appointment(s):**

- Founder and Director, Abacus ib Sdn Bhd, Malaysia (2017 - 2020)
- Country Head, CLSA Securities Sdn Bhd, Malaysia (2015 - 2016)
- Senior Portfolio Manager, Global Emerging Markets, APG Asset Management Asia, Hong Kong (2012 - 2015)
- Executive Director and Portfolio Manager, UBS AG, Fundamental Investment Group, Hong Kong (2010 - 2012)
- Portfolio Manager, Asian Equities, Millennium Capital Management, Singapore (2008 - 2009)
- Portfolio Manager, Asian Equities, Citigroup Tribeca Global Investments, Singapore (2006 - 2007)
- Portfolio Manager and Co-Founder, Binjai Hill Asset Management, Singapore (2004 - 2006)
- Fund Manager, Asian Equities, Deutsche Asset Management, London, New York, Singapore (1997 - 2004)
- Senior Executive, Investment Operations and Financial Market Department, Bank Negara Malaysia (1996 - 1997)

Δ The Directors' meeting attendance record for 2020 is provided in the Corporate Governance Overview on page 99 of this report.

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of Bursa Malaysia, have no conflict of interest with Bursa Malaysia, have not been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2020.

Save for the Chief Executive Officer and Executive Director, all the Non-Executive Directors satisfy the criteria of an independent director as defined under Bursa Malaysia Securities Berhad Main Market Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholders.

## Who Leads Us



**Datuk Muhamad Umar Swift**  
Chief Executive Officer

Leads Bursa Malaysia Berhad Group of Companies\*



**Rosidah Baharom**  
Chief Financial Officer

- Finance
- Corporate Planning and Investor Relations
- Procurement, Facility and Administration
- Security Services



**Azhar Mohd Zabidi**  
Director, Securities Market

- Listing Development
- Product and Market Development
- Retail and Digital Development
- Institutional Development
- Islamic Product and Market Development
- Labuan International Financial Exchange Inc



**Samuel Ho Hock Guan**  
Chief Executive Officer,  
Bursa Malaysia Derivatives

- Product and Market Development
- Investor Development
- International Development



**Tay Yu Hui**  
Director, Market Operations

- Trading Operations and Market Control
- Clearing and Settlement
- Depository
- Governance and Participant Management
- Operations New Services
- Enterprise Data Management



**Ashish Jaywant Rege**  
Director, Group Technology

- Information Technology Governance and Standards
- Information Technology Infrastructure and Security Services
- Core Solutions Delivery
- Information Technology Operation Services
- Information Security



**Inderjit Singh Sohan Singh**  
Acting Chief Regulatory Officer

- Regulatory Policy and Advisory
- Surveillance and Governance
- Participants Supervision
- Market Surveillance
- Listing
- Enforcement
- Investigation

## Who Leads Us



**Mohd Zulkifli Mustafa**  
Director, Corporate Strategy

- Strategic Alliances and Stakeholder Management
- Strategic Intelligence
- Strategic Planning
- Strategic Innovation and Development
- Strategic Analytics and Reporting
- Strategic Execution



**Azman A. Khalid**  
Director, Group Human Resources

- HR Development
- Rewards and Performance Management
- HR Engagement & Governance



**Mazliana Mohamad**  
Director, Internal Audit

- Commercial and Operations Audit
- Regulation and Support Audit
- Information and Technology Audit
- Stakeholder Management and Planning



**Yong Hazadurah Md Hashim**  
Group Company Secretary

- Corporate Governance and Conflicts Management
- Regulatory Secretarial and Conflicts Operations
- Corporate Secretarial and Governance Operations



**Siew Sze Yih**  
Acting Director, Risk and Compliance

- Enterprise Risk Management
- Business Continuity Management
- Integrity and Governance
- Risk Model Validator



**Emilia Tee Yoke Hoong**  
Director, Group Sustainability

- Sustainability Management
- Education
- Community Investment



**Shamsul Akmal Ahmad**  
Chief Executive Officer, Bursa Suq Al-Sila'

- BSAS Development
- BSAS Operation
- Shariah and Governance
- Treasury



**Wong Chiun Chiek**  
Senior Executive Vice President, Business Analytics and Information Services

- Information Services
- Index and Sustainable Business
- Data Analytics Solutions

### Gender Diversity

9



Male

6



Female

\* The Chief Executive Officer also directly oversees the Group Strategic Communication and Group Corporate Legal.

## Key Senior Management

### Rosidah Baharom

Chief Financial Officer

**Age:** 52  
**Nationality:** Malaysian  
**Gender:** Female

**Date of Appointment**  
12 August 2014

**Academic/Professional Qualification(s):**

- Fellow Member of Association of Chartered Certified Accountants
- Bachelor of Science (Hons) Accountancy, University of East Anglia, UK

**Present Directorship:**  
Listed entity: Nil

**Working Experience:**

- More than 25 years of experience in the financial industry with a focus in areas of finance covering corporate finance, corporate planning and strategic corporate affairs - with 6 years of senior management roles, helming the finance and corporate services division in Bursa Malaysia

### Azhar Mohd Zabidi

Director, Securities Market

**Age:** 51  
**Nationality:** Malaysian  
**Gender:** Male

**Date of Appointment**  
12 October 2020

**Academic/Professional Qualification(s):**

- BA (Hons) Accounting and Finance, South Bank University, London

**Present Directorship:**  
Listed entity: Nil

**Working Experience:**

- Over 20 years of investment banking experience, serving various domestic and international financial institutions. Held key management roles in the global and regional investment companies prior to joining Bursa Malaysia

### Samuel Ho Hock Guan

Chief Executive Officer,  
Bursa Malaysia Derivatives

**Age:** 50  
**Nationality:** Singaporean  
**Gender:** Male

**Date of Appointment**  
1 January 2019

**Academic/Professional Qualification(s):**

- GCE 'A' levels, Certificate in Private Banking

**Present Directorship:**  
Listed entity: Nil

**Working Experience:**

- Close to 30 years of capital markets experience, globally. Held key management roles for ten years in regional capital markets and exchanges prior to joining Bursa Malaysia

### Tay Yu Hui

Director, Market Operations

**Age:** 50  
**Nationality:** Malaysian  
**Gender:** Female

**Date of Appointment**  
11 November 2019

**Academic/Professional Qualification(s):**

- Bachelor of Accounting and Finance (Hon), Middlesex University, UK

**Present Directorship:**  
Listed entity: Nil

**Working Experience:**

- More than 20 years of industry experience including roles in compliance, and in broking and international investment banking operations. Was a pioneer at an international bank as the head of operations for cash equities, with exposure to regional businesses. Was also the Malaysian head of operations for the securities business of a leading Fortune 500 global investment bank prior to joining Bursa Malaysia

### Ashish Jaywant Rege

Director, Group Technology

**Age:** 55  
**Nationality:** Indian  
**Gender:** Male

**Date of Appointment**  
6 January 2020

**Academic/Professional Qualification(s):**

- Master of Management Studies, University of Mumbai, India
- Bachelor of Engineering in Mechanical, University of Pune, India

**Present Directorship:**  
Listed Entity: Nil

**Working Experience:**

- Close to 30 years of information technology experience in a wide range of areas, among others - the internet and mobile banking, eCommerce transaction infrastructure and information technology strategy. Served numerous multinational banking and financial services company worldwide, prior to joining Bursa Malaysia

### Inderjit Singh Sohan Singh

Acting Chief Regulatory Officer, Regulation

**Age:** 55  
**Nationality:** Malaysian  
**Gender:** Male

**Date of Appointment**  
6 December 2019

**Academic/Professional Qualification(s):**

- Bachelor of Business Administration, Universiti Kebangsaan Malaysia

**Present Directorship:**  
Listed entity: Nil

**Working Experience:**

- Over 30 years of experience in Bursa Malaysia providing an efficient and compliant platform for equity capital raising. Held various positions including Head of Listing Division

Save as disclosed, the above Key Senior Management (KSM) members have no family relationship with any Director and/ or major shareholder of Bursa Malaysia, have no conflict of interest with Bursa Malaysia, have not been convicted of any offences within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2020 and/or to date.

The disclosure on the particulars of the KSM of Bursa Malaysia as at 24 February 2021, is made in compliance with the requirements under Appendix 9C of Bursa Malaysia Securities Berhad Main Market Listing Requirements.



## Corporate Structure



|  | Date of Incorporation | Principal Activities   |      |
|--|-----------------------|--|------|
| <b>BURSA MALAYSIA SECURITIES BERHAD</b><br>Registration No. 200301033577<br>(635998-W)                           | 4 December 2003       | Provides, operates and maintains a securities exchange   | 100% |
| <b>BURSA MALAYSIA DERIVATIVES BERHAD</b><br>Registration No. 199301007200<br>(261937-H)                          | 17 April 1993         | Provides, operates and maintains a derivatives exchange  | 100% |
| <b>BURSA MALAYSIA DERIVATIVES CLEARING BERHAD</b><br>Registration No. 199501029471<br>(358677-D)                 | 9 September 1995      | Provides, operates and maintains a clearing house for the derivatives exchange   | 100% |
| <b>LABUAN INTERNATIONAL FINANCIAL EXCHANGE INC</b><br>Company No. LL02032  | 30 July 1999          | Provides, operates and maintains an offshore financial exchange  | 100% |
| <b>BURSA MALAYSIA SECURITIES CLEARING SDN BHD</b><br>Registration No. 198301014323<br>(109716-D)                 | 12 November 1983      | Provides, operates and maintains a clearing house for the securities exchange  | 100% |
| <b>BURSA MALAYSIA DEPOSITORY SDN BHD</b><br>Registration No. 198701006854<br>(165570-W)                          | 26 October 1987       | Provides, operates and maintains a central depository for securities listed on the securities exchange   | 100% |
| <b>BURSA MALAYSIA DEPOSITORY NOMINEES SDN BHD</b><br>Registration No. 199201008794<br>(240297-W)                 | 15 May 1992           | Acts as a nominee for Bursa Malaysia Depository and receive securities on deposit or for safe-custody or management  | 100% |
| <b>BURSA MALAYSIA INFORMATION SDN BHD</b><br>Registration No. 198601003802<br>(152961-H)                         | 2 May 1986            | Compiles, provides and disseminates prices and other information relating to securities quoted on the securities and derivatives exchanges within the Group as well as data reported from the bond platform  | 100% |
| <b>BURSA MALAYSIA BONDS SDN BHD</b><br>Registration No. 199401033782<br>(319465-T)                               | 11 October 1994       | Provides, operates and maintains an electronic trading platform for the bond market  | 100% |
| <b>BURSA MALAYSIA ISLAMIC SERVICES SDN BHD</b><br>Registration No. 200901010654<br>(853675-M)                    | 15 April 2009         | Provides, operates and maintains a Shariah-compliant commodity trading platform  | 100% |
| <b>BURSA MALAYSIA REGULATION SDN BHD</b><br>Registration No. 202001024220<br>(1380540-W)                         | 18 August 2020        | Carries out the regulatory duties and obligations of the exchange holding company and its subsidiaries under the securities laws as provided in the Capital Markets and Services (Regulatory Subsidiary) Regulations 2020 and as may be directed by the Securities Commission Malaysia | 100% |
| <b>Public Company Limited by Guarantee YAYASAN BURSA MALAYSIA</b><br>Registration No. 199801008425<br>(464552-M) | 24 June 1998          | Provides funds or support to Malaysian individuals and organisations by way of scholarships, grants, donations and other forms of financial assistance for educational, research and charitable purposes   |      |

## Other Corporate Information

### Senior Independent Non-Executive Director

#### Datuk Karownikaran @ Karunikaran Ramasamy

Tel : 03-2297 2101

E-mail : karu.kr@gmail.com

### Company Secretaries

#### Yong Hazadurah Md. Hashim, LS0006674

Practising Certificate No. 202008003707

#### Suzanne Hong Soo Yong, MAICSA 7026744

Practising Certificate No. 201908003801

### Registered Office

15<sup>th</sup> Floor, Exchange Square

Bukit Kewangan, 50200 Kuala Lumpur

Tel : 03-2034 7000

Fax : 03-2732 6437

E-mail : enquiries@bursamalaysia.com

Web : www.bursamalaysia.com

### Form of Legal Entity

Incorporated on 14 December 1976 as a public company limited by guarantee. Converted to a public company limited by shares on 5 January 2004 pursuant to the Demutualisation (Kuala Lumpur Stock Exchange) Act 2003

### Stock Exchange Listing

Listed on Main Board of Bursa Malaysia Securities Berhad on 18 March 2005

Stock Code : 1818

Stock Name : BURSA

### Customer Service

#### Bursa Malaysia Berhad

Registration No. 197601004668 (30632-P)

3<sup>rd</sup> Floor, Exchange Square

Bukit Kewangan, 50200 Kuala Lumpur

Tel : 03-2026 5099

Fax : 03-2026 4122

E-mail : customerservice@bursamalaysia.com

### Investor Relations

#### Rasmona Abdul Rahman

13<sup>th</sup> Floor, Exchange Square

Bukit Kewangan, 50200 Kuala Lumpur

Tel : 03-2034 7175

Fax : 03-2026 3687

E-mail : ir@bursamalaysia.com

### Registrar

#### Tricor Investor & Issuing House Services Sdn Bhd

Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03-2783 9299

Fax : 03-2783 9222

E-mail : is.enquiry@my.tricorglobal.com

Web : www.tricorglobal.com

### Tricor's Customer Service Centre

Unit G-3, Ground Floor, Vertical Podium

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

### Auditors

#### Ernst & Young PLT

Registration No. 202006000003 (LLP0022760-LCA) & AF 0039

Chartered Accountants

Level 23A, Menara Milenium

Jalan Damansara

Pusat Bandar Damansara

50490 Kuala Lumpur

### Principal Bankers

#### CIMB Bank Berhad

Registration No. 197201001799 (13491-P)

5th Floor, Bangunan CIMB

Jalan Semantan

Damansara Heights

50490 Kuala Lumpur

#### Malayan Banking Berhad

Registration No. 196001000142 (3813-K)

Menara Maybank

100, Jalan Tun Perak

50050 Kuala Lumpur

## Corporate Governance Overview

The Board of Directors of Bursa Malaysia Berhad (Bursa Malaysia or the Company) presents this statement to provide shareholders and investors with an overview of the corporate governance (CG) practices of the Company during the financial year 2020. This overview takes guidance from the three (3) key CG principles and the practices as set out in the Malaysian Code on Corporate Governance (MCCG) which are:

**The Board leadership and effectiveness [21 practices]**

**Effective audit and risk management [10 practices]**

**Integrity in corporate reporting and meaningful relationship with stakeholders [5 practices]**

This statement is prepared in compliance with Bursa Malaysia Securities Main Market Listing Requirements (MMLR)<sup>1</sup> and it is to be read together with the CG Report 2020 of the Company (CG Report) which is available on the Company's website. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2020.

**i** The CG Report is available at [https://www.bursamalaysia.com/about\\_bursa/about\\_us/corporate\\_governance/cg\\_report](https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/cg_report)

### EMBRACING THE CG CULTURE

In building a sustainable business and discharging its regulatory role, the Board is mindful of its accountability to the shareholders and various stakeholders of Bursa Malaysia. Towards this, the Board is committed to ensuring that it provides effective leadership and promotes uncompromising ethical standards in the organisation. One of the ways in which the Board achieves this is by requiring that good governance principles and practices are adhered to throughout the Company.

In December 2020, Bursa Malaysia received the recognition from the ASEAN Capital Markets Forum in the 2019 ASEAN CG Scorecard Assessment under three (3) award categories, as below:



**Top 20  
ASEAN PLCs**



**ASEAN Asset  
Class Award**



**Top 3 PLCs  
in Malaysia**

To ensure the Company continues to adopt the best CG practices, regular reviews of internal practices were conducted with reference to the MCCG, the ASEAN CG Scorecard and other relevant guidelines issued by the authorities or regulators as well as the international standards on CG and Sustainability. In addition, the Board also considered benchmark studies on the practices at comparable exchanges or organisations to identify areas for enhancement and develop action plans to further raise the bar in the Company's CG standards.

As at 31 December 2020, Bursa Malaysia complied in all material aspects with the principles as set out in the MCCG. The Company also adopted all the 36 recommended practices in the MCCG including the four (4) Step-up practices. A summary of the CG practices of Bursa Malaysia as well as the Board's key focus areas and future priorities in relation to the CG practices are described below under each CG principle.

#### Note

<sup>1</sup> Compliance with paragraphs 15.08A(3) and 15.25 as well as Practice Note 9 of the MMLR on the preparation of the Nomination Committee statement and disclosure of CG related information

## Corporate Governance Overview

### PRINCIPLE A:

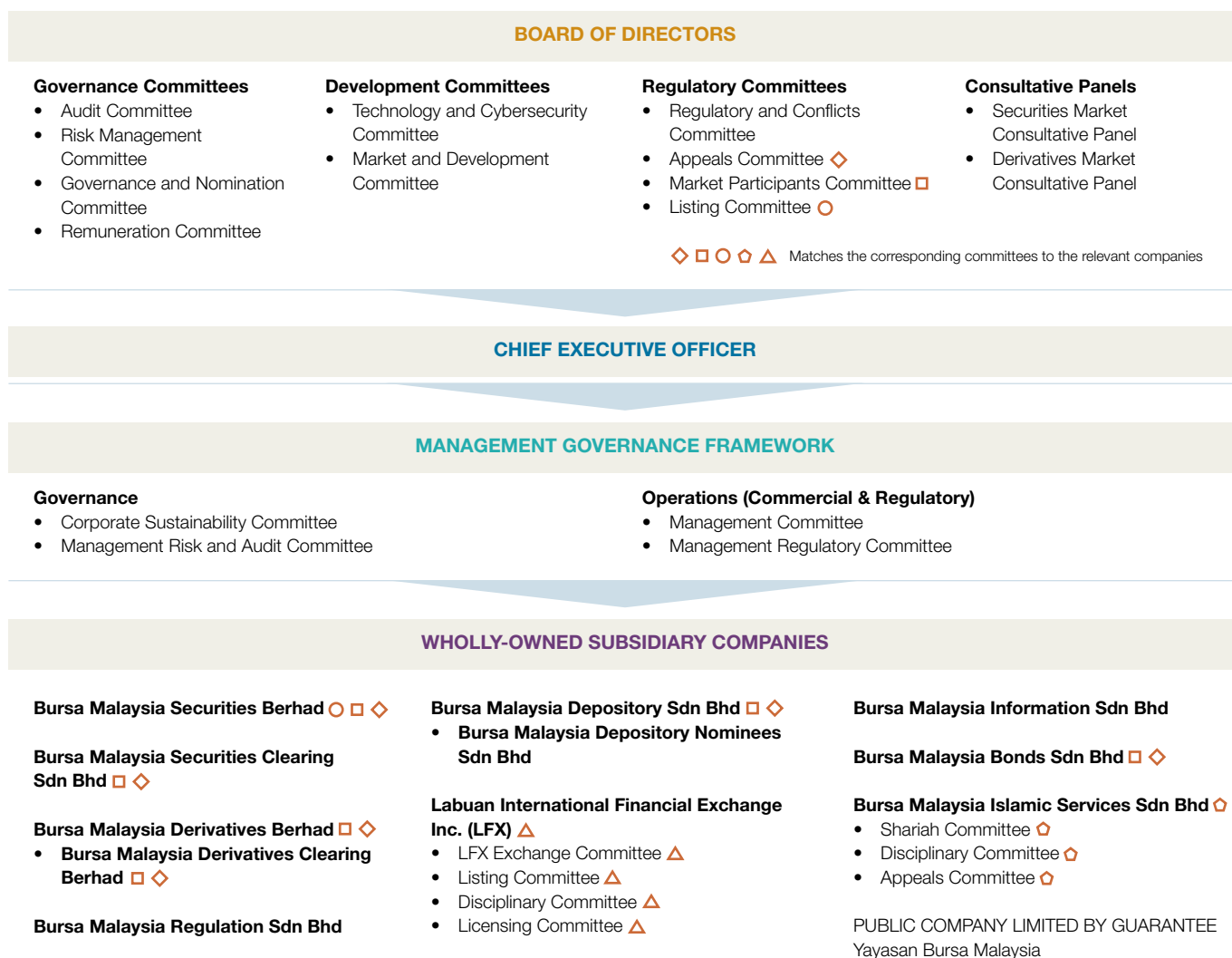
#### BOARD LEADERSHIP AND EFFECTIVENESS

##### Discharging Board Responsibilities

The Board is always mindful of its responsibilities to the Company's shareholders and various stakeholders for creating and delivering sustainable value and long-term success through its leadership and management of the Company's businesses, in pursuing the commercial and regulatory objectives and goals of Bursa Malaysia.

For the foregoing, the Board determines the strategic objectives and policies of the Group for delivery of such long-term value. It ensures effective leadership through oversight on management and robust monitoring of the activities, performance, conformance capabilities and control in the organisation. In setting the strategic direction, the Board also ensures that there is an appropriate balance between promoting long-term growth and delivering short-term objectives, having regard to the public interest responsibilities of Bursa Malaysia as an Exchange Holding Company (EHC)<sup>2</sup>.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has in place a Governance Model for the Group where specific powers of the Board are delegated to the relevant Board Committees and the Chief Executive Officer (CEO), as depicted below.
















#### Note

<sup>2</sup> Bursa is an EHC approved under Section 15 of the Capital Markets and Services Act 2007

## Corporate Governance Overview

In 2020, the members of the Governance, Development and Regulatory Committees have discharged their roles and responsibilities in accordance with the Terms of Reference (TOR) of the respective Committees. The attendance of the Directors and Committee members at the meetings of the Company during the year are as set out in the table below:

| Name   | *Board of Directors | NED <sup>∞</sup> | Governance Committees |          |           |          | Development Committees |          | Regulatory Committees |                  |                  |                  |
|--|---------------------|------------------|-----------------------|----------|-----------|----------|------------------------|----------|-----------------------|------------------|------------------|------------------|
|  |                     |                  | **AC                  | RMC      | GNC       | RC       | TCC                    | MDC      | RACC                  | LC               | MPC              | APC              |
| <b>Public Interest and Independent Non-Executive Directors</b>                   |                     |                  |                       |          |           |          |                        |          |                       |                  |                  |                  |
| Tan Sri Abdul Wahid Omar (Chairman) <sup>[1]</sup>                               | 9/9                 | 1/1              |                       |          | 10/10     | 6/6      |                        | 2/2      | 4/4                   |                  |                  | 3/3 <sup>*</sup> |
| Dato' Anad Krishnan a/l Muthusamy <sup>[2]</sup>                                 | 10/10               | 1/1              | 3/3                   |          |           |          |                        |          | 4/4                   |                  | 4/4              |                  |
| Sharifatu Laila Syed Ali <sup>[3]</sup>  | 5/5                 | 1/1              |                       | 1/1      |           |          |                        |          | 2/2                   |                  |                  |                  |
| Dato' Wan Kamaruzaman Wan Ahmad <sup>[4]</sup>                                   | 6/6                 | 1/1              |                       |          |           |          |                        | -        | 2/2                   |                  | 0/2              |                  |
| Datuk Shireen Ann Zaharah Muhiudeen <sup>[5]</sup>                               | 3/3                 | 1/1              |                       |          | 3/3       | 2/2      |                        | ^        | 2/2                   |                  |                  | ~                |
| Johari Abdul Muid <sup>[6]</sup>   | 2/2                 | 1/1              |                       |          |           |          | 1/1                    |          | 2/2                   |                  | ^^               |                  |
| Datin Mariam Prudence Yusof <sup>[7]</sup>                                       | 2/3                 | 1/1              | 3/3                   | 2/2      |           |          |                        | ^        | 2/2                   |                  |                  |                  |
| <b>Independent Non-Executive Directors</b>                                       |                     |                  |                       |          |           |          |                        |          |                       |                  |                  |                  |
| Datuk Karownikaran @ Karunakaran a/l Ramasamy                                    | 12/12               | 2/2              |                       |          | 13/13     | 9/9      |                        |          | 6/6                   |                  |                  | 3/3 <sup>*</sup> |
| Pushpanathan a/l S.A. Kanagarayar  | 12/12               | 2/2              | 6/6                   |          |           | 9/9      |                        |          |                       | 9/9 <sup>*</sup> |                  |                  |
| Datin Grace Yeoh Cheng Geok <sup>[8]</sup>                                       | 12/12               | 2/2              |                       | 5/5      | 13/13     |          |                        |          |                       | 9/9 <sup>*</sup> |                  |                  |
| Chong Chye Neo <sup>[9]</sup>  | 12/12               | 2/2              | 6/6                   | 5/5      |           |          | 5/5                    |          |                       |                  |                  |                  |
| Uji Sherina Abdullah <sup>[10]</sup>   | 12/12               | 2/2              |                       | 3/3      | 13/13     | 9/9      | 5/5                    |          |                       |                  |                  |                  |
| Datuk Bazlan Osman <sup>[11]</sup>   | 3/3                 | -                | -                     | -        |           |          | -                      |          |                       |                  |                  |                  |
| Syed Ari Azhar Syed Mohamed Adlan <sup>[12]</sup>                                | 3/3                 | -                | -                     |          |           |          | -                      |          |                       |                  |                  |                  |
| Professor Joseph Cherian <sup>[13]</sup>   | 2/2                 | 1/1              |                       | 2/2      |           |          |                        | ^        |                       |                  |                  |                  |
| <b>Non-Independent Executive Director</b>  |                     |                  |                       |          |           |          |                        |          |                       |                  |                  |                  |
| Datuk Muhamad Umar Swift (CEO) <sup>[14]</sup>                                   | 12/12               |                  |                       |          |           |          | 3/3                    | 2/2      |                       |                  |                  |                  |
| <b>Independent individuals with significant and relevant industry experience</b> |                     |                  |                       |          |           |          |                        |          |                       |                  |                  |                  |
| Dr. Reto Gruenenfelder   |                     |                  |                       |          |           |          | 5/5                    |          |                       |                  |                  |                  |
| Kuok Wee Kiat <sup>[15]</sup>  |                     |                  |                       |          |           |          |                        | 2/2      |                       |                  |                  |                  |
| William Francis Herder <sup>[16]</sup>   |                     |                  |                       |          |           |          |                        | 2/2      |                       |                  |                  |                  |
| Yon See Ting   |                     |                  |                       |          |           |          |                        |          |                       | 9/9 <sup>*</sup> |                  |                  |
| Salwah Abdul Shukor  |                     |                  |                       |          |           |          |                        |          |                       | 9/9 <sup>*</sup> |                  |                  |
| Prof. Dr. Aiman @ Nariman Mohd Sulaiman  |                     |                  |                       |          |           |          |                        |          |                       | 8/9 <sup>*</sup> |                  |                  |
| Dato' Feizal Mustapha  |                     |                  |                       |          |           |          |                        |          |                       | 9/9              |                  |                  |
| Lee Kha Loon   |                     |                  |                       |          |           |          |                        |          |                       | 9/9              |                  |                  |
| Hijah Arifakh Othman   |                     |                  |                       |          |           |          |                        |          |                       | 9/9              |                  |                  |
| Jalalulail Othman  |                     |                  |                       |          |           |          |                        |          |                       | 9/9              |                  |                  |
| Iskandar Abdullah @ Sim Kia Miang  |                     |                  |                       |          |           |          |                        |          |                       | 9/9              |                  |                  |
| Khoo Guan Huat   |                     |                  |                       |          |           |          |                        |          |                       |                  | 4/4 <sup>*</sup> |                  |
| Dato' Abdul Shukor Ahmad   |                     |                  |                       |          |           |          |                        |          |                       |                  | 4/4 <sup>*</sup> |                  |
| Dato' Wan Asmadi Wan Ahmad   |                     |                  |                       |          |           |          |                        |          |                       |                  | 4/4              |                  |
| Dr. Chung Tin Fah  |                     |                  |                       |          |           |          |                        |          |                       |                  | 4/4 <sup>*</sup> |                  |
| Raymond Tang Chee Kin  |                     |                  |                       |          |           |          |                        |          |                       |                  | 4/4 <sup>*</sup> |                  |
| Tai Siew Moi   |                     |                  |                       |          |           |          |                        |          |                       |                  | 4/4              |                  |
| Chew Sing Guan   |                     |                  |                       |          |           |          |                        |          |                       |                  | 4/4              |                  |
| Cheah Tek Kuang  |                     |                  |                       |          |           |          |                        |          |                       |                  |                  | 3/3              |
| Kuok Wee Kiat  |                     |                  |                       |          |           |          |                        |          |                       |                  |                  | 3/3 <sup>*</sup> |
| Ooi Giap Ch'ng   |                     |                  |                       |          |           |          |                        |          |                       |                  |                  | 3/3              |
| Datuk Seri Dr. Nik Norzrul Thani Nik Hassan Thani                                |                     |                  |                       |          |           |          |                        |          |                       |                  |                  | 3/3              |
| Dato' Azmi Mohd Ali  |                     |                  |                       |          |           |          |                        |          |                       |                  |                  | 3/3              |
| Datuk Dr. Prasad Sandhosam Abraham   |                     |                  |                       |          |           |          |                        |          |                       |                  |                  | 3/3              |
| <b>Total number of meetings for 2020</b>   | <b>12</b>           | <b>2</b>         | <b>6</b>              | <b>5</b> | <b>13</b> | <b>9</b> | <b>5</b>               | <b>2</b> | <b>6</b>              | <b>9</b>         | <b>4</b>         | <b>3</b>         |

|  |   |                                     |  |  |   |                               |
|--|---|-------------------------------------|--|--|---|-------------------------------|
|  Chairman   |  AC  | Audit Committee                     |  TCC  | Technology and Cybersecurity Committee |  MPC | Market Participants Committee |
|  Member     |  RMC | Risk Management Committee           |  MDC  | Market and Development Committee       |  APC | Appeals Committee             |
|  Non-member |  GNC | Governance and Nomination Committee |  RACC | Regulatory and Conflicts Committee     |   |                               |
|  |  RC  | Remuneration Committee              |  LC   | Listing Committee                      |   |                               |

### Notes:

- [1] Appointed as Public Interest Director (PID) and Chairman of the Board of Bursa Malaysia, GNC Chairman, MDC Chairman, RACC Chairman and APC Chairman with effect from (w.e.f.) 1 May 2020, and RC member w.e.f. 1 June 2020
- [2] Appointed as PID of Bursa Malaysia and RACC member w.e.f. 23 April 2020; appointed as AC member and MPC Chairman w.e.f. 1 June 2020
- [3] Appointed as PID of Bursa Malaysia, RMC member and RACC member w.e.f. 1 October 2020
- [4] Appointed as PID of Bursa Malaysia and RACC member w.e.f. 1 September 2020 and resigned as PID of Bursa Malaysia w.e.f. 31 December 2020; appointed as a member of MDC and MPC w.e.f. 1 October 2020 and ceased to be members of the RACC, MDC and MPC upon resignation. No MDC meeting was held during the 3 months from 1 October 2020 to 30 December 2020
- [5] Retired as PID and Chairman of the Board of Bursa Malaysia upon expiry of her term of appointment on 30 April 2020, and therefore ceased to be GNC Chairman, MDC Chairman, RACC Chairman, APC Chairman and RC member w.e.f. 1 May 2020. No MDC meeting was held during the 4 months from 1 January 2020 to 30 April 2020
- [6] Retired as PID of Bursa Malaysia upon expiry of his term of appointment on 31 March 2020; he therefore ceased to be MPC Chairman and a member of the TCC and RACC w.e.f. 1 April 2020. No MPC meeting was held during the 3 months from 1 January 2020 to 31 March 2020. Also retired as Director of Bursa Malaysia Securities Berhad (BMS) and Bursa Malaysia Securities Clearing Sdn Bhd (BMSC) w.e.f. 17 March 2020
- [7] Retired as PID of Bursa Malaysia upon expiry of her term of appointment on 30 April 2020; she therefore ceased to be a member of the AC, RMC, MDC and RACC w.e.f. 1 May 2020. No MDC meeting was held during the 4 months from 1 January 2020 to 30 April 2020. Also retired as Director of Bursa Malaysia Derivatives Berhad (BMD) and Bursa Malaysia Derivatives Clearing Berhad (BMDC) w.e.f. 1 May 2020
- [8] Appointed as LC member w.e.f. 1 January 2020; retired as Director of BMS and BMSC w.e.f. 1 August 2020 upon expiry of a 3-year term of appointment on 31 July 2020
- [9] Ceased to be AC member w.e.f. 1 December 2020
- [10] Appointed as RMC member from 1 June 2020 to 30 November 2020
- [11] Appointed as Independent Non-Executive Director (INED) w.e.f. 16 November 2020; and appointed as a member of the AC, RMC and TCC w.e.f. 1 December 2020. No AC, RMC and TCC meetings were held in December 2020
- [12] Appointed as INED w.e.f. 16 November 2020; and appointed as a member of the AC and MDC w.e.f. 1 December 2020. No AC and MDC meetings were held in December 2020
- [13] Appointed as INED, RMC member and MDC member w.e.f. 1 January 2020 and retired at the 43<sup>rd</sup> Annual General Meeting held on 29 April 2020; he therefore ceased to be a member of the RMC and MDC on the same date. No MDC meeting was held during the 4 months from 1 January 2020 to 29 April 2020
- [14] Appointed as a member of the TCC and MDC w.e.f. 1 June 2020
- [15] Appointed as MDC member w.e.f. 1 June 2020; resigned as Director of BMS and BMSC w.e.f. 15 September 2020
- [16] Appointed as MDC member w.e.f. 1 June 2020; resigned as Director of BMD and BMDC w.e.f. 15 September 2020

\* There were 9 scheduled and 3 special Board meetings in 2020

∞ 2 Non-Executive Directors (NED) sessions were held i.e. on 20 February 2020 and 29 October 2020 respectively

\*\* 2 private meetings were held between the AC and the external auditors, Ernst & Young PLT i.e. on 29 January 2020 and 22 October 2020 respectively

^ 2 MDC meetings were held i.e. on 26 June 2020 and 18 September 2020 respectively

^^ 4 MPC meetings were held i.e. on 25 June 2020, 19 August 2020, 18 November 2020 and 17 December 2020 respectively

~ 3 APC meetings were held i.e. on 23 July 2020, 24 August 2020 and 21 September 2020 respectively

• Expiry of their term of appointment for the LC, MPC and APC respectively on 31 December 2020

## Corporate Governance Overview

The Governance Model and its processes are built upon the TOR of the Board and its respective Committees as set out in the Governance Model Document (GMD) and complemented by the Corporate Authority Manual (CAM). The CAM clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the CEO and Management. Key matters reserved for the Board's approval include the annual business plan and budget, dividend policy, business continuity plan, new issues of securities, business restructuring, expenditure above a certain pre-determined limit, disposals of significant fixed assets and the acquisition or disposal of companies within the Group.

The GMD and the CAM are reviewed as and when required, to ensure an optimum structure for efficient and effective decision-making in the organisation. In October 2020, the Board approved the amendments to the TOR of the Risk Management Committee (RMC) to reflect its responsibilities to ensure an organisation free from corruption, with integrity and good governance in addition to overseeing the Integrity & Governance Unit (IGU)<sup>3</sup> function of Bursa Malaysia.

During the year, the Board also conducted comprehensive reviews of the Governance Model with the view to enhance its effectiveness and to address any potential or perceived conflict of interest between the regulatory functions and the commercial objectives of Bursa Malaysia. Further to this, the Board decided to establish a Nomination and Remuneration Committee (NRC) in place of its Governance and Nomination Committee (GNC) and the Remuneration Committee (RC) with effect from 1 January 2021. The Board also approved further changes to the Governance Model to take effect in 2021, which will clearly segregate the regulatory functions under a Regulatory Subsidiary with independent governance to address the potential or perceived conflict of interest. The implementation of this Regulatory Subsidiary would be in the best interest of Bursa Malaysia to fulfil its public interest objective, and further enhance its reputation as a well-governed exchange group.

To promote a sustainable marketplace, the Board has continuously strengthened its stewardship in an evolving capital market landscape towards its aspiration to achieve the United Nations Development Programme Sustainable Development Goals (SDG) and to adopt the Global Reporting Initiative (GRI) Standards, especially in relation to Governance, Ethics and Integrity<sup>4</sup> in 2020. The Board aims to steer quality performance in both financial and non-financial areas towards value creation through the various forms of capital. Since January 2020, the Company had undergone

an organisation restructuring, to create flexibility and enhance its effectiveness. An Honest, Open and Trusting (HOT) culture was further advocated within the organisation. The Board also placed great emphasis on the leadership and managerial capabilities of the human resource function as well as knowledge empowerment for building a High Performance Organisation.

### Board Leadership and Administration

In fostering a strong CG culture in the organisation, the Board has always strived for the highest standard of CG practices in the Company and adopting the same as a "way of life" in every aspect of the organisation. The Chairman leads the Board by setting the tone at the top, and managing the Board effectiveness by focusing on strategy, governance and compliance.

The positions of the Chairman and CEO are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of Bursa Malaysia (Board Charter). The Board Charter is a comprehensive reference document for Directors on matters relating to the Board and its processes. The Board Charter also sets out the roles and responsibilities of the Board, the individual Directors as well as the Senior Independent Director (SID). It can be found at Bursa Malaysia's website:

 [https://www.bursamalaysia.com/about\\_bursa/about\\_us/corporate\\_governance/board\\_charter](https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/board_charter)

Since the implementation of the Movement Control Order (MCO) in March 2020 to curb the spread of the Coronavirus Disease (COVID-19) in Malaysia, Bursa Malaysia being an exchange had continued its operations as an essential service provider in the capital market. In April 2020, the Board approved the amendments to the Board Charter in relation to the administration and conduct of Board and Committee meetings to provide the flexibility in accommodating the MCO period as well as other similar circumstances that may arise in the future.

The Board members have full access to the two (2) Company Secretaries, both of whom have legal qualifications and are qualified to act as company secretaries under the Companies Act (CA) 2016. The Company Secretaries ensure the Directors are provided with sufficient information and time to prepare for Board meetings. To this, the meeting materials are made accessible to the Directors on their devices within reasonable periods prior to the meetings. The Company Secretaries also prepare the minutes of meetings in a timely manner and provide advisory services to the Board on corporate administration and governance matters including compliance with the relevant laws, rules and regulations.

#### Note

<sup>3</sup> Pursuant to the Prime Minister's Directive No. 1 of 2018 dated 5 October 2018 which requires all Government-Linked Companies, companies owned by the Ministry and Government agencies including the State Government under the supervision of the Malaysian Anti-Corruption Commission (MACC) to establish an IGU within 2 years from the date of the said Directive i.e. by 4 October 2020

<sup>4</sup> SDG #16: Peace Justice and Strong Institution, SDG #8: Decent Work and Economic Growth

## Corporate Governance Overview

### Code of Conduct, Ethics and Whistleblowing

Bursa Malaysia takes a strong stance against the use of corrupt practices in relation to its activities and promotes a culture of integrity within the organisation by ensuring there are adequate policies and procedures which are implemented appropriately in line with the principles under the Guidelines for Adequate Procedures<sup>5</sup>. During the year, the Board through its GNC had reviewed the Code of Conduct and Ethics for Directors to affirm its commitment to practise the highest level of integrity and ethics. The Board also has in place the Whistleblower Policy and Procedures (WPP) for Directors which may be used for reporting any individual director's improper conduct or organisational malpractice within the organisation. They can be found at Bursa Malaysia's website:

[https://www.bursamalaysia.com/about\\_bursa/about\\_us/corporate\\_governance/code\\_of\\_conduct\\_and\\_ethics\\_for\\_directors](https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/code_of_conduct_and_ethics_for_directors)

[https://www.bursamalaysia.com/about\\_bursa/about\\_us/corporate\\_governance/whistleblower\\_policy\\_and\\_procedure](https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/whistleblower_policy_and_procedure)

Bursa Malaysia has zero tolerance on any conduct that constitutes a wrongdoing or malpractice which may include any breach of ethics as described in the Code of Ethics (COE) or conflict of interest and/or any fraudulent act as may be described in the Anti-Fraud, Bribery and Corruption (AFBC) Policy and other relevant documents. To this, Bursa Malaysia has in place the WPP for its employees to facilitate the exposure of any violations or improper conduct or wrongdoing within the Group. To ensure that good standards of behaviour permeate throughout all levels of the Group, the Board had in April and May 2020 undertaken reviews of the current policies, i.e. COE, AFBC Policy and WPP for Bursa Malaysia group, to strengthen the integrity, governance and anti-corruption framework for Bursa Malaysia. These policies serve as control measures to address and manage the risk of fraud, bribery, corruption, misconduct and unethical practices for the benefit of long-term success of the Company. The COE, Anti-Corruption Policy and WPP for Bursa Malaysia group as published<sup>6</sup> on Bursa Malaysia's website at About Bursa-Sustainability-Other-Policy Codes and Manuals were approved by the Board:

[https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/5ed1030139fba23a9a307e56/Simplified\\_Code\\_of\\_Ethics\\_290520\\_clean.pdf](https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/5ed1030139fba23a9a307e56/Simplified_Code_of_Ethics_290520_clean.pdf)

[https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/5ed102fb5b711a61e50cd9a7/Anti-Corruption\\_Policy290520\\_clean.pdf](https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/5ed102fb5b711a61e50cd9a7/Anti-Corruption_Policy290520_clean.pdf)

[https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/5ed0c3e45b711a591c0cd98b/WPP\\_for\\_Bursa\\_Malaysia\\_Group\\_-\\_APPROVED\\_BY\\_BOD\\_ON\\_30\\_APRIL\\_2020.pdf](https://www.bursamalaysia.com/sites/5d809dcf39fba22790cad230/assets/5ed0c3e45b711a591c0cd98b/WPP_for_Bursa_Malaysia_Group_-_APPROVED_BY_BOD_ON_30_APRIL_2020.pdf)

### Board Size, Composition and Diversity

As at 31 December 2020, the Board comprised 10 INEDs and one (1) Executive Director who is also the CEO of the Company. Of the 11 Directors, four (4) were women.

The Board believes that a truly diverse and inclusive Board will leverage the differences of its members, to achieve effective stewardship and in turn, retains its competitive advantage. In this respect, the Board through its GNC conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goals. Based on its annual review in conjunction with the Board effectiveness evaluation exercise, the optimum Board size of 12 had been accepted to enable effective oversight and delegation of responsibilities by the Board, taking into account the regulatory and commercial objectives of Bursa Malaysia. The Board had achieved its optimum size of 12 Directors for a short span from 16 November 2020 to 30 December 2020 before the resignation of Dato' Wan Kamaruzaman Wan Ahmad as a Director of Bursa Malaysia.

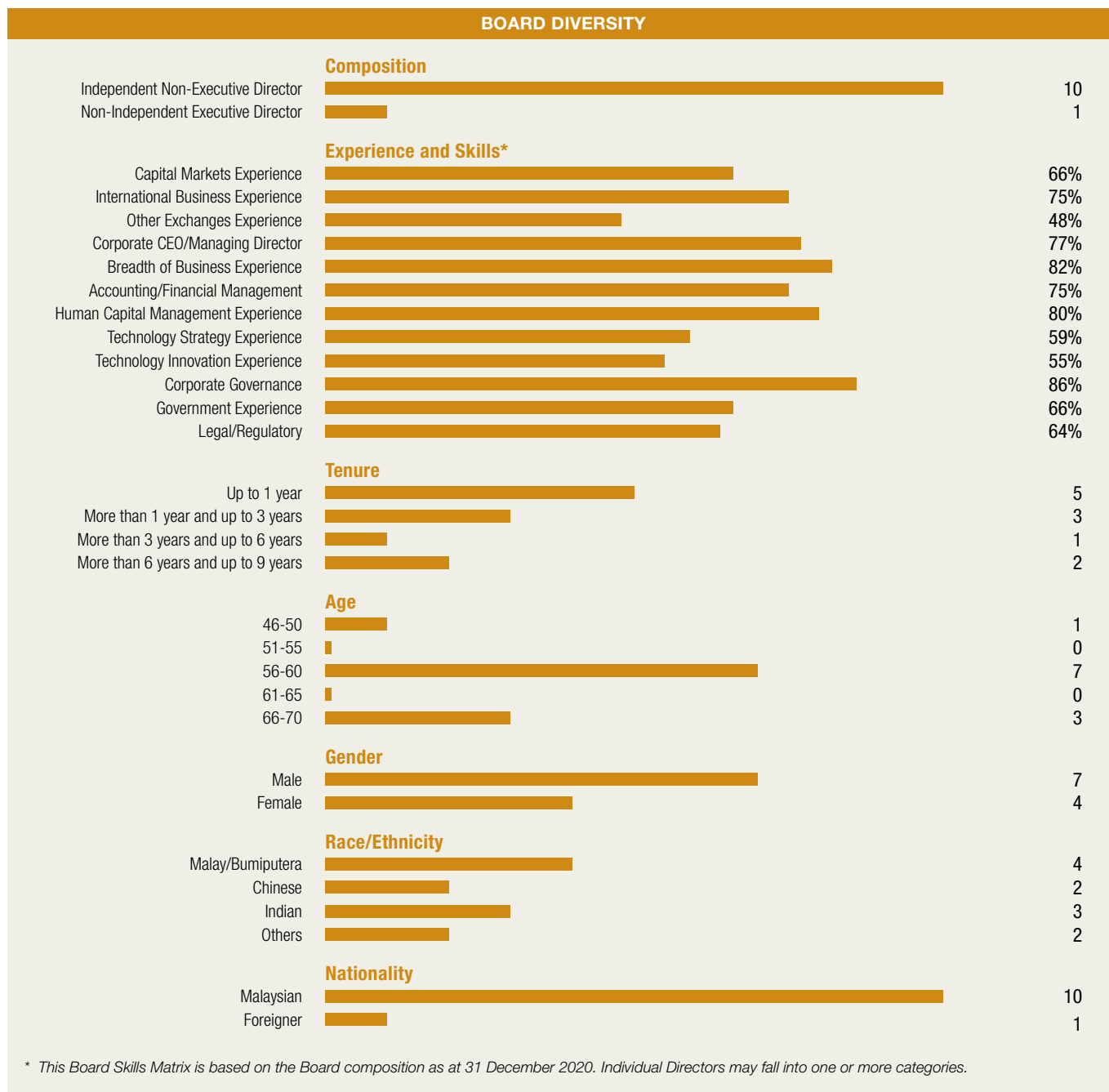
#### Note

<sup>5</sup> Issued by the Prime Minister's Department on 10 December 2018 pursuant to Section 17A(5) of the MACC Act 2009

<sup>6</sup> Paragraph 15.29(1)(a) and (2)(a) and (b) of the MMLR

## Corporate Governance Overview

The Board also has in place a 9-year policy for its NEDs, to enable the Board's continuous refreshment to maintain its effectiveness. In 2020, the Board maintained at least 30% women directors in accordance with the Board Diversity Policy as set out in the Board Charter. As at 31 December 2020, the Board Diversity for Bursa Malaysia is depicted in the charts below.





## Corporate Governance Overview

### Board Succession Planning and Appointments

Appointments of Directors to the Board of Bursa Malaysia are subject to a formal, rigorous and transparent process. In carrying out its review, the GNC takes into account the existing Board composition such as the optimum size and diversity in terms of gender, race/ethnicity and mix of skills/experience. For this purpose, the GNC also considers the objectives and the strategic direction of the Company as well as the trend in the Board composition at other comparable exchanges or organisations. Based on its review, the GNC determines the selection criteria for the new appointment with the view to close any gap or to strengthen the Board composition. The GNC shall review potential candidates from internal and external sources, and conduct engagement session with shortlisted candidates before its final recommendation to the Board. Upon the Board's approval of the shortlisted candidate, the Securities Commission Malaysia (SC)'s concurrence will be sought in accordance with Section 10 of the Capital Markets and Services Act 2007 (CMSA).

With the retirement of an INED, Professor Joseph Cherian at the 43<sup>rd</sup> Annual General Meeting (AGM) of the Company in April 2020, the GNC had actively carried out the Board recruitment exercise to meet the optimum Board size and to strengthen certain skills/expertise in the Board composition. Further to this, Datuk Bazlan Osman and Encik Syed Ari Azhar Syed Mohamed Adlan were identified and subsequently, appointed as INEDs of Bursa Malaysia on 16 November 2020 after obtaining the SC's concurrence in accordance with Section 10(1)(b) of the CMSA.

The induction programmes for the new INEDs, Datuk Bazlan Osman and Encik Syed Ari Azhar Syed Mohamed Adlan were conducted on 20, 23 and 27 November 2020.

During the year, the GNC also reviewed the composition of the Regulatory Committees of Bursa Malaysia in view of the expiry of the term of appointment of the members on 31 December 2020. The GNC undertook a rigorous review of the size and membership classifications of the committees and was guided by an internal policy on the maximum tenure of nine (9) consecutive years for Committee members as well as their performance based on the previous board committee assessment results. Engagement sessions were also held with several new candidates who were identified from the pool of candidates. The appointment of the LC, MPC and APC members were subsequently approved by the Board in November 2020.

### Appointment of Public Interest Directors

Section 21 of the CMSA provides that in performing its duties, the EHC shall act in the public interest, having regard to the need for protection of investors. In this regard, Section 10 of the CMSA requires that one-third of the Board of Bursa Malaysia as an EHC shall comprise Public Interest Directors (PIDs) who are appointed by the Minister of Finance in consultation with the SC and that the Chairman of the Board shall be a PID.

On 1 May 2020, Bursa Malaysia had a change in its Board leadership with the appointment of Tan Sri Abdul Wahid Omar as the new Chairman of the Board following the retirement of Datuk Shireen Ann Zaharah Muhiudeen on 30 April 2020. A handover meeting was held in the Exchange Square on 30 April 2020 between the new and former Chairmen of Bursa Malaysia, ensuring the smooth transition.

During the year, two (2) PIDs had retired from the Board namely, Encik Johari Abdul Muid and Datin Mariam Prudence Yusof with effect from 1 April 2020 and 1 May 2020, respectively.

Apart from the Chairman of the Board, three (3) other new PIDs were appointed during the year namely, Dato' Anad Krishnan a/l Muthusamy, Dato' Wan Kamaruzaman Wan Ahmad and Puan Sharifatu Laila Syed Ali on 23 April 2020, 1 September 2020 and 1 October 2020 respectively. However, Dato' Wan Kamaruzaman Wan Ahmad subsequently resigned from the Board on 31 December 2020, to pursue his interests in the fund management industry following his appointment to the Employees Provident Fund Investment Panel.

The induction programmes were conducted for the new PIDs, Tan Sri Abdul Wahid Omar and Dato' Anad Krishnan a/l Muthusamy on 4, 5 and 6 May 2020, Dato' Wan Kamaruzaman Wan Ahmad on 4, 14, 15 and 17 September 2020 and Puan Sharifatu Laila Syed Ali on 21, 22 and 23 October 2020.

### Senior Management Succession Planning

During the year, the GNC (with the CEO) reviewed the detailed succession plans and talent management updates for the senior management roles in the organisation as presented by the Director, Group Human Resources. A few internal and external appointments for senior management positions were made throughout the year in line with the Group recruitment policies and supported by external search consultancies.

In September 2020, the GNC reviewed the performance of the CEO of Bursa Malaysia over the last 18 months for the purpose of considering the renewal of his service contract which was expiring in February 2021. Having considered various factors including his performance, achievements and leadership skills, the Board approved the renewal as recommended by the GNC. In this respect, the SC's concurrence had also been obtained on the renewal of the CEO's service contract as well as his re-election at the 44<sup>th</sup> AGM of the Company.

## Corporate Governance Overview

### Board Effectiveness Evaluation

The GNC carries out the Board Effectiveness Evaluation (BEE) exercise annually<sup>7</sup>. An external consultant is engaged once every three (3) years to assist the GNC to facilitate an objective and candid board evaluation as set out in the Board Charter. In July 2020, the Board resolved to appoint KPMG Management & Risk Consulting Sdn Bhd (KPMG) to conduct the BEE exercise for the period from 1 July 2019 to 30 September 2020 (2019/2020), based on the GNC's recommendation after evaluating the consultants' proposals based on technical and financial requirements.

The BEE 2019/2020 was conducted by way of questionnaires which comprised the Board and Board Committee Effectiveness Assessments, Directors and Board Committee members' Self and Peer Assessments, one-to-one interview sessions with the nine (9) Directors (including the CEO) and three (3) members of Senior Management. Observations based on responses, interview insights and review of minutes of meetings were highlighted for the GNC/Board's consideration in developing action plans for improvement or in enhancing its overall effectiveness.

In November 2020, KPMG presented to the GNC and thereafter, to the Board the outcome of the BEE 2019/2020. The overall average ratings for areas of assessment was above 4, based on a 5-scale rating assessment. The Board resolved to adopt the BEE 2019/2020 results after the GNC's review. The results of the BEE 2019/2020 indicated that the performance of the Board, the Board Committees, the individual Directors and members of the Board Committees during the review period had been good i.e. above 80% and therefore, they had been effective in their overall discharge of functions, roles and duties. The Board was satisfied with each of the Directors' level of performance, and that they had also met the performance criteria in the prescribed areas of assessments. The results of these assessments form the basis of the GNC's recommendations to the Board for the re-election of Directors at the 44<sup>th</sup> AGM of the Company.

In the BEE Report, KPMG highlighted its observations which include the Board's key strengths in stakeholder engagement, group governance and crisis management. The GNC and the Board reviewed the details of the BEE Report and it was noted that there are no apparent weaknesses identified in the BEE 2019/2020 in relation to the functioning of the Board and its committees. Nevertheless, the Board adopted the following action plan as recommended by the GNC:

- To institute informal mentorship programmes for new Directors with coaching by the Chairman of the Board or SID for up to six (6) months from the date of his/her appointment;
- To include members outside of GNC (i.e. domain experts and Board Committee Chairmen) in the early stages (interview and nomination) of reviewing key senior management/key management personnel candidatures;

- To return to the establishment of the combined Nomination and Remuneration Committee (NRC), with SID as Chairman, and with inclusion of another PID (who is a Director of Regulatory Subsidiary) in the composition of the new NRC;
- To incorporate the requirement of a common framework in reporting the financial implications of proposed strategies and major project undertakings.

The details of the activities of the GNC in 2020 are described in the CG Report. It embraces Principle A of the MCCG in relation to the Board composition.

### Remuneration Policy

The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, the Chief Executive Officer (CEO) and the Senior Management of Bursa Malaysia. The Remuneration Committee (RC) is responsible to formulate and review the remuneration policies for the Board and Board Committees as well as the Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices.

The RC conducts the Board remuneration review (BRR) on annual basis and an external consultant is engaged for the exercise once in every three (3) years, to provide the RC with an objective and independent perspective. In 2020, the Board had engaged KPMG to facilitate the BRR.

In November 2020, KPMG presented to the RC its BRR report which adopted comparator companies in the financial services sector, dominant providers and those with similar market capitalisation in Malaysia as well as comparable stock exchanges. The BRR report also reflected the demands, complexities and performance of the Exchange Group particularly, the core activities and responsibilities of the Board/Board Committees as well as having regard to the responsibilities and contribution levels of individual members in terms of statutory duties, fiduciary duties, risk, intensity/complexity of work, time commitment and effort.

In this respect, the Board approved the recommendation by the RC to maintain the existing Board remuneration which will be put forth to the shareholders for approval at the 44<sup>th</sup> AGM, in accordance with Section 230 of the CA 2016 and Paragraph 7.24 of the MMLR.

#### Note

<sup>7</sup> Paragraph 15.08A(3)(c) of the MMLR

## Corporate Governance Overview

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### The Audit Committee

The Audit Committee of the Company (AC) comprises four (4) members who are INEDs, one of whom is also a PID. The AC is chaired by an INED, Mr. Pushpanathan a/l S.A. Kanagarayar. None of the AC members were former audit partners who are required to observe a cooling-off period of at least two (2) years before being appointed in accordance with the TOR of the AC. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR as well as the Auditors Independence Policy which was approved by the Board in November 2019.

In October 2020, the GNC reviewed the composition of the AC together with other Governance and Development Committees based on the distribution of the Directors on the Board Committees, particularly with the change in the Board composition involving appointment of two (2) new PIDs and impending appointment of two (2) new INEDs. With the view to maintain an independent and effective AC, INEDs who are financially literate, possess the appropriate level of expertise and experience, and have the strong understanding of the Company's business were considered for membership on the AC.

#### Risk Management and Internal Control Framework

The Risk Management Committee of the Company (RMC) comprises four (4) members who are INEDs, one of whom is also a PID. The RMC is chaired by an INED, Datin Grace Yeoh Cheng Geok. The RMC is responsible to oversee the Company's risk management framework and policies. The RMC is also responsible for overseeing business continuity management, compliance and Integrity & Governance (IGU) functions of the Group. Corruption risk assessment<sup>8</sup> was conducted in July 2020 on all the business and support functions as part of the process in developing the Organisational Anti-Corruption Plan (OACP). The medium risk functions had been prioritised for implementation of the relevant initiatives under the OACP. The OACP can be found at Bursa Malaysia's website:

 [https://bursawebcms.bursamalaysia.com/sites/5d809dcf39fa22790cad230/assets/5f4327715b711a202b5d2232/Simplified\\_OACP.pdf](https://bursawebcms.bursamalaysia.com/sites/5d809dcf39fa22790cad230/assets/5f4327715b711a202b5d2232/Simplified_OACP.pdf)

The AC is responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls. The Board is of the view that the system of internal control and risk management in place during 2020, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

In this respect, the details of the Risk Management and Internal Control Framework are set out in the Statement on Internal Control and Risk Management on pages 114 to 122 of this report.

**Note**  
<sup>8</sup> Paragraph 15.29(1)(c) of the MMLR

## Corporate Governance Overview

### PRINCIPLE C:

#### INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

##### Communication with Stakeholders

Bursa Malaysia ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. Bursa Malaysia also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on its website and engagements through the investor relations function. In 2020, a number of events were held during the year to maintain an open communication with the issuers, investors, shareholders, intermediaries, regulators, employees and other communities. Details of the stakeholder engagements in 2020 are provided on pages 72 to 77 of the Sustainability Report 2020.

In 2020, Bursa Malaysia issued its second Integrated Annual Report (IAR) for the financial year 2019, based on the International Integrated Reporting Council's Integrated Reporting Framework. Through the IAR 2020, the Company demonstrates its continuous commitment to enhance its strategic corporate reporting approach to better meet the needs of various stakeholders and to achieve business benefits.

##### Conduct of General Meetings

The Company had conducted a fully virtual 43<sup>rd</sup> AGM which was adjourned to 29 April 2020 (Adjourned 43<sup>rd</sup> AGM) at the Conference Room of the Exchange Square (Broadcast Venue) by leveraging technology in accordance with Section 327(1) and (2) of the CA 2016, Article 15.4 of the Constitution of the Company and the SC's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers dated 18 April 2020. All 10 members of the Board were present, where three (3) Directors amongst the eight (8) essential individuals were physically present at the Broadcast Venue. The other seven (7) Directors attended the Adjourned 43<sup>rd</sup> AGM via video conferencing together with the Joint Company Secretary and the members of senior management.

In line with best CG practice, the notice of the 43<sup>rd</sup> AGM was issued 28 days before the AGM date. At the same time, shareholders were advised to take advantage of the remote participation and voting (RPV) facilities as a precautionary measure in view of the COVID-19 pandemic. To further encourage engagement between the Directors and shareholders, shareholders were also invited to send questions before the meeting to the Investor Relations at [ir@bursamalaysia.com](mailto:ir@bursamalaysia.com) in relation to the agenda items for the 43<sup>rd</sup> AGM.

The shareholders, corporate representatives and proxies attended the Adjourned 43<sup>rd</sup> AGM via RPV facilities which were available on Tricor's TIH Online website at <https://tiah.online>. The proceedings of the Adjourned 43<sup>rd</sup> AGM at the Broadcast Venue included the CEO's presentation of the Company's operating and financial performance for 2019, the presentation of the external auditors' unqualified report to the shareholders, and a Questions & Answers session during which the Chairman invited shareholders to use the query box facility to submit questions (real time) during the meeting, pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote.

The Scrutineers, Deloitte Risk Advisory Sdn Bhd verified and announced the poll results for each resolution, which include votes in favour and against, upon which the Chairman of the Adjourned 43<sup>rd</sup> AGM declared that all the resolutions were carried. The poll results were also announced by Bursa Malaysia via Bursa LINK on the same day for the benefit of all shareholders. The Notes of the Adjourned 43<sup>rd</sup> AGM (including all the Questions raised at the meeting and the Answers thereto) were also made available on Bursa Malaysia's website:

 [https://bursa.listedcompany.com/misc/Notes\\_of\\_43rd\\_AGM.pdf](https://bursa.listedcompany.com/misc/Notes_of_43rd_AGM.pdf)

#### Compliance Statement

This Statement was approved by the Board on 24 February 2021.

## Marketplace Report: Fair and Orderly Markets

In view of the unprecedented COVID-19 pandemic, Bursa Malaysia had introduced various relief measures aimed at lessening the financial burden of listed issuers (PLCs), and providing both PLCs and market participants with greater flexibility in navigating the challenging period posed by the pandemic. Bursa Malaysia also took steps to mitigate potential risks arising from the heightened volatility in the capital markets and global uncertainties via a periodic review of these relief measures from time to time in 2020, which helped to maintain the integrity and stability of our markets, and safeguarded investors interest.

### Development of the Rule Framework

We continued to maintain an open, transparent and consultative approach when undertaking major rule changes. This approach ensures that our rule framework is balanced and proportionate, and contains no more rules than necessary. In 2020, we continued to review and simplify our rules progressively and in a structured manner to ease compliance, address issues in the market, elevate standards, improve conduct and promote growth and ease of doing business. Our rule framework was enhanced this past year through several rule amendments including:

- Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR) and ACE Market Listing Requirements (ACE LR) to enhance the disclosures made in the announcements and circulars for new issue of securities, strengthen independence of directors, and address gaps to safeguard investors interest.
  - Amendments to the MMLR and ACE LR to require PLCs to offer an option to securities holders to electronically subscribe for rights shares, exercise convertible securities and participate in dividend reinvestment schemes.
  - Amendments to the LEAP Market Listing Requirements (LEAP LR) to require LEAP PLCs and their board of directors to ensure the establishment and maintenance of policies and procedures on anti-corruption and whistle-blowing for the LEAP PLCs and their group of companies.
  - Amendments to the Rules and Directives of Bursa Malaysia Securities Berhad (BMS) in relation to the expansion of the market making framework, with the key objectives to ensure efficiency in market making, by according market makers with greater flexibility to quote prices and respond to market demands. It is also crucial for market makers to manage risk by hedging their exposure to price volatility in the underlying securities.
- Amendments were also made to the Rules of Bursa Malaysia Securities Clearing Sdn Bhd to simplify the purpose of Securities Borrowing and Lending (SBL) and Islamic Securities Selling and Buying (ISSBNT) in relation to Permitted Short Selling (PSS), whereby SBL and ISSBNT may be used to facilitate the settlement of the sale of the PSS securities undertaken in accordance with the Rules of BMS.
- Amendments to the Rules and Directives of Bursa Malaysia Derivatives Berhad (BMD) and Directive of Bursa Malaysia Derivatives Clearing Berhad (BMDC) in relation to the revitalisation of the Mini FTSE Bursa Malaysia Mid 70 Index Futures (FM70) Contract, with an aim to revitalise the FM70 Contract and improve the traction in trading of the FM70 Contract in the retail segment.
  - Amendments to the Rules and Directives of BMS in relation to the simplification of the BMS provisions, with the key objectives of:
    - o ensuring the rules are simple, more principle-based and less prescriptive, where appropriate;
    - o promoting greater clarity and transparency in the rules;
    - o easing compliance by a Head of Compliance (HOC) by streamlining the compliance reporting rules; and
    - o updating the rules by removing redundant provisions.
  - Amendments to the Rules of Bursa Malaysia Depository Sdn Bhd (Depository Rules) allowing depositors to reactivate their inactive or dormant Central Depository System (CDS) accounts via electronic depository services (CDS eServices) as well as other amendments. CDS eServices is presently made available by Bursa Malaysia Depository Sdn Bhd via a smartphone application known as Bursa Anywhere.

## Marketplace Report: Fair and Orderly Markets

- Amendments to the Depository Rules to facilitate CDS account opening and registration for eDividend via CDS eServices. The amendments also allow Authorised Depository Agents (ADAs) to perform CDS account openings via their own electronic application platform.
- Amendments to the Directives of BMDC No. 4-001 and Directives of BMD No. 4-001 to:
  - o expand the non-face-to-face verification methods of a General Clearing Participant or Trading Participant (TP) to verify a client's identity and the authenticity of the application for an account opening; and
  - o clarify that the entity within the General Clearing Participant's or TP's group which has previously verified a client's identity must be a reporting institution under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.
- Amendments to the Rules and Directives of BMDC (BMDC Rules and Directives) to facilitate the enhanced admission process with the objectives of:
  - o making the rules less prescriptive for Clearing Participants (CPs) and registered persons; and
  - o centralising access to admission documents for market participants in general.
- Amendments to the Rules and Directives of BMD and BMDC Rules and Directives in relation to the revision of the settlement method for the 5-year Malaysian Government Securities Futures (FMG5) Contract from cash to physical delivery based on a delivery-versus-payment model. BMDC will play the role of the central counterparty to facilitate the delivery of the Malaysian Government Securities (MGS) and the payment transactions for the settlement of the FMG5 by CPs or their respective clients through the Securities Linked Settlement functionality on the Real-Time Electronic Transfer of Funds and Securities System provided by Payments Network Malaysia Sdn Bhd. BMD also amended the selection criteria for the basket of eligible 5-year MGS. The change in settlement method is a crucial modification to enhance the appeal of the FMG5 Contract as an efficient hedging instrument for MGS holdings of industry players.
- Amendments to the BMDC Rules to resize the Clearing Fund (CF) by increasing the fixed contribution of CPs in a phased approach over a period of five years. The resizing of the CF is to ensure that it is sufficient to mitigate any unforeseen circumstances of default by CPs and to continue to support market growth, as well as to strengthen the default waterfall.

Due to the COVID-19 pandemic in 2020, we introduced various urgent relief measures to help lessen the financial and compliance burdens of PLCs and market participants by providing them with greater flexibility in navigating the challenging period posed by the pandemic.

Securities Commission Malaysia (SC) and Bursa Malaysia also took steps to mitigate potential risks arising from heightened volatility in capital markets and global uncertainties. Details of the market control and relief measures introduced are as follows:

- Implemented the 'at-tick rule' for Intraday Short Selling (IDSS), IDSS by Proprietary Day Traders (PDT IDSS) and PSS.
- Implemented a temporary suspension of IDSS, PDT IDSS as well as Regulated Short Selling (RSS), and revoked the 'at-tick rule' above concurrently. The suspension does not apply to PSS.
- Accorded greater flexibility for Participating Organisations (POs) to manage margin accounts including removing the requirement to automatically liquidate a client's account beyond the 130% threshold for outstanding balances, and expanding the types of collateral which may be accepted by a PO.
- Encouraged market participants to limit counter hours during the Movement Control Order (MCO) to safeguard the well-being of their employees and customers.
- Allowed temporary waiver of the requirement for PDT IDSS to close off buy positions.
- Provided clarification and accorded flexibilities in the issuance of Annual General Meeting (AGM) notices and annual reports to PLCs that were deferring their AGMs during the effective period of the MCO. Annual reports were deemed issued to BMS or the PLCs' shareholders if done via Bursa LINK within the prescribed timeframe for issuance.
- Granted extension of time for issuance of financial statements and annual reports. A one-month extension was granted for PLCs to issue quarterly reports, semi-annual reports, annual audited financial statements and annual reports (AR) due in March, April and May 2020, with reports due in April 2020 granted an additional month's extension, for a total of two months. Further extension of time to August 2020 was granted for PLCs with financial year end 31 March 2020 to issue AR and annual audited financial statements.

## Marketplace Report: Fair and Orderly Markets

- Accorded flexibility in fundraising by allowing PLCs to increase the general mandate limit for a new issue of securities from the existing 10% to not more than 20% of the total number of issued shares subject to certain conditions and utilisation period until 31 December 2021.

In addition, eligible PLCs are allowed to issue rights shares or units on a pro rata basis, up to 50% of the total number of issued shares or units via a general mandate obtained at a general meeting, subject to certain conditions and utilisation period until 31 December 2021.

- Allowed PLCs with poor financial condition or inadequate level of operations (i.e. those which triggered either paragraph/Rule 8.04 or 8.03A of the MMLR or ACE LR) an extension of time to either submit their regularisation plan or undertake the assessment if they should be classified as financially distressed PLCs based on BMS' prescribed requirements.

In addition to the rules, we also issued various guides and communication notes for PLCs and intermediaries to enhance the quality of disclosure, governance and self-regulation of these entities. On 10 June 2020, we issued Communication Notes on 'Disclosure Guidance on COVID-19 Related Impacts and Investments' to provide guidance and clarity to PLCs for a clear, balanced, fair and full disclosure when making COVID-19 related disclosures of the PLCs' business and financial impacts arising from COVID-19 and also disclosure on COVID-19 related investments.

### Surveillance of the Market

Bursa Malaysia conducts real-time surveillance of trading activities in both the securities and derivatives markets. Trading in the marketplace remained fair and orderly as we continued to enhance our detection of abusive trading and our market management measures to ensure that irregular trading and abusive conduct are quickly acted upon.

When there is an unexplained significant fluctuation of a share price and/or volume traded in a PLC's securities, an Unusual Market Activity (UMA) Query is issued to the PLC to determine if there is any material development that has yet to be announced to the market. Such queries serve to prompt PLCs to ensure all material information is disclosed, including information which may have been withheld, in accordance with Paragraph/Rule 9.05 of the LR respectively to facilitate informed investment decision-making by investors and shareholders. The response from the PLC would be assessed and monitored to determine if there had been non-disclosures, delays in the disclosure of material information or non-compliance with the standards of disclosure.

In cases where irregular and/or abusive trading activities are detected and where the facts warrant action, we will conduct market management measures guided by our market surveillance framework, which includes the escalation of breaches for further investigation and enforcement actions.

In 2020, we focused on improving our operational efficiency and efficacy to ensure that abusive trading patterns are detected and curbed swiftly and our market management measures remain effective in the dynamic market environment. In view of the uncertainties posed by the COVID-19 pandemic, we also observed certain shifts in our market demography including the proliferation of retail investors and thematic play which were largely driven by healthcare and technology related counters.

## Marketplace Report: Fair and Orderly Markets

As such, we had to conduct in-depth analyses to study the behaviour and pattern of trading in the current environment and assess the effectiveness of our measures. Our list of initiatives is set out below:

### 1. Study on Short Selling Activities

- We examined short selling activities through a time series analysis, with steps such as conducting market replays of orders and trades to look at trading patterns/behaviour and ascertain how investors generally respond to momentum or trends in share prices.
- The short selling activities study was presented to the SC and constantly referred to in business and regulatory discussions including in the decision to suspend short selling activities from March 2020 to December 2020 as a preventative step to help restore market confidence amidst uncertainties posed by the COVID-19 pandemic.

### 2. Assessment on Thematic Trading

- We examined themed plays especially on trading at counters related to healthcare and technology. The assessments were carried out holistically as we assessed for proper and responsible disclosure, reasonableness in research reports as well as orderliness in trading activities.
- Where we found gaps in standards of disclosure and/or patterns of abusive trading, we conducted measures in accordance with our regulatory framework including engagement with the relevant PLC or PO.

### 3. Intermediaries Communication of Supervision of Trading 2.0 (ICON-ST 2.0)

- We issued the ICON-ST 2.0 which contains extended coverage of industry communication on supervision of trading to include trading in derivatives and updates based on current surveillance practices.
- The first ICON-ST issued back in 2017 in collaboration with industry participants was aimed at providing guidance to POs on the adoption of best practices in undertaking supervisory practices for trade monitoring, particularly to safeguard market integrity and orderliness.
- The ICON-ST 2.0 will be useful particularly to the relevant personnel of POs and TPs involved in trade surveillance/monitoring and safeguarding market orderliness and integrity.

### Surveillance of PLCs

In our continued effort to uphold market integrity and stability, we undertake corporate surveillance to detect corporate irregularities and in-depth analyses of issues and circumstances which may give rise to breaches of the LR. Our comprehensive corporate surveillance framework remains steadfast in ensuring the timely detection of irregularities and taking the necessary pre-emptive actions and regulatory responses where appropriate.

When a breach of LR is detected, a referral is made to our investigation department for further action with the aim to establish if enforcement action needs to be taken. If an offence under the law has been committed, the case will be referred to the relevant regulatory authority for action.

Our corporate surveillance framework is regularly assessed and improved upon to ensure its robustness and effectiveness. Our regulatory/pre-emptive actions have resulted in PLCs undertaking various actions to improve their corporate governance (CG) practices, including establishing an internal audit function as required under the LR and conducting AGM virtually, to enable greater participation amongst shareholders, especially during the pandemic.

To encourage continuous improvement amongst PLCs, we regularly engage them and other intermediaries and provide training in key areas of concern identified through our surveillance activities.

### Quality and Timely Disclosures

Timely, complete and accurate disclosure of information is of paramount importance for shareholders and investors looking to make informed investment decisions, and is a requirement in line with Bursa Malaysia's objective of maintaining a fair and orderly market. In reaffirming our commitment to enhancing market quality and transparency, we implemented the following initiatives to provide guidance and clarity in the market:

1. Issuance of communication notes on "Disclosure Guidance on COVID-19 Related Impacts and Investments" to provide guidance and clarity to PLCs for clear, balanced, fair and full disclosure when making COVID-19 related disclosures of the PLCs' business and COVID-19 related investment.
2. We conducted one-on-one engagements with advisers to improve and promote higher standards in the quality of disclosures in circulars and submissions by the advisers. We shared findings on areas of improvement and provided guidance for enhanced quality of disclosure to develop a culture of embracing disclosure requirements in substance and not just in form and to promote transparency to aid informed investment decisions.



## Marketplace Report: Fair and Orderly Markets

- To promote greater awareness of and clarity in disclosure obligations as well as their underlying principles and objectives, we designed education programmes to cater for the specific needs of various stakeholders such as the PLCs in the LEAP market. We conducted a structured advocacy session for the directors and senior management of all the LEAP PLCs in 2020.
- We continued our outreach education programmes for company secretaries focused on elevating the standard of corporate disclosure by enhancing their understanding of LR, updating the amendments to LR and addressing common pitfalls in the obligations of the LR.

We continued to leverage on the Listing Advisory Desk and our online enquiry portal to respond to enquiries from our PLCs and their advisers on LR interpretation.

### Corporate Governance Standards

To further inculcate good CG practices as well as disclosures by our PLCs, Bursa Malaysia conducted a number of CG-related advocacy programmes throughout 2020 which focused on key areas such as board governance for company secretaries and fraud risk management. Some of our CG achievements in 2020 include:

### Malaysia-ASEAN Corporate Governance Scorecard: Continuous Improvement in Average CG Score

The latest average CG Score for the Top 100 Malaysian PLCs is 98.4 points. We observed a continued uptrend in the Malaysia-ASEAN Corporate Governance Scorecard published by the Minority Shareholders Watch Group (MSWG) which signals the continuous commitment towards improvement in CG practices by our Top 100 PLCs.



### The SC's CG Review 2019: General Trend of Adherence to Malaysian Code on Corporate Governance (MCCG)

Based on the SC's latest assessment of CG-related practices as well as disclosures of our PLCs via their CG Reports (as detailed in their CG Monitor Report 2020), we note that there is a general trend of increasing adherence to the various Practices and Intended Outcomes as detailed within the latest MCCG.

### Measures to Promote Sustainability

In line with Bursa Malaysia's goal of becoming a leading exchange for sustainability in ASEAN, all PLCs on our Main and ACE Markets have now embarked on their respective sustainability journeys. Key initiatives and processes undertaken by PLCs to manage their material sustainability matters are disclosed via sustainability statements within their annual reports or standalone sustainability reports.

In 2020, we continued to devote significant resources towards capacity building by providing sustainability reporting workshops for practitioners in addition to thematic advocacy programmes on areas such as anti-corruption and climate change.

## Marketplace Report: Fair and Orderly Markets

### Anti-Corruption

During the year, we held a series of workshops to better prepare PLCs for the corporate liability provision that came into force in June 2020.

### Climate change

In addition to advocacy programmes for PLCs, we are also contributing to the advancement of climate change reporting practices by Malaysian financial institutions via our role as the Chair of Sub-Committee 2 on Governance and Disclosure (Sub-Committee 2) of the Joint Committee on Climate Change (JC3). Specifically, the Sub-Committee 2 is working towards the development of an Application Guide on Climate-Related Disclosures as part of JC3's initiatives to improve the quality of disclosures vis-à-vis the recommendations of the TCFD.

### Sustainability Disclosure Review

In expanding our annual Sustainability Disclosure Review exercise, we established a collaboration with the MSWG in 2020 to review the sustainability statements of a sample of 300 PLCs with financial year ends falling within the period of 1 April 2019 to 31 March 2020.

For the results of the review, please refer to the Sustainability Report 2020 on pages 30 to 41.

Findings from the Sustainability Disclosure Review are shared with our PLCs in order to facilitate further improvements especially in terms of quality of disclosures apart from adherence to our sustainability disclosure requirements. In addition, the trends that we observed from the said review exercise also form part of the basis for determining future advocacy/outreach programmes.

### Standards of Business Conduct of Intermediaries

We are committed to ensuring that the high standards of business conduct and compliance with the business rules and other regulatory requirements amongst intermediaries are maintained through a progressive supervisory approach.

As a result of our continuous supervision, our intermediaries have achieved a satisfactory standard of business conduct and self-regulation with adequate safeguards to protect investors and establish risk management measures to manage their counterparty risks and exposure, as well as to mitigate against incidences which pose systemic risk to the market. Based on our on-site and off-site supervision activities, we noted that there were no industry-wide breaches, findings which affected the fairness and orderliness of the market or misuse of clients' assets by intermediaries over the last few years. Our intermediaries are also in compliance with the prescribed minimum financial requirements.

We also continue to enhance and modify our methodologies and processes to ensure that our supervisory approach remains progressive and dynamic. To effectively monitor our intermediaries, we adopt a risk-based approach in supervising the conduct of intermediaries and their registered persons to determine the level of attention needed in our onsite and offsite supervision activities across the industry. Throughout the years, we have also rolled out rules and regulatory framework as well as provided guidance through various industry communication and advocacy programmes, in consultation and collaboration with industry associations, for intermediaries and their registered persons which facilitated the ease of doing business and enhanced the intermediaries' standard of business conduct and self-regulation.

In 2020 we have implemented several initiatives to that end, including the following:

- Provision of a facilitative framework by enhancing the onboarding process for market participants. This initiative has resulted in the reduction and simplification of information required for the registration of market participants, streamlined the onboarding process among all market segments and provided a one-stop platform to accommodate and facilitate market participants' access to onboarding documents.;
- Issuance of industry communication on aligning remuneration practices with ethical behaviour amongst the intermediaries. This communication serves to recommend best practices to be adopted by the industry players to enhance their business conduct and self-regulation.

### Enforcement Activities

As part of our vigilant monitoring of compliance with our rules, we take action against breaches of our rules. Depending on the materiality of the breach, enforcement actions for material breaches or management actions such as warnings, cautions or reminders for less serious breaches may be taken.

We will take enforcement actions when material breaches are detected and established after thorough investigations and due process.

This due process includes giving the defaulting parties an opportunity to explain their actions prior to the determination of breach and imposition of appropriate sanctions by our independent regulatory committees, which comprise the Listing Committee and Market Participants Committee. In addition, the defaulting parties are accorded a right of appeal which is escalated for hearing by another independent regulatory committee, namely the Appeals Committee. These independent regulatory committees are tasked to deliberate and decide on material breaches of the LR and Business Rules respectively.

## Marketplace Report: Fair and Orderly Markets

In 2020, enforcement actions were taken against 12 PLCs, one adviser and 30 directors (of seven PLCs) for various breaches of the LR. As part of enforcement, we also issued directives against defaulting parties including, where relevant, directives for directors to undergo mandatory training as well as for PLCs to conduct limited reviews on quarterly reports. BMS also took 84 management actions via issuance of reminders for less serious breaches mainly relating to requirements on dealings by directors and principal officers, delays in making immediate announcements, CG breaches, etc.

As for breaches of the Business Rules, in 2020, actions (which include management actions) were taken against 20 intermediaries (i.e. POs, TPs, ADAs, Authorised Direct Members and TP/CP) and eight individuals who are subject to the Business Rules e.g. Dealer's Representatives (DRs)/Registered Representative/Registered Persons(RPs) for various breaches particularly for market offences where enforcement action was taken against one RP. In an effort to improve the conduct of errant parties, similar to the approach under the LR, mandatory training requirements were imposed when the misconduct showed ignorance or lack of understanding of the rules and requirements.

As a result of our enforcement actions, we note a continued declining trend in certain breaches of our rules, in particular breaches relating to financial reporting obligations by PLCs.

### Education and Advocacy Programmes under the Capital Market Education and Integrity Fund (CMEIF)

The CMEIF which consists of fines collected from errant parties by Bursa Malaysia as well as fees collected from the transfer of DR from one PO to another, was set up with the clear provision that the monies are to be utilised primarily for market education and advocacy programmes.

In 2020, with funding from CMEIF, we conducted 39 advocacy programmes for directors of PLCs, compliance/risk/integrity officers, sustainability practitioners, company secretaries, advisers and intermediaries. These programmes were well received and attended by more than 2,326 participants.

#### Continuing Programmes

- |   |  |   |
|---|--|---|
| 1   | 2  | 3   |
| Technical briefing on disclosures for company secretaries | Sustainability reporting workshops for practitioners | Advocacy programmes for representatives of Intermediaries |

In 2020, some of the key programmes carried out were:

#### New Programmes

- |  |   |   |
|--|---|---|
| 1  | 2   | 3   |
| Programme to strengthen the competencies of company secretaries in raising the standards of board governance | Thematic sustainability workshops on anti-corruption and climate change | Fraud risk management workshops for directors of PLCs |

## Statement on Internal Control & Risk Management

The Board of Directors of Bursa Malaysia (Board) is committed to maintaining a sound internal control and risk management system. Each business/functional unit has implemented its own control processes under the leadership of the Chief Executive Officer (CEO), who is responsible for good business and regulatory governance. The following statement outlines the nature and scope of the Group's internal control and risk management in 2020.

### BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and achieving goals and objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

In 2020, the adequacy and effectiveness of internal controls were reviewed by the Audit Committee (AC) in relation to the audits conducted by Internal Audit (IA) during the year. Audit issues and actions taken by Management to address the issues tabled by IA were deliberated on during the AC meetings. Minutes of the AC meetings which recorded these deliberations were presented to the Board.

The Risk Management Committee (RMC) provides oversight on risk management matters relating to the activities of Bursa Malaysia as an Exchange holding company and of its subsidiaries in accordance with Section 22 of the Capital Markets and Services Act 2007 (CMSA), to ensure prudent risk management over Bursa Malaysia's business and operations. At its scheduled meetings in 2020, the RMC had reviewed, appraised and assessed the efficacy of the controls and progress of action plans taken to mitigate, monitor and manage the overall risk exposure of the Group. The RMC also reviewed proposals for new products, monitored the progress and status of risk management activities, as well as raised issues of concern and provided feedback for Management's actions.

Internal control and risk-related matters which warranted the attention of the Board were recommended by the AC and RMC to the Board for its deliberation and approval, and matters or decisions made within the AC's and RMC's purview were escalated to the Board for its notation.

## Statement on Internal Control & Risk Management

### KEY INTERNAL CONTROL PROCESSES

The Group's internal control system comprises the following key processes:

#### 1. SEPARATION OF COMMERCIAL AND REGULATORY FUNCTIONS

- a. The Group's commercial and regulatory functions are segregated to ensure the proper discharge of Bursa Malaysia's regulatory duties. Both these functions operate independently of each other to ensure that business units are not in a position to unduly influence any regulatory decision made by the Regulation unit. It is Bursa Malaysia's statutory duty to always act in the public interest, with particular regard for the need to protect investors. As such, the Board which includes Public Interest Directors is responsible for upholding public interest in its decision making.

To this end, Regulatory Committees have been set up to deliberate and decide on regulatory matters to ensure Bursa Malaysia upholds its obligation to safeguard public interest. These committees comprise the Regulatory and Conflicts Committee, Listing Committee, Market Participants Committee, and Appeals Committee, which apart from Board members, comprise of independent individuals with significant and relevant industry experience.

A wholly owned regulatory subsidiary, Bursa Malaysia Regulation Sdn Bhd was incorporated on 18 August 2020, to assume the abovementioned Regulatory Committees including the regulatory functions upon the issuance of the Capital Markets and Services (Regulatory Subsidiary) Regulations 2020 ("Regulations") by the Securities Commission. As at the date of this report, the Regulations are pending issuance.

- b. Processes are established and set out in the Guidelines for Handling Conflicts of Interest (COI) to deal with any possible COI which may arise in the course of Bursa Malaysia performing its commercial or regulatory role.

#### 2. AUTHORITY AND RESPONSIBILITY

- a. Certain responsibilities are delegated to the Board Committees through clearly defined Terms of Reference (TOR) which are reviewed annually.
- b. The Corporate Authority Manual is reviewed to reflect the authority and authorisation limits of Management in all aspects of the Group's major business operations and regulatory functions.

- c. The Group's Management Governance Framework, comprising two committees for the governance function, namely the Corporate Sustainability Committee and the Management Risk and Audit Committee (MRAC) and two committees for the operations function, namely the Management Committee (MC) and Management Regulatory Committee, have clearly defined TOR to enable good business and regulatory governance.

#### 3. PLANNING, MONITORING AND REPORTING

- a. An annual planning and budgetary exercise is undertaken requiring all divisions to prepare business plans and budgets for the forthcoming year. These are deliberated and approved by the Board before being implemented.
- b. The Board is updated on the Group's performance at the scheduled meetings where the Group's business plan and actual versus budget performance for the year are reviewed and deliberated by the Board on a half-yearly basis. However, financial performance variances are presented to the Board on a quarterly basis.
- c. There is a regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy, business and regulatory plans. The Board also reviews and approves the Annual Regulatory Report, which informs the Securities Commission Malaysia (SC), under Section 16 of the CMSA, of the extent to which Bursa Malaysia and its subsidiaries have complied with their duties and obligations under Sections 11 and 21 of the CMSA.
- d. The Chief Financial Officer (CFO) is required to provide assurance to the AC that appropriate accounting policies have been adopted and applied consistently, the going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements of the Group are appropriate, and that prudent judgements and reasonable estimates have been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards (MFRSs) and the International Financial Reporting Standards (IFRSs). The CFO also assures that adequate processes and controls are in place for effective and efficient financial reporting and disclosure under the requirements of the MFRSs, IFRSs, Companies Act 2016 and Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR), and that the Annual Financial Statements and the quarterly Condensed Consolidated Financial Statements of the Group give a true and fair view of the financial position and financial performance of the Group and do not contain any material misstatement.

## Statement on Internal Control & Risk Management

- e. Sustainability is one of the important value creation drivers to ensure business resiliency and future organisational success. It is integrated into our long-term corporate strategies, policies and planning processes as we aim to translate sustainability aspirations into business practices. In order to meet the expectations of our various stakeholder groups, we constantly evaluate our sustainability efforts and report material issues that are relevant to our business model and impact the value creation potential. Our Sustainability Report is aligned with the MMLR and relevant international standards and guidelines to enable us to effectively communicate our sustainability journey and strive for higher levels of transparency. In addition, the Sustainability Report is verified by Internal Audit for quality assurance and data accuracy prior to submission to the AC.

Further details can be found in Bursa Malaysia's Sustainability Report.

### 4. POLICIES AND PROCEDURES

Clear, formalised and documented internal policies, standards and procedures are in place to ensure compliance with internal controls and relevant laws and regulations. A list of identified laws and regulations applicable to Bursa Malaysia are documented and maintained to facilitate compliance. Regular reviews are performed to ensure that documentation remains current and relevant. Common Group policies are available on Bursa Malaysia's intranet for easy access by employees.

### 5. AUDITS

- a. Audit engagements are carried out based on the annual audit plan approved by the AC and takes into consideration feedback from the Management. IA assesses the selected areas under the audit scope in relation to risk exposures, compliance with the approved policies and procedures and relevant laws and regulations and where relevant, benchmarked against available best practices. For any significant gaps identified in the governance processes, risk management processes and controls during the engagements, IA provides recommendations to Management on how to improve the designed processes and effectiveness of controls where applicable.

In addition, IA assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control processes to the AC based on the engagements carried out within the financial year including review reports prepared by external consultants, if any. The AC takes note of the review results (which include the state

of internal controls, exceptions, and root cause analysis) and such results are subsequently shared with the Senior Management to ensure continuous enhancement of the internal control system of the Group. The Board is updated on the results of the review of the Group's internal control framework.

- b. The yearly certification for the Information Security Management System (ISMS), MS ISO/IEC 27001:2013 was carried out by CyberSecurity Malaysia. The ISMS scope covered the management, operation and maintenance of the information system assets and information systems of Bursa Malaysia and its subsidiaries. ISMS internal audits are also conducted by a qualified team of personnel prior to the yearly certification.
- c. The External Auditors' annual plan which comprises planned audit services (inclusive of other assurance-related services), recurring non-audit services and non-recurring non-audit services is tabled annually to the AC for deliberation and approval.
- d. In addition to the annual audit of the financial statements of the Group, the External Auditors are engaged to conduct reviews on all of the condensed financial statements for the quarter and cumulative quarters in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".
- e. The IA team is required to conduct quarterly assessments of the internal control system pertaining to the processes of the relevant business/functional units which have a bearing on the financial information of the Group, to ensure the reliability and integrity of such information.

The Director of IA, who is also the Head of IA, is required to confirm the effective operation of process controls which support the preparation of the financial statements.

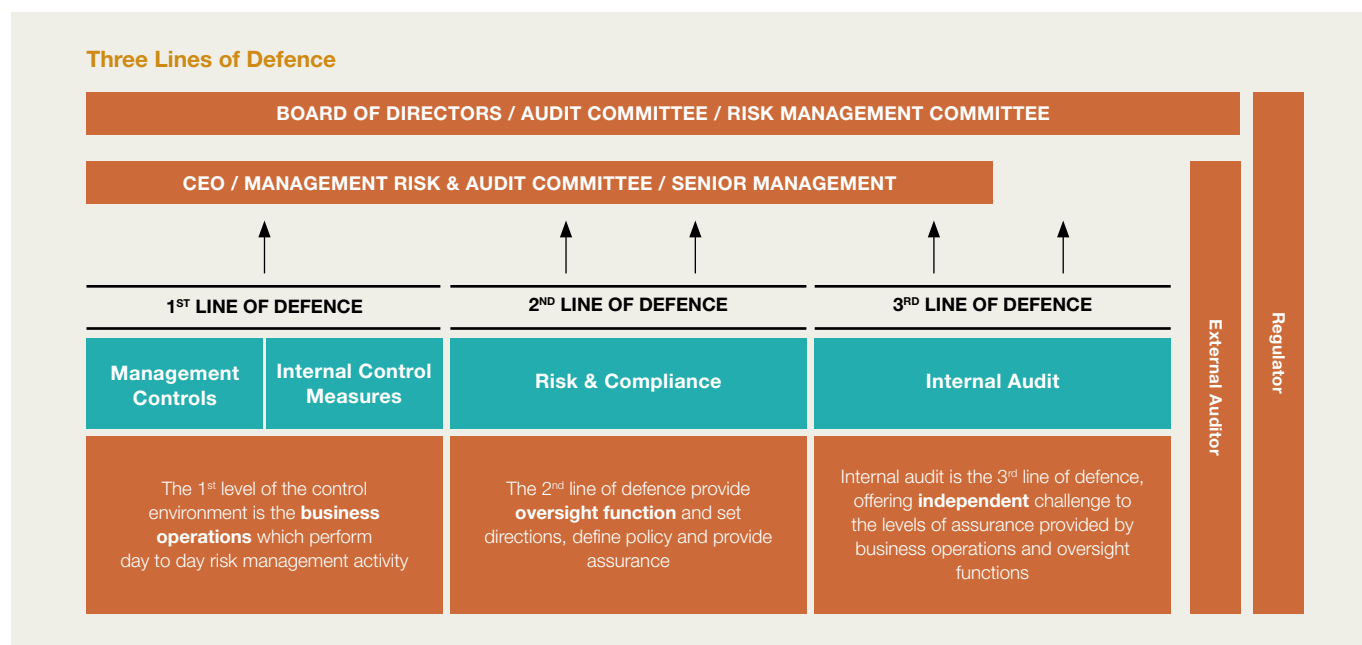
- f. IA conducts system readiness reviews to assess the progress of project implementations according to the pre-determined timelines, milestones and objectives of selected key projects and also to ensure that due process has been complied with prior to the implementation or launch of significant systems development and enhancement projects. Post Implementation Reviews are also conducted after a predefined period of time to assess the effectiveness of the systems/initiatives and that the implementations are in accordance with their objectives.

## Statement on Internal Control & Risk Management

### 6. RISK MANAGEMENT

- a. The Risk and Compliance (RC) division oversees the risk and compliance management functions for the Group at the enterprise level. RC has put in place the necessary risk and compliance management frameworks to enhance the Group's governance structure, aligned the initiatives of RC to support the overall aspirations of the Group, integrated the various risk and compliance processes, as well as conducted risk and compliance engagement awareness programmes across the Group.
- b. The Group adopts the Guidelines on Financial Market Infrastructures issued by the SC and best practices such as the ISO 31000:2018 Risk Management – Guidelines,

and International Organisation of Securities Commissions (IOSCO)'s Principles for Financial Market Infrastructures (PFMI) framework to manage the risks of its business and operations. These best practice risk management standards are encapsulated into the overarching risk management and compliance framework known as the Integrated Governance, Risk and Compliance (IGRC) Framework which is supplemented by the Enterprise Risk Management Principles and Framework (ERMPF) and various guidelines and standard operating procedures (SOP) within Bursa. One of the key features of the risk management framework is the implementation of the three lines of defence comprising established and clear functional responsibilities and accountabilities for the management of risk.



- c. Senior Management, which includes Management Committee members and Divisional Heads, are the first line of defence and are accountable for all risks assigned under their respective areas of responsibility based on the ERMPF. This group of personnel is also responsible for the continuous development of the risk management capabilities of employees and ensures that risk management is embedded in all key processes and activities.
- d. The second line of defence is provided by the RC team and MRAC, with oversight by the RMC. The RC team is responsible for monitoring the risk and approving matters within its authority for implementation across the Group.
- e. The third line of defence is provided by IA and AC and are responsible for providing assurance on the effectiveness of the enterprise risk governance framework.
- f. Within the framework, the Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of our risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting.

## Statement on Internal Control & Risk Management

- g. As part of RC's commitment to ensure that the risk management models remain robust and relevant, an annual independent validation of stress testing and margining models were undertaken for the 2 Central Counterparties (CCPs) within the Group, which conform to the requirements of the PFMI as well as the SC's Guidelines on Financial Market Infrastructure. The review showed that the 2 CCPs generally observed the requirements of the PFMI.
- h. The Group's risk appetite and risk tolerance which documented the overarching parameters of the Group for the management of risk are reviewed on a periodic basis to provide clarity on the limits and thresholds determined by Key Risk Indicators (KRI) at the enterprise level so that the optimum allocation of resources can be determined to protect and enhance the Group's business and operations.
- i. Bursa Malaysia Group has adopted the five principles of the Guidelines of Adequate Procedures (GAP), pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, as stated in the MACC Amendment Act 2018 (Amendment 2018). As part of the Organisation Anti-Corruption Plan, RC conducted the corruption risk assessment via the Risk Control Self-Assessment (RCSA) process. This is an on-going effort by RC to strengthen the internal controls and ensure compliance with best practices.

In addition, compliance reviews were carried out on the departments which have higher exposure to corruption risk. Overall, these departments had substantiated their anti-corruption controls with supporting processes and procedures.

- j. The management and reporting of risks in the Group have been aligned with four risk categories for the Enterprise Risk Management as outlined below:

### i. Management of Operational Risk

The management of operational risk is guided by Principle 17 of the IOSCO's PFMI. Operational risk is identified as the risk that deficiencies in information systems or internal processes, human errors, management failures, or disruptions from external events that will result in the reduction, deterioration, or breakdown of services provided by Bursa Malaysia.

The management of some of the significant operational risks faced by the Group for the financial year 2020 are outlined below:

- COVID-19

In 2020, the COVID-19 pandemic had brought significant disruptions to global norms and has impacted the way businesses are conducted. Robust risk management controls and policies have allowed for business operations within Bursa Malaysia to continue uninterrupted despite the pandemic.

To curb the impact of the pandemic, Bursa Malaysia had instituted a Split Office Policy, where segments of staff are assigned to work from the alternate site of Bursa Malaysia, or work from home. This is to minimise the risk of the spread of COVID-19 among Bursa staff should any staff member be inadvertently exposed to the virus. The aim of this arrangement is to reduce the likelihood of interruptions to critical operations. The Split Office Policy and other internal control measures shall ensure resiliency of Bursa's core operations under the new norm.

Bursa Malaysia has also aligned Bursa Malaysia's Pandemic Levels, with the Disease Outbreak Response Matrix Malaysia (DORMM), released by the Malaysian Ministry of Health on 16 March 2020.

- Business interruption

Appropriate systems with adequate capacity, security arrangements, facilities and resources are in place to mitigate risks that could cause interruptions to the Group's critical business functions. The Group has a comprehensive Business Continuity Plan (BCP), including a Disaster Recovery Plan which is tested annually to ensure continuity of the business and technology operations.

In 2020, the Group encountered two business interruptions. On 16 July 2020, trading on the securities market was affected at 3:30pm, 1.5 hours before the market close. The issue was resolved, and the securities market operated normally on 17 July 2020. On 29 September 2020, Bursa's website was inaccessible from 1:03pm to 4:27pm. The website resumed within the allowed target recovery time objective. Trading in its securities, derivatives and Islamic markets were not affected and continued to operate normally.



## Statement on Internal Control & Risk Management

In both cases, the incident response, system recovery and communication processes were promptly carried out to ensure timely business resumption without any further operational impact. Actions had also been taken to prevent recurrence of similar incidents.

Besides the mandatory industry wide tests for securities and derivatives markets, the Group also facilitated two BCP exercises for the market participants. The objective of these exercises was to ensure market participants' backup sites/systems can be connected successfully and timely to Bursa Malaysia in the event of a disruption.

- Cyber Security

Bursa Malaysia has implemented various mitigation measures to manage cyber security risk including a robust network architecture which is segmented into private and public networks. This aims to isolate the problem within the segment in the event of a cyber-attack. Bursa Malaysia has invested and set in place adequate IT security tools and mechanisms to enhance the cyber resilience capabilities to anticipate, withstand, contain and rapidly recover from a cyber incident with the objective of limiting the escalating risks that cyber threats pose to Bursa Malaysia and the broader capital market.

The tools and mechanisms are reviewed and assessed on an annual basis or as and when needed. In addition, a review on the cyber security architecture by an independent party is conducted periodically. It aims to ensure observance with the Guidance on Cyber Resilience for Financial Market Infrastructures as issued by IOSCO as well as to comply with the Guidelines on Management of Cyber Risk issued by the SC.

- Physical Security

Bursa Malaysia has put in place several controls to mitigate physical breaches covering the main Bursa building as well as its Disaster Recovery site. To ensure that Bursa Malaysia is sufficiently prepared to meet any eventuality, there are plans that have been developed and exercised to address multiple possible scenarios which can impact the physical security at its premises.

Procedures on Managing High Risk Roles were established to manage situations of threats directed at and/ or safety concerns arising from Bursa Malaysia staff carrying out high risk job functions or roles in their work place. The procedures outlined the incident reporting and response procedures to be carried out in those situations.

- Policies & Procedures

The effective operation of Bursa Malaysia is dependent to a significant extent on the availability, adequacy and effectiveness of its frameworks, policies, processes and procedures. Hence, Bursa Malaysia has put in place the key frameworks, policies and procedures which include the following:

**System/Operations:**

IT Security Policy, Information Management Policy, Business Rules, Trading and Clearing Procedures, ISMS Manual, Cyber Security Risk Management Framework;

**Risk & Compliance:**

ERMPPF, Compliance Framework, BCM Framework;

**People:**

Code of Ethics, Employee Handbook, Group Disciplinary Policy, Anti-Fraud, Bribery and Corruption Policy and Guidelines, Whistleblower Policy and Procedures; and

**Budget:**

Finance Policies and Procedures, Corporate Authority Manual, Contract Management Guidelines.

The key frameworks, policies and procedures will continue to be reviewed regularly to ensure that the effectiveness and adequacy of the implementation are in accordance with global best practices and standards.

## Statement on Internal Control & Risk Management

### ii. Management of Financial Risk

The Group has in place robust risk management processes and procedures to manage counterparty/settlement risks and prevent a systemic impact on the market. Bursa Malaysia Securities Clearing Sdn Bhd (BMSC) and Bursa Malaysia Derivatives Clearing Berhad (BMDC) (collectively referred to as "Clearing Houses") act as the central counterparty for equities and derivatives trades, respectively, and thus are subject to counterparty credit risk. The processes and procedures of these two Clearing Houses are in line with the PFMI issued by the Committee on Payments and Market Infrastructures (CPMI), a Technical Committee of the IOSCO. The management of financial risk is guided by the following principles:-

#### Principle 4 of PFMI (Credit Risk)

requires the Central Counterparty (CCP) to maintain sufficient financial resources to cover its credit exposure to each participant and manage its credit exposure arising from its payment, clearing and settlement processes effectively.

#### Principle 5 of PFMI (Collateral)

requires the CCP to accept only collaterals with low credit, liquidity and market risks while ensuring appropriate haircuts and limits are imposed accordingly.

#### Principle 6 of PFMI (Margin)

requires the CCP to manage its credit exposure through the collection of margins.

#### Principle 7 of PFMI (Liquidity Risk)

requires the CCP to maintain sufficient liquid resources in all relevant currencies to effect same-day, intraday and multiday settlements with a high degree of confidence.

#### Principle 16 of PFMI (Custody and Investment Risk)

requires the CCP to safeguard its own and participants' assets and invest in instruments with minimal credit, market and liquidity risks.

The risk mitigation measures that have been put in place to manage Financial Risk are outlined below:

- Daily mark-to-market of outstanding positions and intraday revaluation of positions and collaterals;
- Initial and variation margin requirements; as well as prudent cash and collateral management;
- Monitor Trading Clearing Participants' (TCP) and Clearing Participants' (CP) capital adequacy ratios and adjusted net capital levels;
- Monitor settlement flows for both BMSC and BMDC and manage Clearing Houses' exposure vis-a-vis other financial institutions;
- Perform daily stress tests on adequacy of the Clearing Guarantee Fund (CGF) of BMSC and the Clearing Fund (CF) of BMDC respectively, to ensure that they are sufficient to protect the Clearing Houses under extreme but plausible market scenarios;
- Perform daily stress tests on adequacy of liquid resources of the Clearing Houses to ensure that there are sufficient liquid resources to meet their settlement obligations in a timely manner; and
- Conduct annual default drill exercises by simulating default scenarios to test the effectiveness of the Default Management Procedures to ensure they remain robust and relevant in the face of the uncertain market environment.

In 2020, there were no settlement defaults by any TCP or CP and neither the CGF nor the CF needed to be called upon. However, management will continue to be prudent in monitoring financial resources for its adequacy to cater for higher volatility in the market.

### iii. Management of Strategic Risk

Strategic risk refers to Bursa Malaysia's exposure to internal and external events that can either support or prevent it from achieving its objectives. In accordance with Bursa Malaysia's Corporate Risk Profile for 2020, the key areas monitored under Strategic Risk are competition, high impact projects and new ways of doing business including new technologies. The key competition risks monitored from market developments are assessed for their impact on Bursa Malaysia's current business plan such as economic trends and potential entry of market disrupters which can challenge its aspiration to become the key regional player with global reach. In addition, high impact projects are monitored to assess the risk implications to Bursa Malaysia based on the project life cycles, their progress status against the objectives outlined in the current business plan, as they are the key drivers to support Bursa Malaysia's attainment of strategic objectives. Finally, the risk of failure to embrace for example new technologies can potentially leave Bursa Malaysia to become uncompetitive amongst its peers.

## Statement on Internal Control & Risk Management

### iv. Management of Legal and Regulatory Risk

The management of Legal and Regulatory Risk aims to ensure that the Group's exposure to potential legal liabilities during the course of business such as rule implementation or product liability are well mitigated to avoid disruption to its business and operations. If not properly mitigated, legal liabilities can have a significant impact on the Group's reputation which in turn can affect investor confidence in the market.

In this regard, the Legal and Regulatory Risk unit monitors for any new or on-going litigation cases to assess the potential adverse impact of these cases to the market, the Group's reputation and financial standing.

Another key area that the Legal and Regulatory Risk unit monitors is the dynamic regulatory landscape which has become increasingly complex. With the fast pace of regulatory changes, there is the ever-present risk that the Group may breach new regulations and face reprimands or hefty fines from regulators. Thus, it is important for the Legal and Regulatory Risk unit to keep abreast of new regulations and assess their potential implications on the business operations of the Group.

The Group will continuously review and enhance the above processes and procedures in accordance with global best practices and standards to ensure that the risk management framework remains relevant and applicable in the current market environment.

### 7. COMPLIANCE MANAGEMENT

- a. The Group's compliance management covers compliance to all legal obligations imposed on Bursa Malaysia, in particular laws, regulations, rules and major identified guidelines or legal requirements. It also covers risk-based compliance to internal policies and procedures, code of ethics and business conduct.
- b. In managing the compliance function, a Compliance Management Framework is in place to ensure that the conduct of the compliance function is governed by internationally recognised standards and provide structured processes for establishing, implementing, evaluating, maintaining and improving the compliance management system for the Group. The Compliance Management Framework was developed based on the ISO 19600 Compliance Management System – Guidelines.
- c. In 2020, there were no major non-compliance issues encountered.

### 8. PERFORMANCE MEASUREMENT

- a. Individual scorecards which comprise of Key Performance Indicators (KPIs) and Behavioral Competencies are ways to periodically assess and measure employees' performance. FY2020 prioritises on translating and aligning corporate objectives and KPIs from strategic level down to divisional level and finally to individual level, while Behavioral Competencies drive the development of employees.

Deliverables are important to ensure business continuity during the unprecedented pandemic.

- b. Consistent employee engagements with customer satisfaction surveys are used to gain feedback on the effectiveness of stakeholder engagements for continuous enhancement.

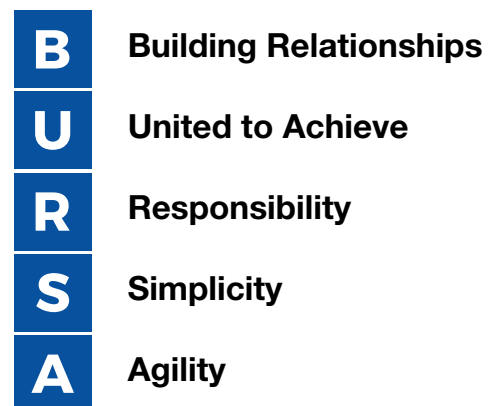
### 9. EMPLOYEES' COMPETENCY

Competency gap analyses are being conducted across the Exchange to identify development interventions required for each employee. Annual training and development programmes are conducted with the aim to minimise or close their competency gaps. Targeted learning interventions are provided to employees to address the gaps identified in their Individual Development Plans or Training Action Plans.

### 10. CONDUCT OF EMPLOYEES

- a. The following core values support Bursa Malaysia and shape the culture.

#### Our Values



- b. A Code of Ethics sets out the policy stand on the conduct of business and the standards of behaviour/ethical conduct expected of Bursa Malaysia employees.
- c. Bursa Malaysia has a Whistleblower Policy and Procedures (WPP) which provides an avenue for any persons namely employees, directors or external parties to report of any improper conduct as defined in the WPP against any employee or director, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group. The Board has the responsibility in overseeing the implementation of the WPP for Directors. The AC has the overall responsibility in overseeing the implementation and monitoring of the WPP for Bursa Malaysia Group, and ensuring effective administration thereof by the Director of IA.

## Statement on Internal Control & Risk Management

IA had reviewed the WPP for Bursa Group to enhance the process for handling whistleblowing cases to ensure effectiveness, aligned with the MMLR and in compliance with, Section 17A of the Malaysian Anti-Corruption Commission Act 2009, as stated in the MACC Amendment Act 2018 (Amendment 2018) on corruption offences by commercial organisations which came into force on 1 June 2020. The revision to the Group's WPP was approved by the AC and the Board.

- d. A Securities Transaction Policy is established to govern the securities transactions of the Group's employees. The policy prohibits employees from using unpublished price sensitive information obtained during the course of their work for personal gain or for the gain of other persons. All employees (including principal officers) are also not allowed to trade in the securities of Bursa Malaysia during the closed period, which is 30 calendar days preceding the announcement of the Group's quarterly and annual financial results.
- e. Anti-fraud bribery and corruption is a material matter to Bursa Malaysia. Bursa Malaysia has reviewed its Anti-Fraud, Bribery and Corruption Policy and Guidelines (previously the Anti-Fraud, Bribery and Corruption Policy) to comply with the Guidelines on Adequate Procedures issued by the Prime Minister's department. The Policy and Guidelines set out the Exchange's stance on areas relevant to fraud, bribery and corruption; expected conduct by employees in adhering to the highest levels of integrity and ethics; and guidelines pertaining to governance, risk assessment, prevention, detection, incident reporting, investigation and corrective action, and monitoring. Employees are also provided with training on anti-corruption policies. Pursuant to the Prime Minister's Directive (No. 1 of 2018), Bursa Malaysia is committed towards upholding integrity and pursuing a corrupt free business environment. Accordingly, an Integrity and Governance Unit (IGU) was established to safeguard integrity and institutionalise good governance in Bursa Malaysia.
- f. An Information Management Policy has been established to provide direction and guidance for the classification, management and control of information used by the Group, so as to protect and preserve the security of information from being wrongly disseminated or distributed to unauthorised parties.
- g. Management and employees at Grade E6 and above are required to annually declare and provide an update on assets acquired or disposed of during the year.
- h. Segregation of duties is practised whereby conflicting tasks are assigned to different employees to reduce the scope for error and fraud.

### 11. INSURANCE

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure that the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken by Management to review the coverage of the assets as recorded in the current fixed assets register and their respective net book values and "replacement values", that are the prevailing market prices for the same or similar items, where applicable. There is also a yearly exercise to ensure the adequacy and renewal of the Group's insurance coverage of financial lines (i.e. Directors' and Officers' Liability, Crime and Professional Indemnity, Financial Institution Crime, Cyber Liability, Financial Institution Professional Indemnity).

### REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2020 Annual Report, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. This Statement was approved by the Board on 24 February 2021.

IA has also reviewed this Statement and reported to the AC that, while it has addressed certain individual lapses in internal control during the course of its internal audit assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system.

### CONCLUSION

The Board is of the view that the system of internal control and risk management in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

The Board has received assurance from the CEO and CFO that the Company's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the framework adopted by the Group.

## Audit Committee Report

The Board presents the Audit Committee Report which provides insights into the manner in which the Audit Committee discharged its functions for the Group in 2020.

### COMPOSITION AND ATTENDANCE

The Audit Committee (AC) comprises four members who are all Independent Non-Executive Directors (NEDs) including one who is also a Public Interest Director. All of the Independent NEDs satisfy the test of independence under Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR). The AC meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR and Practice 8.4 under Principle B of the Malaysian Code on Corporate Governance (MCCG). The AC members' attendance records are outlined in the Corporate Governance Overview section on page 99 of this Integrated Annual Report.

The AC Chairman, Mr. Pushpanathan a/l S.A. Kanagarayar is a member of the Institute of Chartered Accountants of Scotland, the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). Accordingly, Bursa Malaysia complies with paragraph 15.09(1)(c)(i) of MMLR.

The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference (TOR) which is available on Bursa Malaysia's website.

### MEETINGS

The AC held six meetings in 2020 without the presence of other Directors and employees, except in situations when the AC requested for their attendance. The Chief Executive Officer (CEO) was invited to all AC meetings to facilitate direct communication and provide clarification on audit issues and Bursa Malaysia Group's operations. The Director of Internal Audit (IA), who is also the Head of IA, and departmental heads of the respective IA functions attended all AC meetings to table the respective IA reports. The relevant responsible Management members of the respective auditees were invited to brief the AC on specific issues arising from the audit reports or on any matters of specific interest.

As part of the AC's efforts to ensure the reliability of Bursa Malaysia's quarterly financial statements and their compliance with applicable Financial Reporting Standards, the external auditors, Ernst & Young PLT (EY) were engaged to conduct a limited review of Bursa Malaysia's quarterly financial statements before their presentation to the AC for review and recommendation for the Board's approval and adoption.

Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and subsequently presented

to the Board for notation. In 2020, the AC Chairman presented to the Board the Committee's recommendations to approve the annual and quarterly financial statements. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors in the respective quarterly presentations.

For the declaration of the final dividend in respect of Financial Year (FY) 2019, the AC at its first meeting held on 29 January 2020 reviewed the solvency tests undertaken by the Management and was satisfied with the results of these solvency tests which showed that adequate funds were available to pay debts within 13 months from the date of declaration (including 12 months from the payment date). In view of the proposal to declare an interim dividend for the FY 2020, the AC at its third meeting on 23 July 2020 reviewed the solvency tests performed by Management on Bursa Malaysia and its seven subsidiaries to ensure Bursa Malaysia is solvent, that is able to pay its debts as and when the debts become due within 12 months after the distribution of dividends, pursuant to Section 132(3) of the Companies Act 2016. Based on the Chief Financial Officer (CFO)'s representation that the surplus funds of Bursa and its subsidiary companies within the Group would remain adequate, the AC resolved to recommend for the Board's approval of the said interim dividend under the single-tier system for the FY 2020.

On 27 January 2021, the Management presented a proposal for a final dividend and a special dividend, including the proposal for final dividends to be declared by its seven subsidiaries for the Financial Year 2020. At the same meeting, the AC reviewed the solvency tests undertaken by the Management and was satisfied with the results of these solvency tests which showed that adequate funds were available to pay debts within 13 months from the date of declaration (including 12 months from the payment date), pursuant to Section 132(3) of the Companies Act 2016. The CFO has presented that Bursa and its subsidiary companies within the Group has surplus funds, adequate for its operations and development of the market and based on this, the AC resolved to recommend for the Board's approval of the final and special dividends under the single-tier system for the FY 2020.

The AC is responsible for overseeing the implementation of the Whistleblower Policy and Procedures (WPP) for the Group's employees and external parties. The Director of IA had reported to the AC for its notation of two complaints received via the whistleblowing email address and another seven via Aduan Bursa, CEO's Office and Bursa Malaysia Chairman. Arising from IA's reviews, IA had taken the necessary steps to reach out to the complainants and to address the complaints made.

## Audit Committee Report

### SUMMARY OF WORK

The AC's work during 2020 comprised the following:

#### 1. Financial Reporting

- a. In overseeing Bursa Malaysia's financial reporting, the AC reviewed the quarterly financial statements for the fourth quarter of 2019 and the annual audited financial statements for 2019 at its meeting on 29 January 2020.

The quarterly financial statements for the first, second and third quarters of 2020, which were prepared in compliance with the Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting, International Accounting Standard (IAS) 34 Interim Financial Reporting and paragraph 9.22, including Appendix 9B of the MMLR, were reviewed at the AC meetings on 28 April 2020, 23 July 2020 and 22 October 2020, respectively.

On 27 January 2021, the AC reviewed the quarterly financial statements for the fourth quarter of 2020 and the annual audited financial statements for 2020.

The AC's recommendations were presented for approvals at the immediate following Board meetings.

- b. To safeguard the integrity of information, the CFO had on 28 April 2020, 23 July 2020, 22 October 2020 and 27 January 2021, had given assurance to the AC that:
- appropriate accounting policies had been adopted and applied consistently;
  - the going concern basis applied in the annual financial statements and quarterly condensed consolidated financial statements was appropriate;
  - prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs and the International Financial Reporting Standards (IFRSs);
  - adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS, IFRS, IAS and MMLR; and
  - the annual financial statements and quarterly condensed consolidated financial statements did not contain material misstatements and gave a true and fair view of the financial position of Bursa Malaysia Group for the FY 2020.

#### 2. External Audit

- a. The AC deliberated on EY's Report at its first meeting on 29 January 2020 in relation to the relevant disclosures in the audited financial statements for 2019. The AC also considered the recent amendment to Section 340(1)(c) of the Companies Act 2016 on "the appointment and the fixing of the remuneration of auditors" (in place of "the appointment and the fixing of the fee of directors") whereby public companies are required to seek shareholders' approval on the appointment and the remuneration of Auditors at their respective Annual General Meetings.

At the same meeting, the lead audit engagement partner, Dato' Megat Iskandar Shah bin Mohamad Nor of EY confirmed that EY was and had been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA as well as the International Code of Ethics for Professional Accountants ("IESBA Code"). He further highlighted to the AC the key audit matters, as set out in the report on the audit of the financial statements for the FY 2019.

- b. At the same meeting, the AC took note of the audit services rendered by EY in the FY 2019 which included all the subsidiaries within Bursa Malaysia Group which are classified as public interest entities and subject to the quality control partner's review. The subsidiary companies mentioned are the securities and derivatives exchanges and their respective clearing houses, the central depository, Shariah-compliant trading platform and information services company.

The CFO presented to the AC the audit fees incurred with reference to the FY 2019 Audit Plan.

- c. On 29 January 2020, the CFO further sought the AC's approval for the proposed audit and non-audit services to be provided by the External Auditors for the FY 2020 (2020 Annual Plan). The AC reviewed the list of services in the 2020 Annual Plan to be provided by EY which comprised the audit services, including, among others, the quarterly limited reviews and the annual review of the Statement on Internal Control and Risk Management (SICRM), recurring non-audit services and non-recurring non-audit services. The main recurring non-audit services were in respect of tax compliance and transfer pricing documentation reviews while the non-recurring non-audit services were mainly for tax advisory services.

The AC reviewed EY's performance having regard to several factors including the service quality, adequacy of experience and non-recurring non-audit services, and was satisfied with the overall performance and that such services to be sought from EY would not impair their audit independence as the External Auditors of Bursa Malaysia. The AC was also satisfied with EY's technical competency and reasonableness of fees. The AC resolved to approve the FY 2020 Annual Plan including the recurring non-audit and non-recurring non-audit services, and audit services subject to the re-appointment of EY as the External Auditors of Bursa Malaysia for the FY 2020 at the 43<sup>rd</sup> Annual General Meeting.

- d. In line with the Auditor Independence Policy, as approved by the Board on 28 November 2019, the AC carried out an annual review of the performance of the External Auditors including the assessment of their suitability, objectivity and independence. The AC was satisfied with EY's performance for FY 2019 in relation to three areas, namely, quality of audit services provided, sufficiency of audit resources, communication and interaction, and recommended to the Board the re-appointment of EY as the External Auditor of Bursa Malaysia Group for FY 2020.

## Audit Committee Report

With the shareholders' approval of the appointment of EY as the External Auditors for FY 2020 on 28 April 2020, Dato' Megat Iskandar Shah bin Mohamad Nor of EY, being the lead engagement partner for the sixth year in 2020, presented the auditors' review reports on the unaudited quarterly financial statements together with that of the relevant cumulative quarters in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" at the quarterly AC meetings in 2020 and January 2021.

- e. On 22 October 2020, the AC reviewed the External Auditors' FY 2020 Audit Plan Memorandum which outlined, among others, EY's scope of work and the proposed fees for the statutory audit, together with assurance-related fees for limited reviews of the four quarterly condensed consolidated financial statements, and review of the SICRM in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and Audit and Assurance Practice Guide 3 – Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report as issued by the MIA. The AC recommended the proposed audit fees for the Board's approval and the same was approved by the Board on 27 October 2020.

EY in its FY 2020 Audit Plan Memorandum also presented to the AC the names of its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters with reference to the International Standard on Auditing 701. The AC upon due deliberation approved the FY 2020 Audit Plan Memorandum for implementation in accordance with the audit timeline.

- f. The AC had two private meetings with the external auditors in January and October 2020 respectively, without the presence of the CEO, Management and Internal Auditors. The AC enquired about the Management's and staff's co-operation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions, particularly in relation to the compliance with applicable MFRSs. The AC viewed coordination and sharing of information and feedback amongst the External Auditors, Finance and Internal Audit personnel would continuously improve and maximise efficiency in audits. The AC Chairman also reiterated to the External Auditors to contact him at any time should they be aware of incidents or matters in the course of their audits or reviews that needed his attention or that of the AC or the Board.
- g. With reference to the revised Auditor Independence (AI) Policy as approved by the Board on 28 November 2019, the lead engagement partner and quality control review partner who are responsible for the financial statements of Bursa Malaysia Group will be subject to a seven-year rotation with a five-year cooling-off period. Dato' Megat Iskandar Shah bin Mohamad Nor became the lead engagement partner in 2015 and will be due for rotation in 2022. The quality control review partner, Mr. Yeo Beng Yean appointed in 2016 will be due for rotation in 2023.

- h. In accordance with the revised AI Policy, the AC had on 27 January 2021, undertaken an annual assessment of the quality of audit which encompassed the performance of EY, the quality of EY's communications with the AC and Bursa Malaysia, and EY's independence, objectivity and professionalism.

Assessment questionnaires were used as a tool to obtain input from Bursa Malaysia personnel who had substantial contact with the external audit team throughout the year. EY's performance was rated using a five-point scale on their ability to provide advice, suggestions or clarifications relating to the presentation of financial statements, ability to provide realistic analysis of issues using technical knowledge and independent judgment, and maintain active engagement, through both verbal and written communication during the audit process, as well as their responsiveness to issues.

With regard to the observations by Bursa Malaysia's personnel on the external audit team, the AC also took into account the assessment of the lead engagement partner and engagement team's performance based on the two private meetings held between the AC and the External Auditors in October 2020 and January 2021. The AC was satisfied with the openness in communication and interaction with the lead engagement partner and engagement team, which demonstrated their independence, objectivity and professionalism.

- i. Further information on the assessment of suitability, objectivity and independence of the External Auditors by the AC are provided in the CG Report in accordance with Practice 8.3 of the MCCG.
- j. On 27 January 2021, the CFO reported that the non-audit fees incurred in FY 2020 amounted to RM278,753, constituting approximately 40.1% of the total audit remuneration of RM695,953 to the External Auditor for FY 2020. The non-recurring non-audit services rendered in FY 2020 was in relation to the agreed upon procedures for verification of utilisation of grant by the Capital Market Development Fund provided for the Exchange Traded Funds initiative, assessment on applicability of service tax on services provided by Bursa Group and tax services for the Inland Revenue Board (IRB) audit on transfer pricing of a subsidiary for the Years of Assessment 2016 to 2018, which constituted approximately 6.2% of the total audit remuneration to the External Auditors.

The CFO also sought the AC's concurrence for the proposed audit and non-audit services to be provided for FY 2021.

- k. On 27 January 2021, EY in its presentation of the External Auditors' report to the AC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of Bursa Malaysia Group for FY 2020.

## Audit Committee Report

### 3. Internal Audit

- a. The IA team conducted the audit work as per the 2020 Annual Audit Plan approved by the AC on 21 November 2019. The Head of IA, Mazliana Mohamad, and departmental heads of the respective IA functions presented the IA reports at each of the AC meetings during the year. The 2020 Annual Audit Plan was reviewed on a quarterly basis or as required to reflect the developments that have had an impact on its coverage. A total of 88 audit engagements were completed in 2020.
- b. The annual plan was developed through a comprehensive planning process that identifies and prioritises possible auditable areas to be part of the audit coverage for the year. The identified key audit areas in 2020 were as follows:
- Commercial;
  - Operations;
  - Regulation;
  - Group Technology;
  - Business Support Units – Group Human Resources, Group Finance and Corporate Services, Group Corporate Legal, Group Sustainability, Group Strategic Communications and Corporate Strategy; and
  - Special Reviews, including reviews of project implementations, system readiness, and third party service providers.
- c. In addition to the engagement reports, IA updated the AC on its work at every AC meeting comprising the progress of the 2020 Annual Audit Plan and its key initiatives for 2020 which included project assurance, quality assurance and continuous improvement programmes.
- d. The AC at its first meeting on 29 January 2020 had deliberated on the 2019 IA Divisional Scorecard results which included the results of IA's Customer Satisfaction Survey (Survey) for 2019, based on the responses received from the AC members and senior management via questionnaires. Such Survey is conducted annually and aims to gauge the level of satisfaction of IA's stakeholders with IA's services, competency, professionalism as well as its independence and objectivity in discharging its roles and responsibilities. The AC resolved that IA's performance for 2019 met the AC's expectations.
- e. At the first special AC Meeting held on 19 February 2020, IA had presented to the AC the results of its verification of the Integrated Annual Report (IAR) 2019 and Sustainability Report (SR) 2019. All information and statistics provided in the reports were authentic and accurate. The SR 2019 verification was conducted with reference to the Global Reporting Initiative Standards and the relevant supporting documents as well as engagements with the Sustainability Department.
- f. At the same meeting, the AC had reviewed the performance of the Head of IA taking into consideration the performance evaluations per the Corporate Scorecard, IA Divisional Scorecard and behavioural competencies. The outcome was subsequently submitted to the Governance and Nomination Committee for determination of performance rewards.
- g. At the second AC Meeting held on 28 April 2020, IA presented to the AC the revisions to the Whistleblower Policy and Procedures (WPP) for Bursa Malaysia Group. Such revisions were necessary to ensure that the whistleblowing process in place is adequate, effective and efficient. In addition, the new Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018) which imposes corporate liability on Malaysian commercial organisations for corruption offences, had been incorporated into the WPP for Bursa Malaysia Group. The enhanced WPP was adopted and published on Bursa Malaysia's website.
- h. At the same meeting, the AC had deliberated on IA's proposed 2020 Scorecard which was developed in accordance with the Human Resources' framework in relation to the Scorecard's perspectives and weightages. Among the matters deliberated in the course of review included the new Key Performance Indicators introduced for 2020. The 2020 IA Scorecard was subsequently approved by the AC after due deliberation.
- i. Following the approval of the Risk Management Framework for Outsourcing (RMFO), IA had developed and presented the Framework on the Audit of Outsourcing Service Provider (FAOSP) to provide guidance on the risk-based approach for the audit of outsourced service providers of Bursa Malaysia and to establish consistency in the conduct of the audit engagements. Upon deliberation, the FAOSP was approved by the AC.
- j. The AC at its third meeting on 23 July 2020 reviewed the results of IA's verification exercise of share grants under Bursa Malaysia's Share Grant Plan (SGP), which comprise of two components, namely, the Restricted Share Plan (RSP) for employees at Grade E7 and above, and the Performance Share Plan (PSP) for key management personnel. The AC concurred that the vesting of shares under the SGP had complied with the criteria approved by the Remuneration Committee, which included the following:
- the adjustments of the unvested Bursa Malaysia shares pursuant to the bonus issue was based on one bonus share for every two existing Bursa Malaysia shares as approved by the shareholders during the Extraordinary Annual General Meeting of Bursa Malaysia held on 28 March 2018;
  - The vesting of Plan Shares for the 2017 and 2018 RSP Grants on 15 July 2020.

In addition, the AC also concurred that the Plan Shares granted under the 2017 PSP Grant were not vested and forfeited as Bursa Malaysia did not meet the performance qualifier.



## Audit Committee Report

- k. At the fifth AC meeting held on 26 November 2020, the AC deliberated and approved IA's Strategic Roadmap 2021 to 2023 which aligns with Bursa Malaysia's Corporate Strategic Roadmap 2021 - 2023 and aims to enhance the IA function in terms of its capabilities, scope and coverage, value-delivery and stakeholder management.
- l. At the same meeting, the AC also approved IA's Annual Audit Plan 2021 covering identified auditable areas using risk-based audit planning focusing on key areas such as Commercial, Operations and Support functions, Regulation, IT systems/application, IT functional areas, Outsourced Service Providers and Project Assurance Reviews. Thematic reviews such as cloud security, cyber security and safety risk are also included as part of the Annual Audit Plan 2021.
- In accordance with the TOR of the AC, the AC further deliberated and approved the plan and budget for the IA function for 2021.
- m. At the AC meeting on 27 January 2021, IA confirmed its organisational independence to the AC, where all the internal auditors had signed the annual declaration that they were and had been independent, objective and in compliance with the Code of Ethics of Bursa Malaysia and The Institute of Internal Auditors (Global) Standards in carrying out their duties for the FY 2020. This annual declaration includes the non-financial conflict of interest declaration of each individual IA staff. The AC resolved that the IA function is effective, provides value add to the organisation and is able to function independently.
- n. On 27 January 2021, the AC reviewed and concurred with the SICRM for publication in the Integrated Annual Report 2020.
- o. At the same meeting, the AC had considered IA's proposed 2021 Scorecard which was developed in accordance with the Corporate Strategy and Human Resources' framework in relation to the Scorecard's perspectives and weightages. The 2021 IA Scorecard was subsequently approved by the AC after due deliberation.

### INTERNAL AUDIT FUNCTION

The mission of IA is to enhance and protect the organisational value of Bursa Malaysia Group by providing risk-based and objective assurance, advice and insight. IA helps Bursa Malaysia to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes.

IA reports functionally to the AC and administratively to the CEO. To ensure that the responsibilities of IA are fully discharged in accordance with the International Standards for the Professional Practice of Internal Auditing, the AC reviews the adequacy of the scope and resources of the IA function as well as the competency and experience of the internal auditors.

Further information on the resources, objectivity and independence of the Director of IA and internal auditors are provided in the CG Report in accordance with Practice 10.2 of the MCCG.

The IA engagements were carried out based on an annual audit plan approved by the AC. The results of the audits in the IA reports were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. IA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately.

IA also leverages on the report received annually from the Chicago Mercantile Exchange Group's (CME) Independent Service Auditor (RSM US LLP) — System and Organizational Controls (SOC) 1 Report on Controls Placed in Operation and Tests of Operating Effectiveness relevant to the CME Globex Trading, CME ClearPort and CME Clearing Services. This report is received annually due to the listing of all of Bursa Malaysia Derivatives' products on the CME's Globex Trading Platform and it is also shared with the External Auditors, EY. The CME's independent service auditor examine and express their opinion on CME's description of its trade matching and clearing services system for processing transactions for user entities and the suitability of the design and operating effectiveness of controls in achieving the related control objectives. IA communicates and engages with CME's independent service auditor for further information if necessary.

The total costs incurred by IA in discharging its functions and responsibilities in 2020 amounted to RM4,087,086 as compared to RM3,615,722 in 2019.

# ADDITIONAL INFORMATION

## SECTION

# V

**129** List of Properties Owned by Bursa Malaysia Group

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**130** Statistics of Shareholdings

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**143** Additional Compliance Information Disclosures

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## List of Properties Owned by Bursa Malaysia Group

As at 31 December 2020

| No. | Location   | Postal address  | Description  | Current use | Tenure     | Remaining lease period (expiry date) | Age of building | Land area/<br>Built-up area (sq. metres) | Date of acquisition | Net book value as at 31 December 2020 RM'000 |
|-----|--|---|--|-------------|------------|--------------------------------------|-----------------|--|---------------------|--|
| 1.  | Geran No. 28936 Lot No. 520 (formerly P.T.8) Section 19, Town and District of Kuala Lumpur   | Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur   | 16-storey office building with 5-level basement car park and a lower level car park known as the Main Building | Office      | Leasehold* | 72 years (14 April 2092)             | 23 years        | 7,144 / 71,347                           | August 1997         | 103,658                                      |
| 2.  | Geran No. 28938 Lot No. 522 (formerly P.T.10) Section 19, Town and District of Kuala Lumpur  | Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur   | 2-storey office cum exposition building with 2-level basement car park known as the Annexe Building            | Office      | Leasehold* | 75 years (28 February 2095)          | 22 years        | 9,314 / 38,609                           | March 1998          | 35,902                                       |
| 3.  | Lot 5.0 to 8.0, No. Berdaftar Geran 17768/ M1/4/5 to 8 Bangunan No. M1 Lot No. 51452, Mukim of Kuala Lumpur Daerah Wilayah Persekutuan | 4 <sup>th</sup> Floor, Wisma Chase Perdana, Off Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur | Four office units on the 4 <sup>th</sup> Floor of a 12-storey office building                                  | Office      | Freehold   | N/A                                  | 37 years        | N/A / 3,355                              | May 1998            | 7,437  |

\* The buildings are on freehold land which has been leased to Bursa Malaysia Berhad by the Federal Land Commissioner for a period of 99 years.

## Statistics of Shareholdings

As at 29 January 2021

### A. ISSUED SHARES OF THE COMPANY

The total number of issued shares of the Company stands at 809,026,821 ordinary shares, with voting rights of one vote per ordinary share.

The changes in the number of issued shares of the Company from 808,503,121 ordinary shares since 11 July 2019 to 809,026,821 ordinary shares as at 29 January 2021 are as set out in the table below:

| Date of Allotment | Number of Shares Allotted | Consideration   | Total Number of Issued Shares |
|-------------------|---------------------------|---|-------------------------------|
| 13 July 2020      | 273,300                   | Subscription by the Trustee at RM6.22 per share under the SGP | 808,776,421                   |
|                   | 249,700                   | Subscription by the Trustee at RM6.89 per share under the SGP | 809,026,121                   |
|                   | 700                       | Subscription by the Trustee at RM6.62 per share under the SGP | 809,026,821                   |

### B. ANALYSIS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings                   | No. of Shareholders |            | Total No. of Shareholders |               | No. of Issued Shares |                    | Total No. of Issued Shares |               |
|---|---------------------|------------|---------------------------|---------------|----------------------|--------------------|----------------------------|---------------|
|   | Malaysian           | Foreigner  | No.                       | %             | Malaysian            | Foreigner          | No.                        | %             |
| 1 – 99                                  | 553                 | 7          | 560                       | 2.18          | 9,771                | 129                | 9,900                      | 0.00          |
| 100 – 1,000                             | 7,863               | 109        | 7,972                     | 31.00         | 4,987,912            | 67,825             | 5,055,737                  | 0.63          |
| 1,001 – 10,000                          | 13,563              | 294        | 13,857                    | 53.87         | 46,849,386           | 1,227,349          | 48,076,735                 | 5.94          |
| 10,001 – 100,000                        | 2,607               | 246        | 2,853                     | 11.09         | 67,945,162           | 8,195,246          | 76,140,408                 | 9.41          |
| 100,001 – less than 5% of issued shares | 329                 | 147        | 476                       | 1.85          | 249,003,142          | 148,496,807        | 397,499,949                | 49.13         |
| 5% and above of issued shares           | 3                   | 0          | 3                         | 0.01          | 282,244,092          | 0                  | 282,244,092                | 34.89         |
| <b>Total</b>                            | <b>24,918</b>       | <b>803</b> | <b>25,721</b>             | <b>100.00</b> | <b>651,039,465</b>   | <b>157,987,356</b> | <b>809,026,821</b>         | <b>100.00</b> |

### C. ANALYSIS OF EQUITY STRUCTURE

| No. | Category of Shareholders                 | No. of Shareholders |            | No. of Issued Shares |                    | % of Issued Shares |              |
|-----|--|---------------------|------------|----------------------|--------------------|--------------------|--------------|
|     |  | Malaysian           | Foreigner  | Malaysian            | Foreigner          | Malaysian          | Foreigner    |
| 1.  | Individual                               | 20,032              | 385        | 111,920,317          | 4,313,779          | 13.83              | 0.53         |
| 2.  | Body Corporate                           |                     |            |                      |                    |                    |              |
|     | a. Banks/finance companies               | 61                  | 2          | 69,670,287           | 841,400            | 8.61               | 0.10         |
|     | b. Investment trust/foundation/charities | 8                   | 0          | 185,700              | 0                  | 0.02               | 0.00         |
|     | c. Industrial and commercial companies   | 241                 | 12         | 18,653,943           | 1,504,350          | 2.31               | 0.19         |
| 3.  | Government agencies/institutions         | 2                   | 0          | 240,885,851          | 0                  | 29.78              | 0.00         |
| 4.  | Nominees                                 | 4,573               | 404        | 209,708,367          | 151,327,827        | 25.92              | 18.71        |
| 5.  | Others                                   | 1                   | 0          | 15,000               | 0                  | 0.00               | 0.00         |
|     | <b>Total</b>                             | <b>24,918</b>       | <b>803</b> | <b>651,039,465</b>   | <b>157,987,356</b> | <b>80.47</b>       | <b>19.53</b> |

## Statistics of Shareholdings

As at 29 January 2021

### D. TOP 30 SECURITIES ACCOUNT HOLDERS

| No. | Name  | No. of Issued Shares | % of Issued Shares |
|-----|---|----------------------|--------------------|
| 1.  | Capital Market Development Fund   | 150,300,001          | 18.58              |
| 2.  | Kumpulan Wang Persaraan (Diperbadankan)   | 90,585,850           | 11.20              |
| 3.  | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board   | 43,177,841           | 5.34               |
| 4.  | Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt AN for AIA Bhd.   | 22,391,000           | 2.77               |
| 5.  | Amanahraya Trustees Berhad<br>Amanah Saham Bumiputera   | 16,844,000           | 2.08               |
| 6.  | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt AN for Citibank New York (Norges Bank 14)                                    | 13,986,800           | 1.73               |
| 7.  | Cartaban Nominees (Tempatan) Sdn Bhd<br>PAMB for Prulink Equity Fund  | 9,337,250            | 1.15               |
| 8.  | The Nomad Group Bhd   | 9,109,092            | 1.13               |
| 9.  | Pertubuhan Keselamatan Sosial   | 7,298,400            | 0.90               |
| 10. | Amanahraya Trustees Berhad<br>Amanah Saham Malaysia 3   | 7,264,800            | 0.90               |
| 11. | HSBC Nominees (Asing) Sdn Bhd<br>JPMCB NA for Vanguard Emerging Markets Stock Index Fund                                  | 7,170,700            | 0.89               |
| 12. | HSBC Nominees (Asing) Sdn Bhd<br>JPMCB NA for Vanguard Total International Stock Index Fund                               | 6,896,408            | 0.85               |
| 13. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)                           | 6,722,000            | 0.83               |
| 14. | Cartaban Nominees (Asing) Sdn Bhd<br>Exempt AN for State Street Bank & Trust Company (West CLT OD67)                      | 6,517,050            | 0.81               |
| 15. | Cartaban Nominees (Tempatan) Sdn Bhd<br>PAMB for Prulink Equity Focus Fund  | 6,416,400            | 0.79               |
| 16. | Citigroup Nominees (Asing) Sdn Bhd<br>CBNY for Norges Bank (FI 17)  | 6,097,155            | 0.75               |
| 17. | HSBC Nominees (Asing) Sdn Bhd<br>JPMBL SA for Stichting Depository APG Emerging Markets Equity Pool                       | 5,601,500            | 0.69               |
| 18. | DB (Malaysia) Nominee (Asing) Sdn Bhd<br>SSBT Fund KG33 for Invesco Asia Pacific Growth Fund                              | 5,400,550            | 0.67               |
| 19. | HSBC Nominees (Asing) Sdn Bhd<br>DZ PrivateBank for Quoniam Funds Selection Sicav<br>– Emerging Markets Equities Minirisk | 4,354,880            | 0.54               |
| 20. | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)                 | 3,944,800            | 0.49               |
| 21. | HSBC Nominees (Asing) Sdn Bhd<br>TNTC for Somerset Emerging Markets Future Leaders Fund                                   | 3,911,250            | 0.48               |
| 22. | Cartaban Nominees (Tempatan) Sdn Bhd<br>PAMB for Prulink Equity Income Fund   | 3,484,900            | 0.43               |
| 23. | HSBC Nominees (Asing) Sdn Bhd<br>JPMBL SA for JPMorgan Funds  | 3,456,600            | 0.43               |

## Statistics of Shareholdings

As at 29 January 2021

**D. TOP 30 SECURITIES ACCOUNT HOLDERS (cont'd.)**

| No.          | Name  | No. of Issued Shares | % of Issued Shares |
|--------------|---|----------------------|--------------------|
| 24.          | Amanahraya Trustees Berhad<br>Public Islamic Select Treasures Fund  | 3,409,700            | 0.42               |
| 25.          | DB (Malaysia) Nominee (Asing) Sdn Bhd<br>SSBT Fund WTAU for Wisdomtree Emerging Markets Smallcap Dividend Fund    | 3,409,050            | 0.42               |
| 26.          | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)                   | 3,318,900            | 0.41               |
| 27.          | CIMB Group Nominees (Tempatan) Sdn Bhd<br>CIMB Bank Berhad (EDP 2)  | 3,277,250            | 0.41               |
| 28.          | Maybank Nominees (Tempatan) Sdn Bhd<br>MTrustee Bhd for Principal Dali Equity Growth Fund (UT-CIMB-Dali) (419455) | 3,261,400            | 0.40               |
| 29.          | Cartaban Nominees (Asing) Sdn Bhd<br>SSBT Fund C292 for TIAA-CREF Quant International Small-Cap Equity Fund       | 3,175,200            | 0.39               |
| 30.          | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)           | 3,099,200            | 0.38               |
| <b>Total</b> |   | <b>463,219,927</b>   | <b>57.26</b>       |

**E. SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 JANUARY 2021**

| No. | Name  | No. of Issued Shares | % of Issued Shares |
|-----|---|----------------------|--------------------|
| 1.  | Capital Market Development Fund (CMDf)                                  | 150,300,001          | 18.58              |
| 2.  | Kumpulan Wang Persaraan (Diperbadankan) (KWAP)                          | 90,585,850           | 11.20              |
| 3.  | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board | 43,177,841           | 5.34               |

## Statistics of Shareholdings

As at 29 January 2021

**F. DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS****1. DIRECTORS**

The interests of the Directors in the shares of the Company as at 29 January 2021 including those of his/her spouse and child/children which are deemed interests of the Directors by reference to Section 59(11)(c) of the Companies Act 2016 are maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 59 of the Companies Act 2016, details of which are as follows:

| Name of Directors                             | Direct Interest      |                    | Deemed Interest      |                      |                    |
|---|----------------------|--------------------|----------------------|----------------------|--------------------|
|   | No. of Issued Shares | % of Issued Shares | Spouse               |                      | % of Issued Shares |
|   |                      |                    | No. of Issued Shares | No. of Issued Shares |                    |
| Tan Sri Abdul Wahid bin Omar                  | 15,000               | 0.002              | -                    | -                    | -                  |
| Datuk Muhamad Umar Swift                      | 0                    | 0                  | -                    | -                    | -                  |
| Dato' Anad Krishnan a/l Muthusamy             | 0                    | 0                  | -                    | -                    | -                  |
| Sharifatu Laila binti Syed Ali                | 0                    | 0                  | -                    | -                    | -                  |
| Datuk Karownikaran @ Karunikaran a/l Ramasamy | 0                    | 0                  | -                    | -                    | -                  |
| Pushpanathan a/l S.A. Kanagarayar             | 0                    | 0                  | -                    | -                    | -                  |
| Datin Grace Yeoh Cheng Geok                   | 0                    | 0                  | -                    | -                    | -                  |
| Chong Chye Neo                                | 0                    | 0                  | -                    | -                    | -                  |
| Uji Sherina binti Abdullah                    | 0                    | 0                  | -                    | -                    | -                  |
| Datuk Bazlan bin Osman                        | 0                    | 0                  | -                    | -                    | -                  |
| Syed Ari Azhar bin Syed Mohamed Adlan         | 0                    | 0                  | -                    | -                    | -                  |
| <b>Total</b>                                  | <b>15,000</b>        | <b>0.002</b>       | <b>-</b>             | <b>-</b>             | <b>-</b>           |

**2. KEY SENIOR MANAGEMENT**

The changes in interests of the Key Senior Management are due to the vesting of the shares granted under the Share Grant Plan ("SGP") of Bursa Malaysia ("Plan Shares") and trading of Bursa shares. Their shareholdings in the shares of the Company as at 29 January 2021 including their indirect/deemed interests, are as follows:

| Name of Key Senior Management | Number of Bursa Shares held as at 01.01.20 | Vesting of Restricted Share Plan ("RSP") Grants on 15.07.20 | Disposal/ *Transfer of Bursa shares in 2020 | Direct Interest      |                    | Deemed Interest      |                      | 2018 RSP Grant**<br>No. of Plan Shares |
|-------------------------------|--|---|---|----------------------|--------------------|----------------------|----------------------|--|
|                               |  |   |   | No. of Issued Shares | % of Issued Shares | Spouse               |                      |  |
|                               |  |   |   |                      |                    | No. of Issued Shares | No. of Issued Shares |  |
| Inderjit Singh Sohan Singh    | 330,200                                    | 5,200   | 275,000                                     | 60,400               | 0.007              | -                    | -                    | 2,500                                  |
| Rosidah binti Baharom         | 240,450                                    | 7,950   | 20,000<br>*170,000                          | 58,400               | 0.007              | -                    | 170,000              | 4,000                                  |
| Azhar bin Mohd Zabidi         | 0  | 0   | 0   | 0                    | 0.000              | -                    | -                    | -                                      |
| Samuel Ho Hock Guan           | 0  | 0   | 0   | 0                    | 0.000              | -                    | -                    | -                                      |
| Ashish Jaywant Rege           | 0  | 0   | 0   | 0                    | 0.000              | -                    | -                    | -                                      |
| Tay Yu Hui                    | 40,400                                     | 4,100   | 0   | 44,500               | 0.006              | -                    | -                    | 2,000                                  |
| <b>Total</b>                  |  |   |   | <b>163,300</b>       | <b>0.02</b>        | <b>-</b>             | <b>170,000</b>       | <b>8,500</b>                           |

Note: \*\* The vesting of Plan Shares for the final tranche of the 2018 RSP Grant under the SGP is subject to fulfilment of vesting conditions as at the vesting date on 13 April 2021 in accordance with the SGP By-Laws.

## Statistics of Shareholdings

As at 29 January 2021

### G. SHARE GRANT PLAN (“SGP”)

Under the SGP which is the only share issuance scheme of Bursa Malaysia in the financial year (“FY”) 2020, a maximum of 10% of the issued and paid-up share capital of Bursa Malaysia (excluding treasury shares) comprising ordinary shares of the Company (“Plan Shares”) are available at any point in time during the tenure of the SGP (Maximum Plan Shares Available). Further information on the SGP is set out in the Directors’ Report and Note 30(b) of the Audited Financial Statements for FY 2020 in this report.

Brief details on the number of Plan Shares granted, vested and outstanding since the commencement of the SGP on 18 April 2011 and during the FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019 and FY 2020 (with the exception of no share grant in FY 2019 and FY 2020) are set out in the tables below:

| For the period from 18 April 2011 to 31 December 2011    |                 |                  | Executive Director/CEO | Senior Management | Other Selected Employees |
|--|-----------------|------------------|------------------------|-------------------|--------------------------|
|  | Type of Grant   | Total            |                        |                   |                          |
| Number of Plan Shares granted                            | 2011 RSP Grant  | 778,200          | -                      | 34,900            | 743,300                  |
| Number of Plan Shares vested                             | 2011 RSP Grant  | (199,800)        | -                      | (9,000)           | (190,800)                |
| Number of Plan Shares forfeited                          | 2011 RSP Grant* | (37,300)         | -                      | (5,200)           | (32,100)                 |
| Number of Plan Shares outstanding as at 31 December 2011 | 2011 RSP Grant  | 541,100          | -                      | 20,700            | 520,400                  |
| For the period from 1 January 2012 to 31 December 2012   |                 |                  | Executive Director/CEO | Senior Management | Other Selected Employees |
|  | Type of Grant   | Total            |                        |                   |                          |
| Number of Plan Shares granted                            | 2012 RSP Grant  | 829,200          | 270,200                | 29,200            | 529,800                  |
|  | 2012 PSP Grant  | 397,400          | 59,400                 | 146,000           | 192,000                  |
|  | <b>Total</b>    | <b>1,226,600</b> | <b>329,600</b>         | <b>175,200</b>    | <b>721,800</b>           |
| Number of Plan Shares vested                             | 2011 RSP Grant  | (174,700)        | -                      | (6,600)           | (168,100)                |
|  | 2012 RSP Grant  | (250,000)        | (250,000)              | -                 | -                        |
|  | <b>Total</b>    | <b>(424,700)</b> | <b>(250,000)</b>       | <b>(6,600)</b>    | <b>(168,100)</b>         |
| Number of Plan Shares forfeited                          | 2011 RSP Grant* | (59,400)         | -                      | (1,700)           | (57,700)                 |
|  | 2012 RSP Grant* | (30,500)         | -                      | -                 | (30,500)                 |
|  | 2012 PSP Grant* | (17,800)         | -                      | (17,800)          | -                        |
|  | <b>Total</b>    | <b>(107,700)</b> | <b>-</b>               | <b>(19,500)</b>   | <b>(88,200)</b>          |
| Number of Plan Shares outstanding as at 31 December 2012 | 2011 RSP Grant  | 307,000          | -                      | 12,400            | 294,600                  |
|  | 2012 RSP Grant  | 548,700          | 20,200                 | 29,200            | 499,300                  |
|  | 2012 PSP Grant  | 379,600          | 59,400                 | 128,200           | 192,000                  |
|  | <b>Total</b>    | <b>1,235,300</b> | <b>79,600</b>          | <b>169,800</b>    | <b>985,900</b>           |



## Statistics of Shareholdings

As at 29 January 2021

## G. SHARE GRANT PLAN ("SGP") (cont'd.)

| For the period from 1 January 2013<br>to 31 December 2013   | Type of Grant               | Total            | Executive<br>Director/CEO | Senior<br>Management | Other Selected<br>Employees |
|---|-----------------------------|------------------|---------------------------|----------------------|-----------------------------|
| Number of Plan Shares granted                               | 2013 RSP Grant              | 1,374,700        | 278,800                   | 100,300              | 995,600                     |
|   | 2013 PSP Grant              | 475,000          | 63,600                    | 200,600              | 210,800                     |
|   | <b>Total</b>                | <b>1,849,700</b> | <b>342,400</b>            | <b>300,900</b>       | <b>1,206,400</b>            |
| Number of Plan Shares vested                                | 2011 RSP Grant              | (154,500)        | -                         | (6,200)              | (148,300)                   |
|   | 2012 RSP Grant              | (183,500)        | (6,800)                   | (10,000)             | (166,700)                   |
|   | 2013 RSP Grant              | (250,000)        | (250,000)                 | -                    | -                           |
|   | <b>Total</b>                | <b>(588,000)</b> | <b>(256,800)</b>          | <b>(16,200)</b>      | <b>(315,000)</b>            |
| Number of Plan Shares forfeited                             | 2011 RSP Grant*             | (12,600)         | -                         | -                    | (12,600)                    |
|   | 2012 RSP Grant*             | (33,900)         | -                         | -                    | (33,900)                    |
|   | 2012 PSP Grant <sup>∞</sup> | (155,800)        | -                         | (63,400)             | (92,400)                    |
|   | 2013 RSP Grant*             | (28,500)         | -                         | -                    | (28,500)                    |
|   | <b>Total</b>                | <b>(230,800)</b> | <b>-</b>                  | <b>(63,400)</b>      | <b>(167,400)</b>            |
| Number of Plan Shares outstanding<br>as at 31 December 2013 | 2011 RSP Grant              | 139,900          | -                         | 6,200                | 133,700                     |
|   | 2012 RSP Grant              | 331,300          | 13,400                    | 19,200               | 298,700                     |
|   | 2012 PSP Grant              | 223,800          | 59,400                    | 64,800               | 99,600                      |
|   | 2013 RSP Grant              | 1,096,200        | 28,800                    | 100,300              | 967,100                     |
|   | 2013 PSP Grant              | 475,000          | 63,600                    | 200,600              | 210,800                     |
|   | <b>Total</b>                | <b>2,266,200</b> | <b>165,200</b>            | <b>391,100</b>       | <b>1,709,900</b>            |

Note:

\* These Plan Shares were forfeited as they were granted to employees who resigned subsequent to the grant date(s), but prior to vesting date(s).

<sup>∞</sup> A portion of 2012 PSP Grant was forfeited, as the performance targets in respect of performance period from 2011 to 2013 were not achieved.

## Statistics of Shareholdings

As at 29 January 2021

## G. SHARE GRANT PLAN ("SGP") (cont'd.)

| For the period from 1 January 2014 to 31 December 2014   | Type of Grant   | Total            | Executive        | Senior          | Other Selected   |
|--|-----------------|------------------|------------------|-----------------|------------------|
|  |                 |                  | Director/CEO     | Management      | Employees        |
| Number of Plan Shares granted                            | 2014 RSP Grant  | 1,478,000        | 278,800          | 100,300         | 1,098,900        |
|  | 2014 PSP Grant  | 449,600          | 63,600           | 200,600         | 185,400          |
|  | <b>Total</b>    | <b>1,927,600</b> | <b>342,400</b>   | <b>300,900</b>  | <b>1,284,300</b> |
| Number of Plan Shares vested                             | 2011 RSP Grant  | (134,800)        | -                | (4,800)         | (130,000)        |
|  | 2012 RSP Grant  | (166,800)        | (6,700)          | (8,400)         | (151,700)        |
|  | 2013 RSP Grant  | (356,400)        | (9,600)          | (27,600)        | (319,200)        |
|  | 2014 RSP Grant  | (250,000)        | (250,000)        | -               | -                |
|  | <b>Total</b>    | <b>(908,000)</b> | <b>(266,300)</b> | <b>(40,800)</b> | <b>(600,900)</b> |
| Number of Plan Shares forfeited                          | 2011 RSP Grant* | (5,100)          | -                | (1,400)         | (3,700)          |
|  | 2012 RSP Grant* | (15,900)         | -                | (2,500)         | (13,400)         |
|  | 2012 PSP Grant* | (8,400)          | -                | (8,400)         | -                |
|  | 2013 RSP Grant* | (78,700)         | -                | (17,700)        | (61,000)         |
|  | 2013 PSP Grant* | (35,400)         | -                | (35,400)        | -                |
|  | 2014 RSP Grant* | (44,700)         | -                | -               | (44,700)         |
|  | <b>Total</b>    | <b>(188,200)</b> | <b>-</b>         | <b>(65,400)</b> | <b>(122,800)</b> |
| Number of Plan Shares outstanding as at 31 December 2014 | 2011 RSP Grant  | -                | -                | -               | -                |
|  | 2012 RSP Grant  | 148,600          | 6,700            | 8,300           | 133,600          |
|  | 2012 PSP Grant  | 215,400          | 59,400           | 56,400          | 99,600           |
|  | 2013 RSP Grant  | 661,100          | 19,200           | 55,000          | 586,900          |
|  | 2013 PSP Grant  | 439,600          | 63,600           | 165,200         | 210,800          |
|  | 2014 RSP Grant  | 1,183,300        | 28,800           | 100,300         | 1,054,200        |
|  | 2014 PSP Grant  | 449,600          | 63,600           | 200,600         | 185,400          |
|  | <b>Total</b>    | <b>3,097,600</b> | <b>241,300</b>   | <b>585,800</b>  | <b>2,270,500</b> |

Note:

\* These Plan Shares were forfeited as they were granted to employees who resigned subsequent to the grant date(s), but prior to vesting date(s).

## Statistics of Shareholdings

As at 29 January 2021

## G. SHARE GRANT PLAN ("SGP") (cont'd.)

| For the period from 1 January 2015<br>to 31 December 2015   | Type of Grant               | Total              | Executive<br>Director/CEO | Senior<br>Management | Other Selected<br>Employees |
|---|-----------------------------|--------------------|---------------------------|----------------------|-----------------------------|
| Number of Plan Shares granted                               | 2015 RSP Grant              | 1,369,200          | 269,200                   | 106,200              | 993,800                     |
|   | 2015 PSP Grant              | 464,600            | 42,400                    | 212,400              | 209,800                     |
|   | <b>Total</b>                | <b>1,833,800</b>   | <b>311,600</b>            | <b>318,600</b>       | <b>1,203,600</b>            |
| Number of Plan Shares vested                                | 2012 RSP Grant              | (145,700)          | (6,700)                   | (8,300)              | (130,700)                   |
|   | 2013 RSP Grant              | (322,000)          | (9,600)                   | (27,500)             | (284,900)                   |
|   | 2014 RSP Grant              | (376,800)          | (9,600)                   | (33,400)             | (333,800)                   |
|   | 2015 RSP Grant              | (250,000)          | (250,000)                 | -                    | -                           |
|   | <b>Total</b>                | <b>(1,094,500)</b> | <b>(275,900)</b>          | <b>(69,200)</b>      | <b>(749,400)</b>            |
| Number of Plan Shares forfeited                             | 2012 RSP Grant*             | (2,900)            | -                         | -                    | (2,900)                     |
|   | 2012 PSP Grant <sup>□</sup> | (215,400)          | (59,400)                  | (56,400)             | (99,600)                    |
|   | 2013 RSP Grant*             | (28,900)           | -                         | (3,900)              | (25,000)                    |
|   | 2013 PSP Grant*             | (23,600)           | -                         | (23,600)             | -                           |
|   | 2014 RSP Grant*             | (65,200)           | -                         | (7,900)              | (57,300)                    |
|   | 2014 PSP Grant*             | (23,600)           | -                         | (23,600)             | -                           |
|   | 2015 RSP Grant*             | (23,200)           | -                         | (11,800)             | (11,400)                    |
|   | 2015 PSP Grant*             | (23,600)           | -                         | (23,600)             | -                           |
| <b>Total</b>  | <b>(406,400)</b>            | <b>(59,400)</b>    | <b>(150,800)</b>          | <b>(196,200)</b>     |                             |
| Number of Plan Shares outstanding<br>as at 31 December 2015 | 2012 RSP Grant              | -                  | -                         | -                    | -                           |
|   | 2012 PSP Grant              | -                  | -                         | -                    | -                           |
|   | 2013 RSP Grant              | 310,200            | 9,600                     | 23,600               | 277,000                     |
|   | 2013 PSP Grant              | 416,000            | 63,600                    | 141,600              | 210,800                     |
|   | 2014 RSP Grant              | 741,300            | 19,200                    | 59,000               | 663,100                     |
|   | 2014 PSP Grant              | 426,000            | 63,600                    | 177,000              | 185,400                     |
|   | 2015 RSP Grant              | 1,096,000          | 19,200                    | 94,400               | 982,400                     |
|   | 2015 PSP Grant              | 441,000            | 42,400                    | 188,800              | 209,800                     |
| <b>Total</b>  | <b>3,430,500</b>            | <b>217,600</b>     | <b>684,400</b>            | <b>2,528,500</b>     |                             |

Note:

- \* These Plan Shares were forfeited as they were granted to employees who resigned subsequent to the grant date(s), but prior to vesting date(s).
- The remaining portion of 2012 PSP Grant was forfeited, as the performance targets in respect of performance period from 2012 to 2014 were not achieved.

## Statistics of Shareholdings

As at 29 January 2021

## G. SHARE GRANT PLAN ("SGP") (cont'd.)

| For the period from 1 January 2016 to 31 December 2016   | Type of Grant      | Total            | Executive Director/CEO | Senior Management  | Other Selected Employees |
|--|--------------------|------------------|------------------------|--------------------|--------------------------|
| Number of Plan Shares granted                            | 2016 RSP Grant     | 1,317,300        | 269,200                | 92,000             | 956,100                  |
|  | 2016 PSP Grant     | 312,200          | 42,400                 | 184,000            | 85,800                   |
|  | <b>Total</b>       | <b>1,629,500</b> | <b>311,600</b>         | <b>276,000</b>     | <b>1,041,900</b>         |
| Number of Plan Shares vested                             | 2013 RSP Grant     | (298,700)        | (9,600)                | (23,600)           | (265,500)                |
|  | 2013 PSP Grant     | (416,000)        | (63,600)               | (141,600)          | (210,800)                |
|  | 2014 RSP Grant     | (350,500)        | (9,600)                | (29,500)           | (311,400)                |
|  | 2015 RSP Grant     | (342,900)        | (6,400)                | (31,400)           | (305,100)                |
|  | 2016 RSP Grant     | (250,000)        | (250,000)              | -                  | -                        |
| <b>Total</b>   | <b>(1,658,100)</b> | <b>(339,200)</b> | <b>(226,100)</b>       | <b>(1,092,800)</b> |                          |
| Number of Plan Shares forfeited                          | 2013 RSP Grant*    | (11,500)         | -                      | -                  | (11,500)                 |
|  | 2014 RSP Grant*    | (44,800)         | -                      | -                  | (44,800)                 |
|  | 2015 RSP Grant*    | (68,700)         | -                      | -                  | (68,700)                 |
|  | 2016 RSP Grant*    | (25,900)         | -                      | -                  | (25,900)                 |
| <b>Total</b>   | <b>(150,900)</b>   | <b>-</b>         | <b>-</b>               | <b>(150,900)</b>   |                          |
| Number of Plan Shares outstanding as at 31 December 2016 | 2013 RSP Grant     | -                | -                      | -                  | -                        |
|  | 2013 PSP Grant     | -                | -                      | -                  | -                        |
|  | 2014 RSP Grant     | 346,000          | 9,600                  | 29,500             | 306,900                  |
|  | 2014 PSP Grant     | 426,000          | 63,600                 | 177,000            | 185,400                  |
|  | 2015 RSP Grant     | 684,400          | 12,800                 | 63,000             | 608,600                  |
|  | 2015 PSP Grant     | 441,000          | 42,400                 | 188,800            | 209,800                  |
|  | 2016 RSP Grant     | 1,041,400        | 19,200                 | 92,000             | 930,200                  |
|  | 2016 PSP Grant     | 312,200          | 42,400                 | 184,000            | 85,800                   |
| <b>Total</b>   | <b>3,251,000</b>   | <b>190,000</b>   | <b>734,300</b>         | <b>2,326,700</b>   |                          |

Note:

\* These Plan Shares were forfeited as they were granted to employees who resigned subsequent to the grant date(s), but prior to vesting date(s).

## Statistics of Shareholdings

As at 29 January 2021

## G. SHARE GRANT PLAN ("SGP") (cont'd.)

| For the period from 1 January 2017<br>to 31 December 2017   | Type of Grant    | Total              | Executive<br>Director/CEO | Senior<br>Management | Other Selected<br>Employees |
|---|------------------|--------------------|---------------------------|----------------------|-----------------------------|
| Number of Plan Shares granted                               | 2017 RSP Grant   | 979,300            | 269,200                   | 73,100               | 637,000                     |
|   | 2017 PSP Grant   | 228,800            | 42,400                    | 146,200              | 40,200                      |
|   | <b>Total</b>     | <b>1,208,100</b>   | <b>311,600</b>            | <b>219,300</b>       | <b>677,200</b>              |
| Number of Plan Shares vested                                | 2014 RSP Grant   | (334,600)          | (9,600)                   | (29,500)             | (295,500)                   |
|   | 2015 RSP Grant   | (319,400)          | (6,400)                   | (31,400)             | (281,600)                   |
|   | 2016 RSP Grant   | (324,500)          | (6,400)                   | (30,500)             | (287,600)                   |
|   | 2017 RSP Grant   | (250,000)          | (250,000)                 | -                    | -                           |
|   | <b>Total</b>     | <b>(1,228,500)</b> | <b>(272,400)</b>          | <b>(91,400)</b>      | <b>(864,700)</b>            |
| Number of Plan Shares forfeited                             | 2014 RSP Grant*  | (11,400)           | -                         | -                    | (11,400)                    |
|   | 2014 PSP Grant♦  | (426,000)          | (63,600)                  | (177,000)            | (185,400)                   |
|   | 2015 RSP Grant*  | (43,900)           | -                         | (4,000)              | (39,900)                    |
|   | 2015 PSP Grant*  | (46,200)           | -                         | (23,600)             | (22,600)                    |
|   | 2016 RSP Grant*  | (86,700)           | -                         | (7,900)              | (78,800)                    |
|   | 2016 PSP Grant*  | (23,600)           | -                         | (23,600)             | -                           |
|   | 2017 RSP Grant*  | (49,000)           | -                         | (15,800)             | (33,200)                    |
|   | 2017 PSP Grant*  | (31,600)           | -                         | (31,600)             | -                           |
| <b>Total</b>  | <b>(718,400)</b> | <b>(63,600)</b>    | <b>(283,500)</b>          | <b>(371,300)</b>     |                             |
| Number of Plan Shares outstanding<br>as at 31 December 2017 | 2014 RSP Grant   | -                  | -                         | -                    | -                           |
|   | 2014 PSP Grant   | -                  | -                         | -                    | -                           |
|   | 2015 RSP Grant   | 321,100            | 6,400                     | 27,600               | 287,100                     |
|   | 2015 PSP Grant   | 394,800            | 42,400                    | 165,200              | 187,200                     |
|   | 2016 RSP Grant   | 630,200            | 12,800                    | 53,600               | 563,800                     |
|   | 2016 PSP Grant   | 288,600            | 42,400                    | 160,400              | 85,800                      |
|   | 2017 RSP Grant   | 680,300            | 19,200                    | 57,300               | 603,800                     |
|   | 2017 PSP Grant   | 197,200            | 42,400                    | 114,600              | 40,200                      |
| <b>Total</b>  | <b>2,512,200</b> | <b>165,600</b>     | <b>578,700</b>            | <b>1,767,900</b>     |                             |

Note:

- \* These Plan Shares were forfeited as they were granted to employees who resigned subsequent to the grant date(s), but prior to vesting date(s).
- ♦ 2014 PSP Grant was forfeited as the performance targets in respect of performance period from 2014 to 2016 were not achieved.

## Statistics of Shareholdings

As at 29 January 2021

## G. SHARE GRANT PLAN ("SGP") (cont'd.)

| For the period from 1 January 2018 to 31 December 2018           | Type of Grant    | Total              | Executive Director/CEO | Senior Management | Other Selected Employees |
|--|------------------|--------------------|------------------------|-------------------|--------------------------|
| Number of Plan Shares granted                                    | 2018 RSP Grant   | 1,022,800          | 19,200                 | 94,400            | 909,200                  |
|  | 2018 PSP Grant   | 287,600            | 42,400                 | 188,800           | 56,400                   |
|  | <b>Total</b>     | <b>1,310,400</b>   | <b>61,600</b>          | <b>283,200</b>    | <b>965,600</b>           |
| Additional number of Plan Shares (when bonus issue takes effect) | 2015 RSP Grant   | 155,350            | 3,200                  | 11,800            | 140,350                  |
|  | 2015 PSP Grant   | 185,600            | 21,200                 | 70,800            | 93,600                   |
|  | 2016 RSP Grant   | 301,800            | 6,400                  | 22,850            | 272,550                  |
|  | 2016 PSP Grant   | 132,500            | 21,200                 | 68,400            | 42,900                   |
|  | 2017 RSP Grant   | 326,150            | 9,600                  | 24,700            | 291,850                  |
|  | 2017 PSP Grant   | 90,700             | 21,200                 | 49,400            | 20,100                   |
|  | <b>Total</b>     | <b>1,192,100</b>   | <b>82,800</b>          | <b>247,950</b>    | <b>861,350</b>           |
| Number of Plan Shares vested                                     | 2015 RSP Grant   | (464,550)          | (9,600)                | (35,400)          | (419,550)                |
|  | 2016 RSP Grant   | (442,650)          | (9,600)                | (34,050)          | (399,000)                |
|  | 2017 RSP Grant   | (310,500)          | (9,600)                | (24,450)          | (276,450)                |
|  | 2018 RSP Grant   | (5,700)            | -                      | -                 | (5,700)                  |
|  | <b>Total</b>     | <b>(1,223,400)</b> | <b>(28,800)</b>        | <b>(93,900)</b>   | <b>(1,100,700)</b>       |
| Number of Plan Shares forfeited                                  | 2015 RSP Grant*  | (11,900)           | -                      | (4,000)           | (7,900)                  |
|  | 2015 PSP Grant♦  | (580,400)          | (63,600)               | (236,000)         | (280,800)                |
|  | 2016 RSP Grant*  | (42,050)           | -                      | (13,900)          | (28,150)                 |
|  | 2016 PSP Grant*  | (59,000)           | -                      | (59,000)          | -                        |
|  | 2017 RSP Grant*  | (56,800)           | -                      | (15,850)          | (40,950)                 |
|  | 2017 PSP Grant*  | (39,500)           | -                      | (39,500)          | -                        |
|  | 2018 RSP Grant*  | (38,500)           | -                      | (11,800)          | (26,700)                 |
|  |                  | (23,600)           | -                      | (23,600)          | -                        |
| <b>Total</b>   | <b>(851,750)</b> | <b>(63,600)</b>    | <b>(403,650)</b>       | <b>(384,500)</b>  |                          |
| Number of Plan Shares outstanding as at 31 December 2018         | 2015 RSP Grant   | -                  | -                      | -                 | -                        |
|  | 2015 PSP Grant   | -                  | -                      | -                 | -                        |
|  | 2016 RSP Grant   | 447,300            | 9,600                  | 28,500            | 409,200                  |
|  | 2016 PSP Grant   | 362,100            | 63,600                 | 169,800           | 128,700                  |
|  | 2017 RSP Grant   | 639,150            | 19,200                 | 41,700            | 578,250                  |
|  | 2017 PSP Grant   | 248,400            | 63,600                 | 124,500           | 60,300                   |
|  | 2018 RSP Grant   | 978,600            | 19,200                 | 82,600            | 876,800                  |
|  | 2018 PSP Grant   | 264,000            | 42,400                 | 165,200           | 56,400                   |
| <b>Total</b>   | <b>2,939,550</b> | <b>217,600</b>     | <b>612,300</b>         | <b>2,109,650</b>  |                          |

Note:

\* These Plan Shares were forfeited as they were granted to employees who resigned subsequent to the grant date(s), but prior to vesting date(s).

♦ 2015 PSP Grant was forfeited as the performance targets in respect of performance period from 2015 to 2017 were not achieved.

## Statistics of Shareholdings

As at 29 January 2021

## G. SHARE GRANT PLAN ("SGP") (cont'd.)

| For the period from 1 January 2019<br>to 31 December 2019   | Type of Grant    | Total              | Executive<br>Director/CEO | Senior<br>Management | Other Selected<br>Employees |
|---|------------------|--------------------|---------------------------|----------------------|-----------------------------|
| Number of Plan Shares vested                                | 2016 RSP Grant   | (422,850)          | (9,600)                   | (23,700)             | (389,550)                   |
|   | 2017 RSP Grant   | (290,700)          | (19,200)                  | (17,400)             | (254,100)                   |
|   | 2018 RSP Grant   | (314,900)          | (19,200)                  | (23,400)             | (272,300)                   |
|   | <b>Total</b>     | <b>(1,028,450)</b> | <b>(48,000)</b>           | <b>(64,500)</b>      | <b>(915,950)</b>            |
| Number of Plan Shares forfeited                             | 2016 RSP Grant*  | (24,450)           | -                         | (4,800)              | (19,650)                    |
|   | 2016 PSP Grant♦  | (362,100)          | (63,600)                  | (169,800)            | (128,700)                   |
|   | 2017 RSP Grant*  | (42,450)           | -                         | (6,300)              | (36,150)                    |
|   | 2017 PSP Grant*  | (82,500)           | (63,600)                  | (18,900)             | -                           |
|   | 2018 RSP Grant*  | (81,000)           | -                         | (11,800)             | (69,200)                    |
|   | 2018 PSP Grant*  | (66,000)           | (42,400)                  | (23,600)             | -                           |
| <b>Total</b>  | <b>(658,500)</b> | <b>(169,600)</b>   | <b>(235,200)</b>          | <b>(253,700)</b>     |                             |
| Number of Plan Shares outstanding<br>as at 31 December 2019 | 2016 RSP Grant   | -                  | -                         | -                    | -                           |
|   | 2016 PSP Grant   | -                  | -                         | -                    | -                           |
|   | 2017 RSP Grant   | 306,000            | -                         | 18,000               | 288,000                     |
|   | 2017 PSP Grant   | 165,900            | -                         | 105,600              | 60,300                      |
|   | 2018 RSP Grant   | 582,700            | -                         | 47,400               | 535,300                     |
|   | 2018 PSP Grant   | 198,000            | -                         | 141,600              | 56,400                      |
| <b>Total</b>  | <b>1,252,600</b> | <b>-</b>           | <b>312,600</b>            | <b>940,000</b>       |                             |

Note:

- \* These Plan Shares were forfeited as they were granted to employees who resigned subsequent to the grant date(s), but prior to vesting date(s).
- ♦ 2016 PSP Grant was forfeited as the performance targets in respect of performance period from 2016 to 2018 were not achieved.

## Statistics of Shareholdings

As at 29 January 2021

### G. SHARE GRANT PLAN ("SGP") (cont'd.)

| For the period from 1 January 2020 to 31 December 2020   | Type of Grant   | Total            | Executive Director/CEO |                   |                          | Senior Management |                          | Other Selected Employees |  |
|--|-----------------|------------------|------------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------------|--|
|  |                 |                  | Executive Director/CEO | Senior Management | Other Selected Employees | Senior Management | Other Selected Employees |                          |  |
| Number of Plan Shares vested                             | 2017 RSP Grant  | (273,300)        | -                      | (4,050)           | (269,250)                |                   |                          |                          |  |
|  | 2018 RSP Grant  | (250,400)        | -                      | (9,800)           | (240,600)                |                   |                          |                          |  |
|  | <b>Total</b>    | <b>(523,700)</b> | <b>-</b>               | <b>(13,850)</b>   | <b>(509,850)</b>         |                   |                          |                          |  |
| Number of Plan Shares forfeited                          | 2017 RSP Grant* | (18,750)         | -                      | -                 | (18,750)                 |                   |                          |                          |  |
|  | 2017 PSP Grant♦ | (165,900)        | -                      | (105,600)         | (60,300)                 |                   |                          |                          |  |
|  | 2018 RSP Grant* | (53,600)         | -                      | (11,900)          | (41,700)                 |                   |                          |                          |  |
|  | 2018 PSP Grant* | (118,000)        | -                      | (118,000)         | -                        |                   |                          |                          |  |
|  | <b>Total</b>    | <b>(356,250)</b> | <b>-</b>               | <b>(235,500)</b>  | <b>(120,750)</b>         |                   |                          |                          |  |
| Number of Plan Shares outstanding as at 31 December 2020 | 2017 RSP Grant  | 13,950           | -                      | 13,950            | -                        |                   |                          |                          |  |
|  | 2017 PSP Grant  | -                | -                      | -                 | -                        |                   |                          |                          |  |
|  | 2018 RSP Grant  | 278,700          | -                      | 25,700            | 253,000                  |                   |                          |                          |  |
|  | 2018 PSP Grant  | 80,000           | -                      | 23,600            | 56,400                   |                   |                          |                          |  |
|  | <b>Total</b>    | <b>372,650</b>   | <b>-</b>               | <b>63,250</b>     | <b>309,400</b>           |                   |                          |                          |  |

Note:

- \* These Plan Shares were forfeited as they were granted to employees who resigned subsequent to the grant date(s), but prior to vesting date(s).
- ♦ 2017 PSP Grant was forfeited as the performance targets in respect of performance period from 2017 to 2019 were not achieved.

With regard to the Plan Shares granted to the Executive Director/CEO and Senior Management since the commencement of the SGP, and that there is no share grant in 2019 and 2020:

- (1) The aggregate maximum allocation is 50% of the Maximum Plan Shares Available; and
- (2) The actual percentage of Plan Shares granted to them as at 31 December 2020 was 33.32% of the total number of Plan Shares granted i.e. the same percentage as at 31 December 2018 and 31 December 2019.

The Non-Executive Directors are not eligible to participate in the SGP.



## Additional Compliance Information Disclosures

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

### 2. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

### 3. RELATED PARTY TRANSACTIONS

An internal compliance framework exists to ensure that Bursa Malaysia meets its obligations under Bursa Malaysia Securities Berhad Main Market Listing Requirements and other applicable guidelines/standards in connection with related party transactions (RPT).

In this respect, the relevant processes and procedures are in place to ensure all transactions including the RPT, are monitored and conducted in a manner that is fair and at arms' length basis, with the terms not more favourable to the related parties than to the public, not to the detriment of minority shareholders and in the best interest of Bursa Malaysia.

A Director who has an interest in a transaction abstains himself/herself from deliberation and voting on the relevant resolution in respect of such transaction at Board meetings and/or other meetings of the Company.

# FINANCIALS

## SECTION

# VI

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## Directors' Responsibility Statement

For the Audited Financial Statements

The Directors are required by the Companies Act 2016 (CA) to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs), and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

## Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

### PRINCIPAL ACTIVITIES

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries.

The principal activities of the subsidiaries are to operate the Malaysian securities, derivatives and offshore exchanges and the Shariah-compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. Other information relating to the respective subsidiaries are disclosed in Note 17 to the financial statements.

### RESULTS

|                     | <b>Group<br/>RM'000</b> | <b>Company<br/>RM'000</b> |
|---------------------|-------------------------|---------------------------|
| Profit for the year | 377,747                 | 245,298                   |

There were no material transfers to or from reserves or provisions during the financial year, other than those disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDENDS

The dividends paid by the Company since 31 December 2019 were as follows:

|  | <b>RM'000</b>  |
|--|----------------|
| In respect of the financial year ended 31 December 2020:   |                |
| Single-tier interim dividend of 17.0 sen per share, on 809,027,000 ordinary shares, declared on 28 July 2020 and paid on 26 August 2020    | 137,535        |
| In respect of the financial year ended 31 December 2019, as reported in the Directors' report of that financial year:                      |                |
| Single-tier final dividend of 10.4 sen per share, on 808,503,000 ordinary shares, approved on 30 January 2020 and paid on 28 February 2020 | 84,084         |
| <b>Total dividends paid since 31 December 2019</b>   | <b>221,619</b> |

On 2 February 2021, the Board of Directors approved and declared a single-tier final dividend of 26.0 sen per share and a single-tier special dividend of 8.0 sen per share in respect of the financial year ended 31 December 2020. The final dividend amounting to approximately RM210,347,000 and special dividend amounting to approximately RM64,722,000 will be payable on 3 March 2021. The dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

## Directors' Report

### DIRECTORS

The names of the Directors of the Company in office since the beginning of the current financial year to the date of this report are:

|   |  |
|---|--|
| Tan Sri Abdul Wahid bin Omar                  | (appointed on 1 May 2020)  |
| Datuk Muhamad Umar Swift                      |  |
| Datuk Karownakaran @ Karunakaran a/l Ramasamy |  |
| Pushpanathan a/l S.A. Kanagarayar             |  |
| Datin Grace Yeoh Cheng Geok                   |  |
| Chong Chye Neo                                |  |
| Uji Sherina binti Abdullah                    |  |
| Dato' Anad Krishnan a/l Muthusamy             | (appointed on 23 April 2020)                                     |
| Sharifatu Laila binti Syed Ali                | (appointed on 1 October 2020)                                    |
| Syed Ari Azhar bin Syed Mohamed Adlan         | (appointed on 16 November 2020)                                  |
| Datuk Bazlan bin Osman                        | (appointed on 16 November 2020)                                  |
| Johari bin Abdul Muid                         | (retired on 1 April 2020)  |
| Professor Joseph Cherian                      | (retired on 29 April 2020)                                       |
| Datuk Shireen Ann Zaharah binti Muhiudeen     | (retired on 1 May 2020)  |
| Datin Mariam Prudence binti Yusof             | (retired on 1 May 2020)  |
| Dato' Wan Kamaruzaman bin Wan Ahmad           | (appointed on 1 September 2020 and resigned on 31 December 2020) |

The names of the directors of the Company's subsidiaries in office since the beginning of the current financial year to the date of this report are:

|                                   |                                 |
|-----------------------------------|---------------------------------|
| Datuk Muhamad Umar Swift          |                                 |
| Rosidah binti Baharom             |                                 |
| Johari bin Abdul Muid             | (retired on 17 March 2020)      |
| Mazidah binti Abdul Malik         | (retired on 17 March 2020)      |
| Datin Mariam Prudence binti Yusof | (retired on 1 May 2020)         |
| Datin Grace Yeoh Cheng Geok       | (retired on 1 August 2020)      |
| William Francis Herder            | (resigned on 15 September 2020) |
| Kuok Wee Kiat @ Kuck Wee Kiat     | (resigned on 15 September 2020) |

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares awarded under the Share Grant Plan (SGP).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company was RM55,000,000 and RM77,009 respectively.

## Directors' Report

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in the shares of the Company during the financial year were as follows:

|                              | Number of ordinary shares      |                            |                       |
|------------------------------|--------------------------------|----------------------------|-----------------------|
|                              | At date of appointment<br>'000 | Purchased/<br>Sold<br>'000 | At 31.12.2020<br>'000 |
| <b>Direct interests</b>      |                                |                            |                       |
| Tan Sri Abdul Wahid bin Omar | 15                             | -                          | 15                    |

Other than the above, the Directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

### ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from 808,503,000 ordinary shares to 809,027,000 ordinary shares by way of the issuance of 524,000 new ordinary shares amounting to RM3,425,000 arising from the Company's SGP, as disclosed in Note 30(b) to the financial statements.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

### SHARE GRANT PLAN (SGP)

The Company's SGP is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 14 April 2011. The SGP was implemented on 18 April 2011 and is made up of two plans - the Restricted Share Plan (RSP) and the Performance Share Plan (PSP). The SGP is in force for a maximum period of ten years from the date of implementation.

The salient features, terms and details of the SGP are as disclosed in Note 30(b) to the financial statements.

### OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

## Directors' Report

### OTHER STATUTORY INFORMATION (CONT'D.)

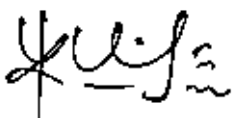
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 2 February 2021.



Tan Sri Abdul Wahid bin Omar



Datuk Muhamad Umar Swift

## Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Abdul Wahid bin Omar and Datuk Muhamad Umar Swift, being two of the Directors of Bursa Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 155 to 243 are drawn up in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 2 February 2021.

Tan Sri Abdul Wahid bin Omar

Datuk Muhamad Umar Swift

## Statutory Declaration

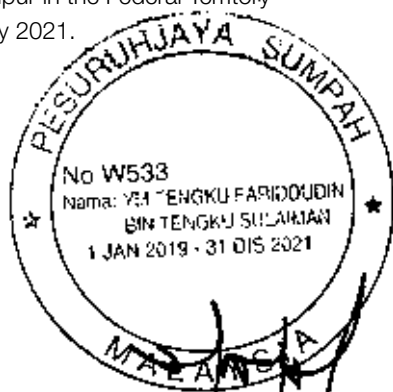
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Rosidah binti Baharom, being the Officer primarily responsible for the financial management of Bursa Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 155 to 243 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Rosidah binti Baharom at Kuala Lumpur in the Federal Territory on 2 February 2021.

Rosidah binti Baharom

Before me,



205, Bangunan Loke Yew  
4, Jln Mahkamah Persekutuan  
50050 Kuala Lumpur (W.P.)



# Independent Auditors' Report to the Members of Bursa Malaysia Berhad

(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### **Opinion**

We have audited the financial statements of Bursa Malaysia Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 155 to 243.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### **Basis for opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence and other ethical responsibilities**

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (By-Laws) and the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the key audit matters below, our description of how our audit addressed the matters are provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters.

## Independent Auditors' Report to the Members of Bursa Malaysia Berhad

(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)****Key audit matters (cont'd.)**

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

| Description   | Responses  |
|---|--|
| <p>The risk that (i) goodwill and (ii) investment in subsidiaries may be impaired.</p> <p>(i) Goodwill</p> <p>The Group's and Company's goodwill balances as at 31 December 2020 stood at RM42,957,000 and RM29,494,000, respectively.</p> <p>(ii) Investment in subsidiaries</p> <p>As at 31 December 2020, the carrying amount of investment in subsidiaries in the statement of financial position of the Company stood at RM318,618,000.</p> <p>On an annual basis, management is required to perform impairment assessments for goodwill and investment in subsidiaries with impairment indicators.</p> <p>These assessments are significant to our audit as they involve significant management judgement and are based on assumptions that are affected by expected future market and economic conditions.</p> <p>This risk is also described in Note 2.5 to the financial statements.</p> | <p>Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group and the Company in performing the impairment assessments.</p> <p>We examined the cash flow forecasts which support management's impairment assessments. We evaluated the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expenses to approved budgets, considering prior budget accuracy, and comparing expected growth rates to relevant market expectations.</p> <p>We tested the weighted-average cost of capital discount rates assigned to the cash generating units, as well as the long-term growth rates, with reference to our understanding of the business.</p> <p>We performed sensitivity analyses on the key inputs to impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying value.</p> <p>We also reviewed the adequacy of the Group's and the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive.</p> |

**Information other than the financial statements and auditors' report thereon**

The directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining other information expected to be included in the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Independent Auditors' Report to the Members of Bursa Malaysia Berhad

(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### ***Information other than the financial statements and auditors' report thereon (cont'd.)***

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information expected to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

#### ***Responsibilities of the directors for the financial statements***

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Independent Auditors' Report to the Members of Bursa Malaysia Berhad

(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### *Auditors' responsibilities for the audit of the financial statements (cont'd.)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
2 February 2021



Dato' Megat Iskandar Shah Bin Mohamad Nor  
No. 03083/07/2021 J  
Chartered Accountant

## Statements of Profit or Loss

For the financial year ended 31 December 2020

|  | Note  | Group            |                | Company          |                |
|--|-------|------------------|----------------|------------------|----------------|
|  |       | 2020<br>RM'000   | 2019<br>RM'000 | 2020<br>RM'000   | 2019<br>RM'000 |
| Operating revenue  | 3     | <b>778,805</b>   | 480,135        | <b>472,938</b>   | 377,664        |
| Other income   | 4     | <b>20,168</b>    | 22,354         | <b>7,122</b>     | 7,803          |
|  |       | <b>798,973</b>   | 502,489        | <b>480,060</b>   | 385,467        |
| Staff costs  | 5     | <b>(155,596)</b> | (133,717)      | <b>(149,034)</b> | (127,551)      |
| Depreciation and amortisation  | 6     | <b>(21,395)</b>  | (20,776)       | <b>(19,568)</b>  | (19,075)       |
| Other operating expenses   | 7     | <b>(114,807)</b> | (91,697)       | <b>(69,079)</b>  | (59,307)       |
| Profit from operations   |       | <b>507,175</b>   | 256,299        | <b>242,379</b>   | 179,534        |
| Finance costs  | 8     | <b>(538)</b>     | (534)          | <b>(538)</b>     | (534)          |
| Profit before tax and zakat  |       | <b>506,637</b>   | 255,765        | <b>241,841</b>   | 179,000        |
| Taxation and zakat   | 10    | <b>(128,890)</b> | (66,207)       | <b>3,457</b>     | 1,514          |
| <b>Profit for the year</b>   |       | <b>377,747</b>   | 189,558        | <b>245,298</b>   | 180,514        |
| <b>Profit attributable to:</b>   |       |                  |                |                  |                |
| Owners of the Company  |       | <b>377,747</b>   | 185,855        | <b>245,298</b>   | 180,514        |
| Non-controlling interest   |       | -                | 3,703          | -                | -              |
|  |       | <b>377,747</b>   | 189,558        | <b>245,298</b>   | 180,514        |
| <b>Earnings per share attributable to owners of the Company (sen per share):</b> |       |                  |                |                  |                |
| Basic  | 11(a) | <b>46.7</b>      | 23.0           |                  |                |
| Diluted  | 11(b) | <b>46.7</b>      | 23.0           |                  |                |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Comprehensive Income

For the financial year ended 31 December 2020

|  | Group           |                | Company         |                |
|--|-----------------|----------------|-----------------|----------------|
|  | 2020<br>RM'000  | 2019<br>RM'000 | 2020<br>RM'000  | 2019<br>RM'000 |
| <b>Profit for the year</b>   | <b>377,747</b>  | 189,558        | <b>245,298</b>  | 180,514        |
| <b>Other comprehensive income:</b>   |                 |                |                 |                |
| <b>Items that may be subsequently reclassified to profit or loss:</b>                              |                 |                |                 |                |
| Loss on foreign currency translation   | (62)            | (39)           | -               | -              |
| Net fair value changes in unquoted bonds at fair value through other comprehensive income (FVTOCI) | 508             | 830            | 3               | -              |
| Income tax effects relating to unquoted bonds at FVTOCI (Note 20)                                  | (137)           | (204)          | -               | -              |
|  | <b>309</b>      | 587            | <b>3</b>        | -              |
| <b>Items that will not be subsequently reclassified to profit or loss:</b>                         |                 |                |                 |                |
| Actuarial loss on defined benefit obligations (Note 30(a))   | (456)           | (819)          | (456)           | (819)          |
| Net fair value changes in quoted shares at FVTOCI  | (17,091)        | 22,774         | (17,091)        | 22,774         |
| Income tax effects relating to actuarial loss on defined benefit obligations (Note 20)             | 109             | 197            | 109             | 197            |
|  | <b>(17,438)</b> | 22,152         | <b>(17,438)</b> | 22,152         |
| <b>Total other comprehensive income for the year, net of income tax</b>                            | <b>(17,129)</b> | 22,739         | <b>(17,435)</b> | 22,152         |
| <b>Total comprehensive income for the year</b>   | <b>360,618</b>  | 212,297        | <b>227,863</b>  | 202,666        |
| <b>Total comprehensive income attributable to:</b>   |                 |                |                 |                |
| Owners of the Company  | 360,618         | 208,594        | 227,863         | 202,666        |
| Non-controlling interest   | -               | 3,703          | -               | -              |
|  | <b>360,618</b>  | 212,297        | <b>227,863</b>  | 202,666        |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Financial Position

As at 31 December 2020

|   | Note  | Group            |                | Company        |                |
|---|-------|------------------|----------------|----------------|----------------|
|   |       | 2020<br>RM'000   | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Assets</b>   |       |                  |                |                |                |
| <b>Non-current assets</b>   |       |                  |                |                |                |
| Property, plant and equipment   | 13    | <b>164,104</b>   | 166,950        | <b>164,102</b> | 166,946        |
| Computer software   | 14    | <b>33,331</b>    | 39,942         | <b>28,851</b>  | 34,414         |
| Right-of-use assets   | 15(a) | <b>8,074</b>     | 8,185          | <b>8,074</b>   | 8,185          |
| Goodwill  | 16    | <b>42,957</b>    | 42,957         | <b>29,494</b>  | 29,494         |
| Investment in subsidiaries  | 17    | -                | -              | <b>318,618</b> | 318,618        |
| Investment securities   | 18    | <b>196,076</b>   | 197,558        | <b>144,453</b> | 156,542        |
| Staff loans receivable  | 19    | <b>1,329</b>     | 1,790          | <b>1,023</b>   | 1,463          |
| Deferred tax assets   | 20    | <b>14,957</b>    | 9,504          | <b>10,828</b>  | 6,823          |
|   |       | <b>460,828</b>   | 466,886        | <b>705,443</b> | 722,485        |
| <b>Current assets</b>   |       |                  |                |                |                |
| Trade receivables   | 21    | <b>87,431</b>    | 42,260         | <b>694</b>     | 866            |
| Other receivables   | 22    | <b>17,203</b>    | 18,014         | <b>12,494</b>  | 8,952          |
| Amount due from subsidiaries  | 23    | -                | -              | <b>31,485</b>  | 16,675         |
| Tax recoverable   |       | <b>8,582</b>     | 6,966          | <b>1,655</b>   | 1,669          |
| Investment securities   | 18    | -                | 10,052         | -              | -              |
| Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions | 24    | <b>2,069,956</b> | 1,395,899      | -              | -              |
| Cash and bank balances of Clearing Funds  | 25    | <b>149,903</b>   | 129,204        | -              | -              |
| Cash and bank balances of the Group/<br>Company   | 26    | <b>438,971</b>   | 251,759        | <b>88,569</b>  | 50,751         |
|   |       | <b>2,772,046</b> | 1,854,154      | <b>134,897</b> | 78,913         |
| <b>Total assets</b>   |       | <b>3,232,874</b> | 2,321,040      | <b>840,340</b> | 801,398        |

## Statements of Financial Position

As at 31 December 2020

|   | Note  | Group            |                | Company        |                |
|---|-------|------------------|----------------|----------------|----------------|
|   |       | 2020<br>RM'000   | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Equity and liabilities</b>                 |       |                  |                |                |                |
| <b>Equity</b>                                 |       |                  |                |                |                |
| Share capital                                 | 27    | <b>433,820</b>   | 430,395        | <b>428,570</b> | 425,145        |
| Other reserves                                | 28    | <b>130,868</b>   | 150,044        | <b>99,130</b>  | 118,612        |
| Retained earnings                             | 29    | <b>336,107</b>   | 180,326        | <b>193,356</b> | 170,024        |
| <b>Total equity</b>                           |       | <b>900,795</b>   | 760,765        | <b>721,056</b> | 713,781        |
| <b>Non-current liabilities</b>                |       |                  |                |                |                |
| Retirement benefit obligations                | 30(a) | <b>15,387</b>    | 17,945         | <b>15,387</b>  | 17,945         |
| Deferred income                               | 31    | <b>4,102</b>     | 3,050          | <b>1,710</b>   | 1,529          |
| Lease liabilities                             | 15(b) | <b>7,456</b>     | 7,461          | <b>7,456</b>   | 7,461          |
| Deferred tax liabilities                      | 20    | <b>845</b>       | 1,043          | -              | -              |
|   |       | <b>27,790</b>    | 29,499         | <b>24,553</b>  | 26,935         |
| <b>Current liabilities</b>                    |       |                  |                |                |                |
| Trade payables                                | 24(a) | <b>2,068,705</b> | 1,395,877      | -              | -              |
| Participants' contributions to Clearing Funds | 25    | <b>54,903</b>    | 39,204         | -              | -              |
| Other payables                                | 32    | <b>162,435</b>   | 93,506         | <b>94,090</b>  | 60,177         |
| Amount due to subsidiary                      | 23    | -                | -              | <b>136</b>     | -              |
| Lease liabilities                             | 15(b) | <b>505</b>       | 505            | <b>505</b>     | 505            |
| Provision for zakat                           |       | <b>667</b>       | -              | -              | -              |
| Tax payable                                   |       | <b>17,074</b>    | 1,684          | -              | -              |
|   |       | <b>2,304,289</b> | 1,530,776      | <b>94,731</b>  | 60,682         |
| <b>Total liabilities</b>                      |       | <b>2,332,079</b> | 1,560,275      | <b>119,284</b> | 87,617         |
| <b>Total equity and liabilities</b>           |       | <b>3,232,874</b> | 2,321,040      | <b>840,340</b> | 801,398        |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## Statements of Changes in Equity

For the financial year ended 31 December 2020

|   |       | Attributable to owners of the Company |   |                                     |  |                             |                                |                           |
|---|-------|---------------------------------------|---|-------------------------------------|--|-----------------------------|--------------------------------|---------------------------|
|   |       | Non-distributable                     |   |                                     |  | Distributable               |                                |                           |
| Group   | Note  | Share capital<br>RM'000               | Foreign<br>currency<br>translation<br>reserve<br>RM'000 | Share<br>grant<br>reserve<br>RM'000 | Clearing<br>fund<br>reserves<br>RM'000 | FVTOCI<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>equity<br>RM'000 |
| <b>At 1 January 2020</b>                          |       | 430,395                               | 566   | 4,133                               | 30,000                                 | 115,345                     | 180,326                        | 760,765                   |
| Profit for the year                               |       | -                                     | -   | -                                   | -                                      | -                           | 377,747                        | 377,747                   |
| Other comprehensive<br>income for the year        |       | -                                     | (62)  | -                                   | -                                      | (16,720)                    | (347)                          | (17,129)                  |
| Total comprehensive<br>income for the year        |       | -                                     | (62)  | -                                   | -                                      | (16,720)                    | 377,400                        | 360,618                   |
| Issuance of ordinary<br>shares pursuant to<br>SGP | 30(b) | 3,425                                 | -   | (3,425)                             | -                                      | -                           | -                              | -                         |
| SGP expense<br><b>(Note a)</b>                    | 5     | -                                     | -   | 1,031                               | -                                      | -                           | -                              | 1,031                     |
| Dividends paid                                    | 12    | -                                     | -   | -                                   | -                                      | -                           | (221,619)                      | (221,619)                 |
| Total transactions with<br>owners                 |       | 3,425                                 | -   | (2,394)                             | -                                      | -                           | (221,619)                      | (220,588)                 |
| <b>At 31 December<br/>2020</b>                    |       | 433,820                               | 504   | 1,739                               | 30,000                                 | 98,625                      | 336,107                        | 900,795                   |

## Statements of Changes in Equity

For the financial year ended 31 December 2020

|   |       | Attributable to owners of the Company |                                      |                     |                        |                |                   |           |                          |              |
|---|-------|---------------------------------------|--------------------------------------|---------------------|------------------------|----------------|-------------------|-----------|--------------------------|--------------|
|   |       | Non-distributable                     |                                      |                     |                        |                | Distributable     |           |                          |              |
| Group   | Note  | Share capital                         | Foreign currency translation reserve | Share grant reserve | Clearing fund reserves | FVTOCI reserve | Retained earnings | Total     | Non-controlling interest | Total equity |
|   |       | RM'000                                | RM'000                               | RM'000              | RM'000                 | RM'000         | RM'000            | RM'000    | RM'000                   | RM'000       |
| <b>At 1 January 2019</b>                                |       | 424,142                               | 605                                  | 6,963               | 30,000                 | 213,743        | 199,705           | 875,158   | 12,291                   | 887,449      |
| Profit for the year                                     |       | -                                     | -                                    | -                   | -                      | -              | 185,855           | 185,855   | 3,703                    | 189,558      |
| Other comprehensive income for the year                 |       | -                                     | (39)                                 | -                   | -                      | 23,400         | (622)             | 22,739    | -                        | 22,739       |
| Total comprehensive income for the year                 |       | -                                     | (39)                                 | -                   | -                      | 23,400         | 185,233           | 208,594   | 3,703                    | 212,297      |
| Issuance of ordinary shares pursuant to SGP             | 30(b) | 6,253                                 | -                                    | (6,253)             | -                      | -              | -                 | -         | -                        | -            |
| SGP expense (Note a)                                    | 5     | -                                     | -                                    | 3,423               | -                      | -              | -                 | 3,423     | -                        | 3,423        |
| Dividends paid  | 12    | -                                     | -                                    | -                   | -                      | -              | (177,751)         | (177,751) | -                        | (177,751)    |
| Acquisition of non-controlling interest                 | 17(b) | -                                     | -                                    | -                   | -                      | -              | (148,659)         | (148,659) | (15,994)                 | (164,653)    |
| Total transactions with owners                          |       | 6,253                                 | -                                    | (2,830)             | -                      | -              | (326,410)         | (322,987) | (15,994)                 | (338,981)    |
| Transfer of gain on disposal of quoted shares at FVTOCI | 18(a) | -                                     | -                                    | -                   | -                      | (121,798)      | 121,798           | -         | -                        | -            |
| <b>At 31 December 2019</b>                              |       | 430,395                               | 566                                  | 4,133               | 30,000                 | 115,345        | 180,326           | 760,765   | -                        | 760,765      |

## Statements of Changes In Equity

For the financial year ended 31 December 2020

| Company   | Note  | Non-distributable       |                               |                          | Distributable               |                        |
|---|-------|-------------------------|-------------------------------|--------------------------|-----------------------------|------------------------|
|   |       | Share capital<br>RM'000 | Share grant reserve<br>RM'000 | FVTOCI reserve<br>RM'000 | Retained earnings<br>RM'000 | Total equity<br>RM'000 |
| <b>At 1 January 2020</b>                                |       | <b>425,145</b>          | <b>4,133</b>                  | <b>114,479</b>           | <b>170,024</b>              | <b>713,781</b>         |
| Profit for the year                                     |       | -                       | -                             | -                        | 245,298                     | 245,298                |
| Other comprehensive income for the year                 |       | -                       | -                             | (17,088)                 | (347)                       | (17,435)               |
| Total comprehensive income for the year                 |       | -                       | -                             | (17,088)                 | 244,951                     | 227,863                |
| Issuance of ordinary shares pursuant to SGP             | 30(b) | 3,425                   | (3,425)                       | -                        | -                           | -                      |
| SGP expense (Note a)                                    |       | -                       | 1,031                         | -                        | -                           | 1,031                  |
| Dividends paid  | 12    | -                       | -                             | -                        | (221,619)                   | (221,619)              |
| Total transactions with owners                          |       | 3,425                   | (2,394)                       | -                        | (221,619)                   | (220,588)              |
| <b>At 31 December 2020</b>                              |       | <b>428,570</b>          | <b>1,739</b>                  | <b>97,391</b>            | <b>193,356</b>              | <b>721,056</b>         |
| <b>At 1 January 2019</b>                                |       | 418,892                 | 6,963                         | 213,503                  | 46,085                      | 685,443                |
| Profit for the year                                     |       | -                       | -                             | -                        | 180,514                     | 180,514                |
| Other comprehensive income for the year                 |       | -                       | -                             | 22,774                   | (622)                       | 22,152                 |
| Total comprehensive income for the year                 |       | -                       | -                             | 22,774                   | 179,892                     | 202,666                |
| Issuance of ordinary shares pursuant to SGP             | 30(b) | 6,253                   | (6,253)                       | -                        | -                           | -                      |
| SGP expense (Note a)                                    |       | -                       | 3,423                         | -                        | -                           | 3,423                  |
| Dividends paid  | 12    | -                       | -                             | -                        | (177,751)                   | (177,751)              |
| Total transactions with owners                          |       | 6,253                   | (2,830)                       | -                        | (177,751)                   | (174,328)              |
| Transfer of gain on disposal of quoted shares at FVTOCI | 18(a) | -                       | -                             | (121,798)                | 121,798                     | -                      |
| <b>At 31 December 2019</b>                              |       | <b>425,145</b>          | <b>4,133</b>                  | <b>114,479</b>           | <b>170,024</b>              | <b>713,781</b>         |

**Note a**

SGP expense comprises share grant expense of RM1,010,000 (2019: RM3,501,000) relating to shares granted to the employees of the Company (as disclosed in Note 5), and RM21,000 (net reversal of share grant expense in 2019: RM78,000) relating to shares granted to the employees of its subsidiaries.

## Statements of Cash Flows

For the financial year ended 31 December 2020

|  | Note  | Group            |                | Company          |                |
|--|-------|------------------|----------------|------------------|----------------|
|  |       | 2020<br>RM'000   | 2019<br>RM'000 | 2020<br>RM'000   | 2019<br>RM'000 |
| <b>Cash flows from operating activities</b>                        |       |                  |                |                  |                |
| Profit before taxation and zakat                                   |       | <b>506,637</b>   | 255,765        | <b>241,841</b>   | 179,000        |
| Adjustments for:   |       |                  |                |                  |                |
| Amortisation of premium/(Accretion of discount), net               | 7     | <b>2</b>         | (2)            | -                | -              |
| Depreciation and amortisation                                      | 6     | <b>21,395</b>    | 20,776         | <b>19,568</b>    | 19,075         |
| Dividend income from investment securities                         | 4     | <b>(3,249)</b>   | (4,281)        | <b>(3,249)</b>   | (4,281)        |
| Grant income   | 4     | <b>(950)</b>     | (979)          | <b>(819)</b>     | (847)          |
| Dividend income from subsidiaries                                  | 3     | -                | -              | <b>(269,376)</b> | (205,139)      |
| Interest expense on lease liabilities                              | 8     | <b>538</b>       | 534            | <b>538</b>       | 534            |
| Interest/profit income   | 4     | <b>(14,436)</b>  | (15,587)       | <b>(1,523)</b>   | (1,290)        |
| Lease of equipment   | 7     | <b>219</b>       | 210            | <b>210</b>       | 201            |
| Net (gain)/loss on disposal of:                                    |       |                  |                |                  |                |
| - motor vehicles   | 4     | <b>(69)</b>      | 269            | <b>(69)</b>      | 269            |
| - computer hardware  | 4     | -                | (46)           | -                | (46)           |
| - investment securities  | 4     | -                | (104)          | -                | -              |
| Net impairment losses/(reversal of impairment losses) on:          |       |                  |                |                  |                |
| - computer software  | 7     | -                | 3,300          | -                | 3,300          |
| - investment securities  | 7     | <b>(51)</b>      | (89)           | <b>1</b>         | (23)           |
| - trade and other receivables                                      | 7     | <b>563</b>       | 605            | <b>124</b>       | (52)           |
| - amount due from subsidiary                                       | 7     | -                | -              | <b>4</b>         | 9              |
| Provision for short-term accumulating compensated unutilised leave | 5     | <b>191</b>       | 27             | <b>146</b>       | 94             |
| Retirement benefit obligations                                     | 5     | <b>652</b>       | 842            | <b>652</b>       | 842            |
| SGP expense  | 5     | <b>1,031</b>     | 3,423          | <b>1,010</b>     | 3,501          |
| Unrealised loss on foreign exchange differences                    |       | <b>106</b>       | 231            | <b>25</b>        | 329            |
| Operating profit/(loss) before working capital changes             |       | <b>512,579</b>   | 264,894        | <b>(10,917)</b>  | (4,524)        |
| (Increase)/Decrease in receivables                                 |       | <b>(44,201)</b>  | 169            | <b>(3,332)</b>   | 5,705          |
| Increase/(Decrease) in payables                                    |       | <b>72,875</b>    | (1,854)        | <b>37,490</b>    | (7,621)        |
| Changes in amount due from/(to) subsidiaries                       |       | -                | -              | <b>(14,657)</b>  | (4,431)        |
| Cash generated from/(used in) operations                           |       | <b>541,253</b>   | 263,209        | <b>8,584</b>     | (10,871)       |
| Interest paid  | 15(b) | <b>(538)</b>     | (534)          | <b>(538)</b>     | (534)          |
| Repayment of lease liabilities                                     |       | <b>(219)</b>     | (210)          | <b>(210)</b>     | (201)          |
| Repayment of staff loans, net of disbursements                     |       | <b>536</b>       | 496            | <b>451</b>       | 465            |
| Retirement benefits paid   | 30(a) | <b>(3,666)</b>   | (1,798)        | <b>(3,666)</b>   | (1,798)        |
| Net tax (paid)/refunded  |       | <b>(120,128)</b> | (74,535)       | <b>(425)</b>     | 746            |
| <b>Net cash from/(used in) operating activities</b>                |       | <b>417,238</b>   | 186,628        | <b>4,196</b>     | (12,193)       |

## Statements of Cash Flows

For the financial year ended 31 December 2020

|   | Note  | Group            |                | Company          |                |
|---|-------|------------------|----------------|------------------|----------------|
|   |       | 2020<br>RM'000   | 2019<br>RM'000 | 2020<br>RM'000   | 2019<br>RM'000 |
| <b>Cash flows from investing activities</b>                             |       |                  |                |                  |                |
| Acquisition of non-controlling interest                                 | 17(b) | -                | (164,653)      | -                | (164,653)      |
| Dividends received  |       | <b>3,180</b>     | 5,171          | <b>272,556</b>   | 210,310        |
| (Increase)/Decrease in deposits not for short-term funding requirements |       | <b>(86,169)</b>  | (11,443)       | <b>(17,529)</b>  | 6,549          |
| Interest/profit income received   |       | <b>13,628</b>    | 15,398         | <b>1,394</b>     | 1,213          |
| Proceeds from disposal of:  |       |                  |                |                  |                |
| - investment securities   |       | <b>10,000</b>    | 204,327        | -                | 169,223        |
| - motor vehicles and computer hardware                                  |       | <b>69</b>        | 314            | <b>69</b>        | 314            |
| Purchases of:   |       |                  |                |                  |                |
| - investment securities   |       | <b>(15,000)</b>  | (19,967)       | <b>(5,000)</b>   | -              |
| - property, plant and equipment and computer software                   |       | <b>(16,219)</b>  | (20,448)       | <b>(14,773)</b>  | (20,115)       |
| <b>Net cash (used in)/from investing activities</b>                     |       | <b>(90,511)</b>  | 8,699          | <b>236,717</b>   | 202,841        |
| <b>Cash flows from financing activities</b>                             |       |                  |                |                  |                |
| Additional cash resource to derivatives clearing fund                   | 25    | <b>(5,000)</b>   | -              | -                | -              |
| Dividends paid  | 12    | <b>(221,619)</b> | (177,751)      | <b>(221,619)</b> | (177,751)      |
| Grant received  | 31(a) | <b>1,000</b>     | -              | <b>1,000</b>     | -              |
| Repayment of lease liabilities  | 15(b) | <b>(5)</b>       | (5)            | <b>(5)</b>       | (5)            |
| <b>Net cash used in financing activities</b>                            |       | <b>(225,624)</b> | (177,756)      | <b>(220,624)</b> | (177,756)      |
| <b>Net increase in cash and cash equivalents</b>                        |       | <b>101,103</b>   | 17,571         | <b>20,289</b>    | 12,892         |
| Effects of exchange rate changes  |       | <b>(60)</b>      | (40)           | -                | -              |
| Cash and cash equivalents at beginning of year                          |       | <b>185,491</b>   | 167,960        | <b>42,121</b>    | 29,229         |
| <b>Cash and cash equivalents at end of year</b>                         | 26    | <b>286,534</b>   | 185,491        | <b>62,410</b>    | 42,121         |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Notes to the Financial Statements

31 December 2020

### 1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at the 15th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur, Malaysia.

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are to operate the Malaysian securities, derivatives and offshore exchanges and the Shariah-compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. Other information relating to the respective subsidiaries are disclosed in Note 17.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 2 February 2021.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) as issued by the Malaysian Accounting Standards Board (MASB), the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements, other than for certain financial instruments and retirement benefit obligations, have been prepared on a historical cost basis. Certain financial instruments are measured at fair value in accordance with MFRS 9 *Financial Instruments*, and the retirement benefit obligations, including actuarial gains and losses are measured in accordance with MFRS 119 *Employee Benefits*.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000 or '000), unless otherwise indicated.

#### 2.2 Adoption of Amendments to Standards

The accounting standards adopted by the Group and Company are consistent with those adopted in the previous year, except for the following:

Amendments to MFRS 3 Business Combinations - *Definition of a Business*

Amendments to MFRS 4 Insurance Contracts - *Extension of the Temporary Exemption from Applying MFRS 9 Financial Instruments*

Amendments to MFRS 7 Financial Instruments: Disclosures, MFRS 9 Financial Instruments and MFRS 139 Financial Instruments: Recognition and Measurement - *Interest Rate Benchmark Reform*

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Material*

Amendment to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current - Deferral of Effective Date*

The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group and the Company.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Standards and amendments to Standards have been issued by the MASB but are not yet effective. These pronouncements are either not relevant or do not have any material impact on the financial statements of the Group and of the Company:

##### **Effective for financial periods beginning on or after 1 June 2020**

Amendments to MFRS 16 Leases - *Covid-19 - Related Rent Concessions*

##### **Effective for financial periods beginning on or after 1 January 2021**

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases - *Interest Rate Benchmark Reform - Phase 2*

##### **Effective for financial periods beginning on or after 1 January 2022**

Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*

Amendments to MFRS 116 Property, Plant and Equipment - *Proceeds before Intended Use*

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - *Onerous Contracts - Cost of Fulfilling a Contract*

Annual Improvements to MFRS Standards 2018 - 2020:

- Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
- Amendment to MFRS 9 Financial Instruments
- Amendment to MFRS 141 Agriculture

##### **Effective for financial periods beginning on or after 1 January 2023**

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current*

##### **Effective date of these Amendments to Standards has been deferred, and yet to be announced**

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

#### 2.4 Summary of significant accounting policies

##### (a) Subsidiaries and basis of consolidation

###### (i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (a) Subsidiaries and basis of consolidation (cont'd.)

###### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to like transactions and events of similar circumstances.

Subsidiaries are consolidated from the date on which control exists. They are deconsolidated from the date that control ceases.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries are accounted for using the purchase method except for business combinations arising from common control transfers. Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves. The consolidated financial statements reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statements of financial position. The accounting policy for goodwill is set out in Note 2.4(c)(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

###### (iii) Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the equity of the owners of the Company. Transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and fair value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.



## Notes to the Financial Statements

31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.4 Summary of significant accounting policies (cont'd.)****(b) Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

Subsequent to the initial recognition, costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss as incurred.

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Projects-in-progress are not depreciated as these assets are not yet available for use. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

|  |                     |
|--|---------------------|
| Buildings and office lots                | Fifty years         |
| Renovation                               | Five years          |
| Office equipment, furniture and fittings | Three to five years |
| Computers and office automation          | Three to ten years  |
| Motor vehicles                           | Five years          |

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

**(c) Intangible assets****(i) Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's and of the Company's Cash-Generating Units (CGUs) that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a CGU and part of the operations within that CGU is disposed of, the goodwill associated with the operations disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (c) Intangible assets (cont'd.)

###### (ii) Computer software

Computer software is initially measured at cost. Costs recognised are costs (including staff costs) directly associated with identifiable software controlled by the Group and the Company that will generate probable future economic benefits. Following initial recognition, computer software is measured at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of computer software are assessed to be finite. Computer software are amortised over their estimated useful lives of five to ten years and assessed for impairment whenever there is an indication that they may be impaired.

The amortisation periods and methods are reviewed at least at each financial year end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation periods or methods, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software with finite lives is recognised in profit or loss. Projects-in-progress are not amortised as these computer software are not yet available for use.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

##### (d) Leases

###### (i) The Group and the Company as lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group and the Company; and
- an estimate of costs to be incurred by the Group and the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (d) Leases (cont'd.)

###### (i) The Group and the Company as lessee (cont'd.)

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets.

If the lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the Group and the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group and the Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

###### (ii) The Group and the Company as lessor

The Group and the Company classified its leases as either operating leases or finance leases. Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group and the Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

##### (e) Impairment of non-financial assets

The Group and the Company assess at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill and computer software that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (e) Impairment of non-financial assets (cont'd.)

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that were previously revalued and where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

##### (f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss (FVTPL), directly attributable transaction costs.

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

##### (i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (f) Financial assets (cont'd.)

##### (ii) Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at FVTOCI if they are held within a business model whose objectives are both to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest/profit income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI, are measured at FVTPL. The Group and Company do not have any financial assets measured at FVTPL as at the current and previous financial year ends.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group and the Company had elected an irrevocable option to designating its equity instruments (i.e. quoted shares outside Malaysia) on initial recognition as financial assets measured at FVTOCI as the said equity instruments are not held for trading.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. For financial assets classified at FVTOCI, any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's or the Company's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group and the Company.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (g) Impairment of financial assets

At each financial year end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring as at the financial year end with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cashflows that are due to the Group and the Company and all the cash flows that the Group and the Company expect to receive.

The Group and the Company measure the allowance for impairment loss on unquoted bonds, staff loans receivable and cash and bank balances based on the two-step approach as follows:

##### (i) 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12-months considering the loss given default of that financial asset.

##### (ii) Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company revert the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade and other receivables which are financial assets, the Group and the Company apply the simplified approach in accordance with MFRS 9 *Financial Instruments* and measure the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (h) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, and short-term deposits used by the Group and the Company in the management of short-term funding requirements of their operations.

##### (i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### (i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities at FVTPL as at the current and previous financial year ends.

##### (ii) Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

##### (k) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

##### (l) Deferred grants

Grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all conditions will be met. Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is recognised in the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by its related depreciation or amortisation charges.

##### (m) Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs, and are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.



## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (n) Revenue recognition

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of information based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

- (i) Do not create an asset with an alternative use to the Group and the Company, and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

## Notes to the Financial Statements

31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.4 Summary of significant accounting policies (cont'd.)****(n) Revenue recognition (cont'd.)**

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

**(i) Trade fees**

Trade fees on securities traded on the securities exchange are recognised on a trade date basis. Trade fees on derivatives contracts are recognised net of rebates on a trade date basis. Trade fees on commodities are recognised on a trade date basis net of amount payable to commodities suppliers and brokers, whenever applicable.

**(ii) Clearing fees**

Fees for clearing and settlement between clearing participants for trades in securities transacted on the securities exchange are recognised net of the Securities Commission levy when services are rendered. Clearing fees on derivatives contracts are recognised net of rebates on the clearing date.

**(iii) Other Securities trading revenue**

Other Securities trading revenue mainly comprise Institutional Settlement Services (ISS) fees. ISS fees from the securities exchange are recognised in full when services are rendered at the point in time.

**(iv) Other Derivatives trading revenue**

Other Derivatives trading revenue mainly comprise collateral management services fees, guarantee and tender fees. Collateral management services fees are recognised on an accrual basis. Guarantee fees are recognised on a daily basis on day end margin requirements for open contracts. Tender fees are recognised on per contract tendered.

**(v) Listing and issuer services**

Listing and issuer services revenue comprise:

**• Initial listing fees**

Initial listing fees are recognised over a period of time when the services are rendered.

**• Other listing fees**

Annual and additional listing fees are recognised when the services are rendered.

**• Issuer services fees**

Perusal fees for circulars or notices issued are recognised when the services are rendered at a point in time. Processing fees for corporate related exercises on securities traded on the securities exchange are recognised when the related services are rendered.

## Notes to the Financial Statements

31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.4 Summary of significant accounting policies (cont'd.)****(n) Revenue recognition (cont'd.)****(vi) Depository services**

Fees from depository services are recognised when the services are rendered.

**(vii) Market data**

Fees from sale of information are recognised when the services are rendered.

**(viii) Member services and connectivity**

Member services and connectivity mainly comprise:

- **Access fees**

Access fees are recognised over the period that access to the required services is being provided.

- **Participants' fees**

Initial application fees are recognised upon registration or admission into the securities or derivatives exchange. Annual subscription fees are recognised when the services are rendered.

- **Broker services**

Fees from broker services are recognised when the services are rendered.

**(ix) Other operating revenue**

Other operating revenue represents conference fees and exhibition-related income and are recognised when the events are held.

**(x) Other income**

- Accretion of discounts and amortisation of premiums on investments are recognised on an effective yield basis.
- Dividend income is recognised when the right to receive payment is established.
- Interest/profit income is recognised on an accrual basis that reflects the effective yield of the asset.
- Management fees are recognised when services are rendered.
- Rental income from the letting of office space and equipment is recognised on a straight-line basis over the terms of the rental agreements.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (o) Employee benefits

###### (i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised as a liability when they accrue to the employees. The estimated liability for paid annual leave is recognised for services rendered by employees up to the reporting date. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

###### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the period in which the related service is performed. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (EPF).

###### (iii) Defined benefit plan

The Group and the Company operate a funded, defined benefit retirement scheme (the Scheme) for its eligible employees. The Scheme was closed to new entrants effective 1 September 2003.

The Group's and the Company's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by an independent actuary, through which the amount of benefit that employees have earned in return for their services up to 1 September 2003 is estimated.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligation at each financial year end less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds and that have terms to maturity approximating to the terms of the pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Net interest is recognised in profit or loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (o) Employee benefits (cont'd.)

##### (iv) Share-based compensation

The Company's SGP (implemented on 18 April 2011), an equity-settled, share based compensation plan, allows eligible employees of the Group to be entitled to ordinary shares of the Company. The total fair value of shares granted to employees are recognised as an employee cost with a corresponding increase in the share grant reserve within equity over the vesting period while taking into account the probability that the shares will vest. The fair value of shares are measured at grant date, taking into account, if any, the market vesting conditions upon which the shares were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions in respect of the number of shares that are expected to be granted on vesting date.

At each financial year end, the Group and the Company revise the estimate of the number of shares that are expected to be granted on vesting date. The impact of revision of original estimates, if any, is recognised in profit or loss, and a corresponding adjustment made to equity over the remaining vesting period. The equity amount is recognised in the share grant reserve.

##### (v) Separation benefits

Separation benefits are payable when employment ceases before the normal retirement date or expiry of employment contract date due to the Company's decision. The Group and the Company recognise separation benefits as a liability and an expense when it is demonstrably committed to cease the employment of current employees according to a detailed plan without possibility of withdrawal. Benefits falling due more than 12-month after the financial year end are discounted to present value.

##### (p) Borrowing costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds or the lease liabilities.

##### (q) Income taxes

##### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, and accounted for either in other comprehensive income or directly in equity.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (q) Income taxes (cont'd.)

###### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### (r) Foreign currency

###### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (r) Foreign currency (cont'd.)

##### (ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each financial year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial year end. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the dates when the fair value was determined.

Exchange differences arising from the settlement of monetary items, or on translating monetary items at the financial year end are recognised in profit or loss, except exchange differences arising on monetary items that form part of the Group's net investment in foreign operations which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising from the translation of non-monetary items carried at fair value are not included in profit or loss for the period until their impairment or disposal.

##### (iii) Subsidiary with foreign currency as its functional currency

The results and financial position of a subsidiary that has a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the financial year end;
- Income and expenses for each statement of comprehensive income or separate statement of profit or loss presented are translated at average monthly exchange rates, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised directly in other comprehensive income. On disposal of a subsidiary with foreign currency as its functional currency, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular subsidiary is recognised in profit or loss.

##### (s) Contingencies

A contingent liability or asset is a possible obligation or benefit that arises from past events, and the existence of which will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

There are no contingent liabilities and assets recognised in the statements of financial position of the Group and of the Company in the current and previous financial years.

## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Summary of significant accounting policies (cont'd.)

##### (t) Zakat

The Group recognises its obligation towards the payment of zakat on business income in the statements of profit or loss. Zakat is an obligation under the Shariah principle and is calculated based on "Profit and Loss with adjustments method", as recommended by the Shariah Committee of Bursa Malaysia Islamic Services Sdn Bhd and approved by the Board of Directors of the Company.

#### 2.5 Significant accounting judgements and estimates

##### Key sources of estimation uncertainty

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

##### (a) Impairment of computer hardware, computer software, right-of-use assets and investment in subsidiaries

The Group and the Company review their computer hardware, computer software, right-of-use assets and investment in subsidiaries at each financial year end to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. The Group and the Company carry out the impairment test based on a variety of estimations including value-in-use of the CGUs to which the computer hardware, computer software, right-of-use assets and investment in subsidiaries are allocated to. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of computer hardware, computer software, right-of-use assets and investment in subsidiaries as at the financial year end are disclosed in Notes 13, 14, 15(a) and 17 respectively.

##### (b) Impairment of goodwill

The Group and the Company determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the financial year end is disclosed in Note 16.



## Notes to the Financial Statements

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.5 Significant accounting judgements and estimates (cont'd.)

##### Key sources of estimation uncertainty (cont'd.)

##### (c) Impairment of investment securities - debt securities

Investment securities - debt securities are reviewed and assessed at each financial year end on whether there is sufficient allowance for impairment loss provided.

The impairment review shall determine whether there is significant increase in credit risk since initial recognition of the investment securities - debt securities, such as from deterioration of the credit quality of the issuers or obligors and significant financial difficulties of the issuers or obligors.

The carrying amount of investment securities - debt securities as at the financial year end is disclosed in Note 18.

##### (d) Depreciation/amortisation of computer hardware, computer software and right-of-use assets

The cost of computer hardware, computer software and right-of-use assets is depreciated and amortised on a straight-line basis over the assets' useful lives. The Group and the Company estimate the useful lives of these assets to be between three to ten years. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised. The carrying amounts of computer hardware, computer software and right-of-use assets as at the financial year end are disclosed in Notes 13, 14 and 15(a) respectively.

##### (e) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unused capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances can be utilised. Significant judgement is required to determine the amounts of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The unutilised tax losses and unused capital allowances as at the financial year end are disclosed in Note 20.

##### (f) Defined benefit plan

The cost of the defined benefit plan and the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of salary increases and mortality rates. All assumptions are reviewed at each financial year end.

In determining the appropriate discount rate, the valuation is based on market yield of high quality corporate bonds with AA ratings and above with terms similar to the terms of the liabilities.

## Notes to the Financial Statements

31 December 2020

**3. OPERATING REVENUE**

|   | <b>Group</b>   |               |
|---|----------------|---------------|
|   | <b>2020</b>    | <b>2019</b>   |
|   | <b>RM'000</b>  | <b>RM'000</b> |
| Trade fees                                    | <b>51,377</b>  | 23,409        |
| Clearing fees (Note a)                        | <b>421,440</b> | 185,138       |
| Others  | <b>26,087</b>  | 24,293        |
| <b>Total Securities trading revenue</b>       | <b>498,904</b> | 232,840       |
| Trade fees                                    | <b>55,767</b>  | 41,435        |
| Clearing fees                                 | <b>24,274</b>  | 18,168        |
| Others  | <b>11,050</b>  | 12,665        |
| <b>Total Derivatives trading revenue</b>      | <b>91,091</b>  | 72,268        |
| Bursa Suq Al-Sila (BSAS) trading fees         | <b>13,083</b>  | 13,986        |
| Listing and issuer services                   | <b>57,026</b>  | 54,018        |
| Depository services                           | <b>49,226</b>  | 41,938        |
| Market data                                   | <b>48,142</b>  | 38,563        |
| Member services and connectivity              | <b>21,114</b>  | 21,499        |
| Conference fees and exhibition-related income | <b>219</b>     | 5,023         |
|   | <b>188,810</b> | 175,027       |
| <b>Total operating revenue (Note b)</b>       | <b>778,805</b> | 480,135       |
|   | <b>Company</b> |               |
|   | <b>2020</b>    | <b>2019</b>   |
|   | <b>RM'000</b>  | <b>RM'000</b> |
| Broker services                               | <b>7,741</b>   | 7,462         |
| Income from subsidiaries (Note 36(a)):        |                |               |
| - dividends                                   | <b>269,376</b> | 205,139       |
| - management fees                             | <b>180,258</b> | 149,555       |
| - office space rental                         | <b>4,918</b>   | 4,740         |
| - lease of computer equipment                 | <b>10,645</b>  | 10,768        |
| <b>Total operating revenue (Note c)</b>       | <b>472,938</b> | 377,664       |

- (a) Securities clearing fees of the Group are stated net of the amount paid and payable to the Securities Commission Malaysia of RM125,407,000 (2019: RM52,098,000).

## Notes to the Financial Statements

31 December 2020

**3. OPERATING REVENUE (CONT'D.)**

- (b) The following tables illustrate the Group's revenue as disaggregated by major services or products and provide a reconciliation of the disaggregated revenue with the Group's four major market segments as disclosed in Note 41. The table also includes the timing of revenue recognition.

|  | <b>Securities<br/>market<br/>RM'000</b> | <b>Derivatives<br/>market<br/>RM'000</b> | <b>Exchange<br/>holding<br/>company<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|---|--|--|--------------------------|-------------------------|
| <b>2020</b>                                    |   |  |  |                          |                         |
| Major services or products:                    |   |  |  |                          |                         |
| Securities trading revenue                     | 498,904                                 | -  | -  | -                        | 498,904                 |
| Derivatives trading revenue                    | -                                       | 91,091                                   | -  | -                        | 91,091                  |
| BSAS trading fees                              | -                                       | -  | -  | 13,083                   | 13,083                  |
| Listing and issuer services                    | 56,912                                  | -  | -  | 114                      | 57,026                  |
| Depository services                            | 49,226                                  | -  | -  | -                        | 49,226                  |
| Market data                                    | 36,343                                  | 11,362                                   | -  | 437                      | 48,142                  |
| Member services and connectivity               | 13,122                                  | 142                                      | 7,741  | 109                      | 21,114                  |
| Conferences fees and exhibition-related income | -                                       | 219                                      | -  | -                        | 219                     |
|  | <b>654,507</b>                          | <b>102,814</b>                           | <b>7,741</b>                                       | <b>13,743</b>            | <b>778,805</b>          |
| Timing of revenue recognition:                 |   |  |  |                          |                         |
| - at a point in time                           | 592,667                                 | 95,204                                   | -  | 13,185                   | 701,056                 |
| - over time                                    | 61,840                                  | 7,610                                    | 7,741  | 558                      | 77,749                  |
|  | <b>654,507</b>                          | <b>102,814</b>                           | <b>7,741</b>                                       | <b>13,743</b>            | <b>778,805</b>          |
| <b>2019</b>                                    |   |  |  |                          |                         |
| Major services or products:                    |   |  |  |                          |                         |
| Securities trading revenue                     | 232,840                                 | -  | -  | -                        | 232,840                 |
| Derivatives trading revenue                    | -                                       | 72,268                                   | -  | -                        | 72,268                  |
| BSAS trading fees                              | -                                       | -  | -  | 13,986                   | 13,986                  |
| Listing and issuer services                    | 53,892                                  | -  | -  | 126                      | 54,018                  |
| Depository services                            | 41,938                                  | -  | -  | -                        | 41,938                  |
| Market data                                    | 29,927                                  | 8,427                                    | -  | 209                      | 38,563                  |
| Member services and connectivity               | 13,650                                  | 261                                      | 7,462  | 126                      | 21,499                  |
| Conferences fees and exhibition-related income | -                                       | 5,023                                    | -  | -                        | 5,023                   |
|  | <b>372,247</b>                          | <b>85,979</b>                            | <b>7,462</b>                                       | <b>14,447</b>            | <b>480,135</b>          |
| Timing of revenue recognition:                 |   |  |  |                          |                         |
| - at a point in time                           | 313,974                                 | 81,015                                   | -  | 14,121                   | 409,110                 |
| - over time                                    | 58,273                                  | 4,964                                    | 7,462  | 326                      | 71,025                  |
|  | <b>372,247</b>                          | <b>85,979</b>                            | <b>7,462</b>                                       | <b>14,447</b>            | <b>480,135</b>          |

- (c) The Company recognises all of its revenue over time upon satisfaction of performance obligations, except for dividend income from subsidiaries which are recognised at a point in time.

## Notes to the Financial Statements

31 December 2020

**4. OTHER INCOME**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Interest/profit income from:                    |                |                |                |                |
| - deposits with licensed financial institutions | <b>12,207</b>  | 12,563         | <b>1,459</b>   | 1,179          |
| - investment securities                         | <b>2,165</b>   | 2,938          | <b>4</b>       | 30             |
| - others  | <b>64</b>      | 86             | <b>60</b>      | 81             |
| Dividend income                                 | <b>3,249</b>   | 4,281          | <b>3,249</b>   | 4,281          |
| Grant income (Note 31(a))                       | <b>950</b>     | 979            | <b>819</b>     | 847            |
| Net gain/(loss) on disposals of:                |                |                |                |                |
| - motor vehicles (Note a)                       | <b>69</b>      | (269)          | <b>69</b>      | (269)          |
| - computer hardware                             | -              | 46             | -              | 46             |
| - investment securities                         | -              | 104            | -              | -              |
| Rental income                                   | <b>1,189</b>   | 1,311          | <b>1,189</b>   | 1,311          |
| Miscellaneous income                            | <b>275</b>     | 315            | <b>273</b>     | 297            |
|   | <b>20,168</b>  | 22,354         | <b>7,122</b>   | 7,803          |

(a) In the previous financial year, included within the net gain/(loss) on disposals of motor vehicles of the Group and of the Company was a net loss of RM278,000 which arose from the disposals of motor vehicles to a former Chairman and the former Chief Executive Officer of the Company.

**5. STAFF COSTS**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Wages and salaries   | <b>86,569</b>  | 89,007         | <b>82,085</b>  | 84,089         |
| Bonus  | <b>38,061</b>  | 16,043         | <b>36,648</b>  | 15,422         |
| Contributions to a defined contribution plan - EPF                 | <b>17,833</b>  | 15,854         | <b>17,342</b>  | 15,438         |
| Social security contributions                                      | <b>539</b>     | 545            | <b>521</b>     | 530            |
| Provision for short-term accumulating compensated unutilised leave | <b>191</b>     | 27             | <b>146</b>     | 94             |
| Retirement benefit obligations (Note 30(a))                        | <b>652</b>     | 842            | <b>652</b>     | 842            |
| SGP expense  | <b>1,031</b>   | 3,423          | <b>1,010</b>   | 3,501          |
| Separation benefits  | <b>3,840</b>   | -              | <b>3,840</b>   | -              |
| Other benefits   | <b>6,880</b>   | 7,976          | <b>6,790</b>   | 7,635          |
|  | <b>155,596</b> | 133,717        | <b>149,034</b> | 127,551        |

Included in staff costs of the Group and of the Company are the remuneration expenses for the Executive Directors' remuneration of RM2,117,000 (2019: RM2,246,000), as disclosed in Note 9.

## Notes to the Financial Statements

31 December 2020

**6. DEPRECIATION AND AMORTISATION**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Depreciation of property, plant and equipment (Note 13) | <b>12,256</b>  | 11,218         | <b>12,254</b>  | 11,216         |
| Amortisation of computer software (Note 14)             | <b>9,028</b>   | 9,447          | <b>7,203</b>   | 7,748          |
| Depreciation of right-of-use assets (Note 15(a))        | <b>111</b>     | 111            | <b>111</b>     | 111            |
|   | <b>21,395</b>  | 20,776         | <b>19,568</b>  | 19,075         |

**7. OTHER OPERATING EXPENSES**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Administrative expenses                                   | <b>6,981</b>   | 6,280          | <b>6,658</b>   | 5,961          |
| Amortisation of premium/(Accretion of discount), net      | <b>2</b>       | (2)            | -              | -              |
| Auditors' remuneration:                                   |                |                |                |                |
| - statutory audit   | <b>412</b>     | 389            | <b>96</b>      | 91             |
| - assurance-related services (Note a)                     | <b>103</b>     | 147            | <b>103</b>     | 73             |
| - other services (Note b)                                 | <b>169</b>     | 108            | <b>109</b>     | 48             |
| Building management costs:                                |                |                |                |                |
| - office rental   | <b>83</b>      | 83             | <b>83</b>      | 83             |
| - upkeep and maintenance                                  | <b>11,390</b>  | 11,178         | <b>11,388</b>  | 11,178         |
| Central Depository System (CDS) consumables               | <b>3,572</b>   | 1,979          | <b>3,572</b>   | 1,979          |
| Net impairment losses/(reversal of impairment losses) on: |                |                |                |                |
| - computer software (Note 14)                             | -              | 3,300          | -              | 3,300          |
| - investment securities (Note 37(e))                      | <b>(51)</b>    | (89)           | <b>1</b>       | (23)           |
| - trade and other receivables                             | <b>563</b>     | 605            | <b>124</b>     | (52)           |
| - amount due from subsidiary                              | -              | -              | <b>4</b>       | 9              |
| Marketing and development expenses                        | <b>5,796</b>   | 14,908         | <b>3,357</b>   | 7,830          |
| Net loss on foreign exchange differences                  | <b>993</b>     | 624            | <b>137</b>     | 428            |
| Professional fees   | <b>13,732</b>  | 2,862          | <b>12,212</b>  | 2,738          |
| Lease of equipment  | <b>219</b>     | 210            | <b>210</b>     | 201            |
| Technology charges:                                       |                |                |                |                |
| - information technology maintenance                      | <b>23,821</b>  | 19,944         | <b>21,624</b>  | 17,747         |
| - service fees  | <b>22,506</b>  | 19,974         | -              | -              |
| Others (Note c)   | <b>24,516</b>  | 9,197          | <b>9,401</b>   | 7,716          |
|   | <b>114,807</b> | 91,697         | <b>69,079</b>  | 59,307         |

(a) Assurance-related services rendered are in respect of annual review of the statement on internal control and risk management, quarterly limited reviews performed for the Group, agreed-upon-procedures, the special audit and review services performed in the previous financial year for the purpose of the acquisition of the remaining 25% equity interest in Bursa Malaysia Derivatives Berhad.

(b) Other services rendered are in respect of tax compliance and tax advisory services.

(c) Others include Non-executive Directors' remuneration as disclosed in Note 9, and donations and sponsorships.

## Notes to the Financial Statements

31 December 2020

**8. FINANCE COSTS**

|  | Group and Company |                |
|--|-------------------|----------------|
|  | 2020<br>RM'000    | 2019<br>RM'000 |
| Interest expense on lease liabilities (Note 15(b)) | 538               | 534            |

**9. DIRECTORS' REMUNERATION**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Executive Directors' remuneration:</b>                |                |                |                |                |
| - salaries and other emoluments                          | 1,903          | 1,998          | 1,903          | 1,998          |
| - defined contribution plan - EPF                        | 214            | 248            | 214            | 248            |
|  | 2,117          | 2,246          | 2,117          | 2,246          |
| - estimated monetary value of benefits-in-kind           | 35             | 70             | 35             | 70             |
|  | 2,152          | 2,316          | 2,152          | 2,316          |
| <b>Non-executive Directors' remuneration:</b>            |                |                |                |                |
| - fees   | 1,789          | 1,620          | 1,789          | 1,620          |
| - other emoluments                                       | 1,915          | 1,884          | 1,893          | 1,766          |
|  | 3,704          | 3,504          | 3,682          | 3,386          |
| - estimated monetary value of benefits-in-kind           | -              | 29             | -              | 29             |
|  | 3,704          | 3,533          | 3,682          | 3,415          |
| Total Directors' remuneration                            | 5,856          | 5,849          | 5,834          | 5,731          |
| Total Directors' remuneration excluding benefits-in-kind | 5,821          | 5,750          | 5,799          | 5,632          |
| Estimated monetary value of benefits-in-kind             | 35             | 99             | 35             | 99             |
| Total Directors' remuneration including benefits-in-kind | 5,856          | 5,849          | 5,834          | 5,731          |

## Notes to the Financial Statements

31 December 2020

## 9. DIRECTORS' REMUNERATION (CONT'D.)

| Group  | 2020                      |   | 2019                      |   |
|--|---------------------------|---|---------------------------|---|
|  | Directors' fees<br>RM'000 | Other allowances<br>(Note a)/<br>salaries<br>RM'000 | Directors' fees<br>RM'000 | Other allowances<br>(Note a)/<br>salaries<br>RM'000 |
| Tan Sri Abdul Wahid bin Omar <sup>(1)</sup>              | 200                       | 579   | -                         | -   |
| Datuk Muhamad Umar Swift                                 | -                         | 2,152   | -                         | 1,517   |
| Datuk Karownikaran @ Karunikaran a/l Ramasamy            | 200                       | 182   | 200                       | 167   |
| Pushpanathan a/l S.A. Kanagarayar                        | 200                       | 157   | 200                       | 156   |
| Datin Grace Yeoh Cheng Geok                              | 200                       | 172   | 200                       | 180   |
| Chong Chye Neo   | 200                       | 121   | 200                       | 107   |
| Uji Sherina binti Abdullah                               | 200                       | 165   | 24                        | 31  |
| Dato' Anad Krishnan a/l Muthusamy <sup>(2)</sup>         | 138                       | 84  | -                         | -   |
| Sharifatu Laila binti Syed Ali <sup>(3)</sup>            | 50                        | 30  | -                         | -   |
| Syed Ari Azhar bin Syed Mohamed Adlan <sup>(4)</sup>     | 25                        | 11  | -                         | -   |
| Datuk Bazlan bin Osman <sup>(4)</sup>                    | 25                        | 12  | -                         | -   |
| Johari bin Abdul Muid <sup>(5)</sup>                     | 50                        | 34  | 200                       | 204   |
| Professor Joseph Cherian <sup>(6)</sup>                  | 67                        | 13  | -                         | -   |
| Datuk Shireen Ann Zaharah binti Muhiudeen <sup>(7)</sup> | 100                       | 277   | 250                       | 670   |
| Datin Mariam Prudence binti Yusof <sup>(7)</sup>         | 67                        | 44  | 200                       | 181   |
| Dato' Wan Kamaruzaman bin Wan Ahmad <sup>(8)</sup>       | 67                        | 34  | -                         | -   |
| Datuk Seri Tajuddin bin Atan                             | -                         | -   | -                         | 799   |
| Tan Sri Amirsham bin A Aziz                              | -                         | -   | 50                        | 156   |
| Datuk Chay Wai Leong                                     | -                         | -   | 48                        | 34  |
| Ghazali bin Haji Darman                                  | -                         | -   | 48                        | 27  |
|  | <b>1,789</b>              | <b>4,067</b>  | 1,620                     | 4,229   |

<sup>(1)</sup> Appointed on 1 May 2020.<sup>(5)</sup> Retired on 1 April 2020.<sup>(2)</sup> Appointed on 23 April 2020.<sup>(6)</sup> Retired on 29 April 2020.<sup>(3)</sup> Appointed on 1 October 2020.<sup>(7)</sup> Retired on 1 May 2020.<sup>(4)</sup> Appointed on 16 November 2020.<sup>(8)</sup> Appointed on 1 September 2020 and resigned on 31 December 2020.

- (a) Other allowances comprise the Chairman's allowances and meeting allowances which vary from one Director to another, depending on the number of committees they sit on and the number of meetings attended by them during the year.

## Notes to the Financial Statements

31 December 2020

## 9. DIRECTORS' REMUNERATION (CONT'D.)

| Company  | 2020                      |   | 2019                      |   |
|--|---------------------------|---|---------------------------|---|
|  | Directors' fees<br>RM'000 | Other allowances<br>(Note a)/<br>salaries<br>RM'000 | Directors' fees<br>RM'000 | Other allowances<br>(Note a)/<br>salaries<br>RM'000 |
| Tan Sri Abdul Wahid bin Omar <sup>(1)</sup>              | 200                       | 579   | -                         | -   |
| Datuk Muhamad Umar Swift                                 | -                         | 2,152   | -                         | 1,517   |
| Datuk Karownikaran @ Karunikaran a/l Ramasamy            | 200                       | 182   | 200                       | 167   |
| Pushpanathan a/l S.A. Kanagarayar                        | 200                       | 157   | 200                       | 156   |
| Datin Grace Yeoh Cheng Geok                              | 200                       | 158   | 200                       | 129   |
| Chong Chye Neo   | 200                       | 121   | 200                       | 107   |
| Uji Sherina binti Abdullah                               | 200                       | 165   | 24                        | 31  |
| Dato' Anad Krishnan a/l Muthusamy <sup>(2)</sup>         | 138                       | 84  | -                         | -   |
| Sharifatu Laila binti Syed Ali <sup>(3)</sup>            | 50                        | 30  | -                         | -   |
| Syed Ari Azhar bin Syed Mohamed Adlan <sup>(4)</sup>     | 25                        | 11  | -                         | -   |
| Datuk Bazlan bin Osman <sup>(4)</sup>                    | 25                        | 12  | -                         | -   |
| Johari bin Abdul Muid <sup>(5)</sup>                     | 50                        | 26  | 200                       | 137   |
| Professor Joseph Cherian <sup>(6)</sup>                  | 67                        | 13  | -                         | -   |
| Datuk Shireen Ann Zaharah binti Muhiudeen <sup>(7)</sup> | 100                       | 277   | 250                       | 670   |
| Datin Mariam Prudence binti Yusof <sup>(7)</sup>         | 67                        | 44  | 200                       | 181   |
| Dato' Wan Kamaruzaman bin Wan Ahmad <sup>(8)</sup>       | 67                        | 34  | -                         | -   |
| Datuk Seri Tajuddin bin Atan                             | -                         | -   | -                         | 799   |
| Tan Sri Amirsham bin A Aziz                              | -                         | -   | 50                        | 156   |
| Datuk Chay Wai Leong                                     | -                         | -   | 48                        | 34  |
| Ghazali bin Haji Darman                                  | -                         | -   | 48                        | 27  |
|  | <b>1,789</b>              | <b>4,045</b>  | 1,620                     | 4,111   |

<sup>(1)</sup> Appointed on 1 May 2020.<sup>(5)</sup> Retired on 1 April 2020.<sup>(2)</sup> Appointed on 23 April 2020.<sup>(6)</sup> Retired on 29 April 2020.<sup>(3)</sup> Appointed on 1 October 2020.<sup>(7)</sup> Retired on 1 May 2020.<sup>(4)</sup> Appointed on 16 November 2020.<sup>(8)</sup> Appointed on 1 September 2020 and resigned on 31 December 2020.

- (a) Other allowances comprise the Chairman's allowances and meeting allowances which vary from one Director to another, depending on the number of committees they sit on and the number of meetings attended by them during the year.



## Notes to the Financial Statements

31 December 2020

## 10. TAXATION AND ZAKAT

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Income tax:   |                |                |                |                |
| Current year provision  | <b>133,836</b> | 68,767         | <b>439</b>     | -              |
| Under/(Over) provision of tax in previous year                | <b>66</b>      | (159)          | -              | 63             |
|   | <b>133,902</b> | 68,608         | <b>439</b>     | 63             |
| Deferred tax (Note 20):                                       |                |                |                |                |
| Relating to origination and reversal of temporary differences | <b>(5,868)</b> | (2,307)        | <b>(4,070)</b> | (1,248)        |
| Under/(Over) provision of tax in previous year                | <b>189</b>     | (94)           | <b>174</b>     | (329)          |
|   | <b>(5,679)</b> | (2,401)        | <b>(3,896)</b> | (1,577)        |
| Total taxation  | <b>128,223</b> | 66,207         | <b>(3,457)</b> | (1,514)        |
| Zakat   | <b>667</b>     | -              | -              | -              |
| Total taxation and zakat                                      | <b>128,890</b> | 66,207         | <b>(3,457)</b> | (1,514)        |

- (a) Income tax is calculated at the Malaysian statutory tax rate of the estimated assessable profit for the year. A reconciliation of income tax expense applicable to profit before tax and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

|  | Group          |                | Company         |                |
|--|----------------|----------------|-----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000  | 2019<br>RM'000 |
| Accounting profit before tax and zakat   | <b>506,637</b> | 255,765        | <b>241,841</b>  | 179,000        |
| Taxation at Malaysian statutory tax rate of 24% (2019: 24%)                            | <b>121,593</b> | 61,384         | <b>58,042</b>   | 42,960         |
| Deferred tax assets not recognised in respect of current year's:                       |                |                |                 |                |
| - tax losses   | -              | 1,882          | -               | 1,881          |
| - capital allowances   | <b>863</b>     | 455            | <b>863</b>      | 455            |
| Deferred tax assets recognised on previous year's unutilised tax losses                | <b>(134)</b>   | -              | <b>(134)</b>    | -              |
| Effect of:   |                |                |                 |                |
| - tax rate of 3% (2019: 3%) on profit before tax for subsidiary incorporated in Labuan | -              | (21)           | -               | -              |
| - expenses not deductible for tax purposes   | <b>6,363</b>   | 3,753          | <b>3,028</b>    | 3,720          |
| - income not subject to tax  | <b>(717)</b>   | (993)          | <b>(65,430)</b> | (50,264)       |
| Under/(Over) provision of tax in previous year:  |                |                |                 |                |
| - income tax   | <b>66</b>      | (159)          | -               | 63             |
| - deferred tax   | <b>189</b>     | (94)           | <b>174</b>      | (329)          |
| Total taxation   | <b>128,223</b> | 66,207         | <b>(3,457)</b>  | (1,514)        |

In the previous financial year, the Group and the Company have tax savings of RM1,742,000 arising from the utilisation of tax losses.

## Notes to the Financial Statements

31 December 2020

**11. EARNINGS PER SHARE (EPS)****(a) Basic EPS**

Basic EPS is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

|  | <b>Group</b>   |             |
|--|----------------|-------------|
|  | <b>2020</b>    | <b>2019</b> |
| Profit for the year attributable to owners of the Company (RM'000) | <b>377,747</b> | 185,855     |
| Weighted average number of ordinary shares in issue ('000)         | <b>808,749</b> | 807,962     |
| Basic EPS (sen)  | <b>46.7</b>    | 23.0        |

**(b) Diluted EPS**

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the financial year has been adjusted for the dilutive effects of ordinary shares issued to employees under the SGP and potential ordinary shares which may arise from the SGP grants which have not been vested as at the end of the year.

|  | <b>Group</b>   |             |
|--|----------------|-------------|
|  | <b>2020</b>    | <b>2019</b> |
| Profit for the year attributable to owners of the Company (RM'000)               | <b>377,747</b> | 185,855     |
| Weighted average number of ordinary shares in issue ('000)                       | <b>808,749</b> | 807,962     |
| Effects of dilution of share grants ('000)                                       | <b>586</b>     | 1,461       |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | <b>809,335</b> | 809,423     |
| Diluted EPS (sen)  | <b>46.7</b>    | 23.0        |

## Notes to the Financial Statements

31 December 2020

**12. DIVIDENDS**

|  | Dividends<br>in respect of the year |         | Dividends<br>recognised in year |         |
|--|-------------------------------------|---------|---------------------------------|---------|
|  | 2020                                | 2019    | 2020                            | 2019    |
|  | RM'000                              | RM'000  | RM'000                          | RM'000  |
| <b>Single-tier interim dividends</b>   |                                     |         |                                 |         |
| 17.0 sen per share on 809,027,000 ordinary shares                              | <b>137,535</b>                      | -       | <b>137,535</b>                  | -       |
| 10.4 sen per share on 808,503,000 ordinary shares                              | -                                   | 84,084  | -                               | 84,084  |
| <b>Single-tier final dividend</b>  |                                     |         |                                 |         |
| 10.4 sen per share on 808,503,000 ordinary shares                              | -                                   | 84,084  | <b>84,084</b>                   | -       |
| <b>Single-tier second interim dividend</b>                                     |                                     |         |                                 |         |
| 11.6 sen per share on 807,475,000 ordinary shares, in respect of the year 2018 | -                                   | -       | -                               | 93,667  |
|  | <b>137,535</b>                      | 168,168 | <b>221,619</b>                  | 177,751 |

On 2 February 2021, the Board of Directors approved and declared a single-tier final dividend of 26.0 sen per share and a single-tier special dividend of 8.0 sen per share in respect of the financial year ended 31 December 2020. The final dividend amounting to approximately RM210,347,000 and special dividend amounting to approximately RM64,722,000 will be payable on 3 March 2021. The dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

## Notes to the Financial Statements

31 December 2020

**13. PROPERTY, PLANT AND EQUIPMENT**

| Group  | Note | Buildings and office lots (Note a)<br>RM'000 | Office equipment, furniture and fittings<br>RM'000 | Computers and office automation<br>RM'000 | Motor vehicles<br>RM'000 | Projects-in-progress<br>RM'000 | Total<br>RM'000 |
|--|------|--|--|---|--------------------------|--------------------------------|-----------------|
| <b>As at 31 December 2020</b>                  |      |  |  |   |                          |                                |                 |
| <b>Cost</b>                                    |      |  |  |   |                          |                                |                 |
| At 1 January 2020                              |      | 330,262                                      | 35,691   | 50,642                                    | 1,414                    | -                              | 418,009         |
| Additions                                      |      | 879  | 888  | 4,225                                     | -                        | 3,418                          | 9,410           |
| Disposals                                      |      | -  | -  | (3)                                       | (254)                    | -                              | (257)           |
| Write-offs                                     |      | -  | (271)  | -   | -                        | -                              | (271)           |
| Exchange rate differences                      |      | (4)  | (1)  | (28)                                      | -                        | -                              | (33)            |
| At 31 December 2020                            |      | 331,137                                      | 36,307   | 54,836                                    | 1,160                    | 3,418                          | 426,858         |
| <b>Accumulated depreciation</b>                |      |  |  |   |                          |                                |                 |
| At 1 January 2020                              |      | 173,631                                      | 32,937   | 43,743                                    | 748                      | -                              | 251,059         |
| Depreciation charge for the year               | 6    | 7,367  | 1,134  | 3,597                                     | 158                      | -                              | 12,256          |
| Disposals                                      |      | -  | -  | (3)                                       | (254)                    | -                              | (257)           |
| Write-offs                                     |      | -  | (271)  | -   | -                        | -                              | (271)           |
| Exchange rate differences                      |      | (4)  | (1)  | (28)                                      | -                        | -                              | (33)            |
| At 31 December 2020                            |      | 180,994                                      | 33,799   | 47,309                                    | 652                      | -                              | 262,754         |
| <b>Net carrying amount at 31 December 2020</b> |      |  |  |   |                          |                                |                 |
|  |      | 150,143                                      | 2,508  | 7,527                                     | 508                      | 3,418                          | 164,104         |

## Notes to the Financial Statements

31 December 2020

**13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

| <b>Group</b>                                       | <b>Note</b> | <b>Buildings<br/>and<br/>office lots<br/>(Note a)<br/>RM'000</b> | <b>Office<br/>equipment,<br/>furniture<br/>and<br/>fittings<br/>RM'000</b> | <b>Computers<br/>and office<br/>automation<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Projects-in-<br/>progress<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------|--|--|---|--------------------------------------|---|-------------------------|
| <b>As at 31 December 2019</b>                      |             |  |  |   |                                      |   |                         |
| <b>Cost</b>  |             |  |  |   |                                      |   |                         |
| At 1 January 2019                                  |             | 328,613  | 34,576   | 51,054  | 1,846                                | 239   | 416,328                 |
| Additions  |             | 1,652  | 1,192  | 3,646   | 791                                  | -   | 7,281                   |
| Reclassifications                                  |             | -  | -  | 239   | -                                    | (239)                                       | -                       |
| Disposals  |             | -  | -  | (1,940)   | (1,223)                              | -   | (3,163)                 |
| Write-offs   |             | -  | (76)   | (2,340)   | -                                    | -   | (2,416)                 |
| Exchange rate differences                          |             | (3)  | (1)  | (17)  | -                                    | -   | (21)                    |
| At 31 December 2019                                |             | 330,262  | 35,691   | 50,642  | 1,414                                | -   | 418,009                 |
| <b>Accumulated depreciation</b>                    |             |  |  |   |                                      |   |                         |
| At 1 January 2019                                  |             | 166,300  | 31,932   | 45,368  | 1,304                                | -   | 244,904                 |
| Depreciation charge for the<br>year                | 6           | 7,334  | 1,082  | 2,657   | 145                                  | -   | 11,218                  |
| Disposals  |             | -  | -  | (1,925)   | (701)                                | -   | (2,626)                 |
| Write-offs   |             | -  | (76)   | (2,340)   | -                                    | -   | (2,416)                 |
| Exchange rate differences                          |             | (3)  | (1)  | (17)  | -                                    | -   | (21)                    |
| At 31 December 2019                                |             | 173,631  | 32,937   | 43,743  | 748                                  | -   | 251,059                 |
| <b>Net carrying amount at<br/>31 December 2019</b> |             |  |  |   |                                      |   |                         |
|  |             | 156,631  | 2,754  | 6,899   | 666                                  | -   | 166,950                 |

## Notes to the Financial Statements

31 December 2020

**13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

| <b>Company</b>                                 | <b>Note</b> | <b>Buildings and office lots (Note a)<br/>RM'000</b> | <b>Office equipment, furniture and fittings<br/>RM'000</b> | <b>Computers and office automation<br/>RM'000</b> | <b>Motor vehicles<br/>RM'000</b> | <b>Projects-in-progress<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------|--|--|---|----------------------------------|--|-------------------------|
| <b>As at 31 December 2020</b>                  |             |  |  |   |                                  |  |                         |
| <b>Cost</b>                                    |             |  |  |   |                                  |  |                         |
| At 1 January 2020                              |             | 329,945  | 35,247   | 50,622  | 1,236                            | -                                      | 417,050                 |
| Additions                                      |             | 879  | 888  | 4,225   | -                                | 3,418                                  | 9,410                   |
| Disposals                                      |             | -  | -  | (3)   | (254)                            | -                                      | (257)                   |
| Write-offs                                     |             | -  | (271)  | -   | -                                | -                                      | (271)                   |
| At 31 December 2020                            |             | 330,824  | 35,864   | 54,844  | 982                              | 3,418                                  | 425,932                 |
| <b>Accumulated depreciation</b>                |             |  |  |   |                                  |  |                         |
| At 1 January 2020                              |             | 173,314  | 32,495   | 43,724  | 571                              | -                                      | 250,104                 |
| Depreciation charge for the year               | 6           | 7,367  | 1,133  | 3,596   | 158                              | -                                      | 12,254                  |
| Disposals                                      |             | -  | -  | (3)   | (254)                            | -                                      | (257)                   |
| Write-offs                                     |             | -  | (271)  | -   | -                                | -                                      | (271)                   |
| At 31 December 2020                            |             | 180,681  | 33,357   | 47,317  | 475                              | -                                      | 261,830                 |
| <b>Net carrying amount at 31 December 2020</b> |             |  |  |   |                                  |  |                         |
|  |             | 150,143  | 2,507  | 7,527   | 507                              | 3,418                                  | 164,102                 |

## Notes to the Financial Statements

31 December 2020

**13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

| <b>Company</b>                                     | <b>Note</b> | <b>Buildings<br/>and<br/>office lots<br/>(Note a)<br/>RM'000</b> | <b>Office<br/>equipment,<br/>furniture<br/>and<br/>fittings<br/>RM'000</b> | <b>Computers<br/>and office<br/>automation<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Projects-in-<br/>progress<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-------------|--|--|---|--------------------------------------|---|-------------------------|
| <b>As at 31 December 2019</b>                      |             |  |  |   |                                      |   |                         |
| <b>Cost</b>  |             |  |  |   |                                      |   |                         |
| At 1 January 2019                                  |             | 328,293  | 34,131   | 50,971  | 1,668                                | 239   | 415,302                 |
| Additions  |             | 1,652  | 1,192  | 3,646   | 791                                  | -   | 7,281                   |
| Reclassifications                                  |             | -  | -  | 239   | -                                    | (239)                                       | -                       |
| Disposals  |             | -  | -  | (1,940)   | (1,223)                              | -   | (3,163)                 |
| Write-offs   |             | -  | (76)   | (2,294)   | -                                    | -   | (2,370)                 |
| At 31 December 2019                                |             | 329,945  | 35,247   | 50,622  | 1,236                                | -   | 417,050                 |
| <b>Accumulated depreciation</b>                    |             |  |  |   |                                      |   |                         |
| At 1 January 2019                                  |             | 165,980  | 31,490   | 45,287  | 1,127                                | -   | 243,884                 |
| Depreciation charge for the<br>year                | 6           | 7,334  | 1,081  | 2,656   | 145                                  | -   | 11,216                  |
| Disposals  |             | -  | -  | (1,925)   | (701)                                | -   | (2,626)                 |
| Write-offs   |             | -  | (76)   | (2,294)   | -                                    | -   | (2,370)                 |
| At 31 December 2019                                |             | 173,314  | 32,495   | 43,724  | 571                                  | -   | 250,104                 |
| <b>Net carrying amount at<br/>31 December 2019</b> |             |  |  |   |                                      |   |                         |
|  |             | 156,631  | 2,752  | 6,898   | 665                                  | -   | 166,946                 |

## Notes to the Financial Statements

31 December 2020

**13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)****(a) Buildings and office lots**

| <b>Group</b>                                   | <b>Buildings<br/>RM'000</b> | <b>Office lots<br/>RM'000</b> | <b>Renovations<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|-----------------------------|-------------------------------|-------------------------------|-------------------------|
| <b>As at 31 December 2020</b>                  |                             |                               |                               |                         |
| <b>Cost</b>                                    |                             |                               |                               |                         |
| At 1 January 2020                              | 285,960                     | 19,862                        | 24,440                        | 330,262                 |
| Additions                                      | -                           | -                             | 879                           | 879                     |
| Exchange rate differences                      | -                           | -                             | (4)                           | (4)                     |
| At 31 December 2020                            | 285,960                     | 19,862                        | 25,315                        | 331,137                 |
| <b>Accumulated depreciation</b>                |                             |                               |                               |                         |
| At 1 January 2020                              | 141,158                     | 12,144                        | 20,329                        | 173,631                 |
| Depreciation charge for the year               | 5,242                       | 281                           | 1,844                         | 7,367                   |
| Exchange rate differences                      | -                           | -                             | (4)                           | (4)                     |
| At 31 December 2020                            | 146,400                     | 12,425                        | 22,169                        | 180,994                 |
| <b>Net carrying amount at 31 December 2020</b> | <b>139,560</b>              | <b>7,437</b>                  | <b>3,146</b>                  | <b>150,143</b>          |
| <b>As at 31 December 2019</b>                  |                             |                               |                               |                         |
| <b>Cost</b>                                    |                             |                               |                               |                         |
| At 1 January 2019                              | 285,960                     | 19,862                        | 22,791                        | 328,613                 |
| Additions                                      | -                           | -                             | 1,652                         | 1,652                   |
| Exchange rate differences                      | -                           | -                             | (3)                           | (3)                     |
| At 31 December 2019                            | 285,960                     | 19,862                        | 24,440                        | 330,262                 |
| <b>Accumulated depreciation</b>                |                             |                               |                               |                         |
| At 1 January 2019                              | 135,916                     | 11,863                        | 18,521                        | 166,300                 |
| Depreciation charge for the year               | 5,242                       | 281                           | 1,811                         | 7,334                   |
| Exchange rate differences                      | -                           | -                             | (3)                           | (3)                     |
| At 31 December 2019                            | 141,158                     | 12,144                        | 20,329                        | 173,631                 |
| <b>Net carrying amount at 31 December 2019</b> | <b>144,802</b>              | <b>7,718</b>                  | <b>4,111</b>                  | <b>156,631</b>          |



## Notes to the Financial Statements

31 December 2020

**13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)****(a) Buildings and office lots (cont'd.)**

| Company  | Buildings<br>RM'000 | Office lots<br>RM'000 | Renovations<br>RM'000 | Total<br>RM'000 |
|--|---------------------|-----------------------|-----------------------|-----------------|
| <b>As at 31 December 2020</b>                  |                     |                       |                       |                 |
| <b>Cost</b>                                    |                     |                       |                       |                 |
| At 1 January 2020                              | 285,960             | 19,862                | 24,123                | 329,945         |
| Additions                                      | -                   | -                     | 879                   | 879             |
| At 31 December 2020                            | <b>285,960</b>      | <b>19,862</b>         | <b>25,002</b>         | <b>330,824</b>  |
| <b>Accumulated depreciation</b>                |                     |                       |                       |                 |
| At 1 January 2020                              | 141,158             | 12,144                | 20,012                | 173,314         |
| Depreciation charge for the year               | 5,242               | 281                   | 1,844                 | 7,367           |
| At 31 December 2020                            | <b>146,400</b>      | <b>12,425</b>         | <b>21,856</b>         | <b>180,681</b>  |
| <b>Net carrying amount at 31 December 2020</b> | <b>139,560</b>      | <b>7,437</b>          | <b>3,146</b>          | <b>150,143</b>  |
| <b>As at 31 December 2019</b>                  |                     |                       |                       |                 |
| <b>Cost</b>                                    |                     |                       |                       |                 |
| At 1 January 2019                              | 285,960             | 19,862                | 22,471                | 328,293         |
| Additions                                      | -                   | -                     | 1,652                 | 1,652           |
| At 31 December 2019                            | 285,960             | 19,862                | 24,123                | 329,945         |
| <b>Accumulated depreciation</b>                |                     |                       |                       |                 |
| At 1 January 2019                              | 135,916             | 11,863                | 18,201                | 165,980         |
| Depreciation charge for the year               | 5,242               | 281                   | 1,811                 | 7,334           |
| At 31 December 2019                            | 141,158             | 12,144                | 20,012                | 173,314         |
| <b>Net carrying amount at 31 December 2019</b> | <b>144,802</b>      | <b>7,718</b>          | <b>4,111</b>          | <b>156,631</b>  |

## Notes to the Financial Statements

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## 14. COMPUTER SOFTWARE

| Group   | Note | Implemented projects<br>RM'000 | Projects-in-progress<br>RM'000 | Total<br>RM'000 |
|---|------|--------------------------------|--------------------------------|-----------------|
| <b>As at 31 December 2020</b>                       |      |                                |                                |                 |
| <b>Cost</b>   |      |                                |                                |                 |
| At 1 January 2020                                   |      | 133,287                        | 7,376                          | 140,663         |
| Additions   |      | 1,643                          | 774                            | 2,417           |
| Reclassifications                                   |      | 3,531                          | (3,531)                        | -               |
| Write-offs  |      | (1,746)                        | -                              | (1,746)         |
| At 31 December 2020                                 |      | 136,715                        | 4,619                          | 141,334         |
| <b>Accumulated amortisation and impairment loss</b> |      |                                |                                |                 |
| At 1 January 2020                                   |      | 97,421                         | 3,300                          | 100,721         |
| Amortisation charge for the year                    | 6    | 9,028                          | -                              | 9,028           |
| Write-offs  |      | (1,746)                        | -                              | (1,746)         |
| At 31 December 2020                                 |      | 104,703                        | 3,300                          | 108,003         |
| <b>Net carrying amount at 31 December 2020</b>      |      | <b>32,012</b>                  | <b>1,319</b>                   | <b>33,331</b>   |
| <b>As at 31 December 2019</b>                       |      |                                |                                |                 |
| <b>Cost</b>   |      |                                |                                |                 |
| At 1 January 2019                                   |      | 127,765                        | 8,800                          | 136,565         |
| Additions   |      | 10,679                         | 1,663                          | 12,342          |
| Reclassifications                                   |      | 3,087                          | (3,087)                        | -               |
| Write-offs  |      | (8,244)                        | -                              | (8,244)         |
| At 31 December 2019                                 |      | 133,287                        | 7,376                          | 140,663         |
| <b>Accumulated amortisation and impairment loss</b> |      |                                |                                |                 |
| At 1 January 2019                                   |      | 96,218                         | -                              | 96,218          |
| Amortisation charge for the year                    | 6    | 9,447                          | -                              | 9,447           |
| Impairment loss for the year (Note a)               | 7    | -                              | 3,300                          | 3,300           |
| Write-offs  |      | (8,244)                        | -                              | (8,244)         |
| At 31 December 2019                                 |      | 97,421                         | 3,300                          | 100,721         |
| <b>Net carrying amount at 31 December 2019</b>      |      | <b>35,866</b>                  | <b>4,076</b>                   | <b>39,942</b>   |

## Notes to the Financial Statements

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## 14. COMPUTER SOFTWARE (CONT'D.)

| Company   | Note | Implemented<br>projects<br>RM'000 | Projects-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|---|------|-----------------------------------|------------------------------------|-----------------|
| <b>As at 31 December 2020</b>                       |      |                                   |                                    |                 |
| <b>Cost</b>   |      |                                   |                                    |                 |
| At 1 January 2020                                   |      | 114,960                           | 7,376                              | 122,336         |
| Additions   |      | 866                               | 774                                | 1,640           |
| Reclassifications                                   |      | 3,531                             | (3,531)                            | -               |
| Write-offs  |      | (1,746)                           | -                                  | (1,746)         |
| At 31 December 2020                                 |      | 117,611                           | 4,619                              | 122,230         |
| <b>Accumulated amortisation and impairment loss</b> |      |                                   |                                    |                 |
| At 1 January 2020                                   |      | 84,622                            | 3,300                              | 87,922          |
| Amortisation charge for the year                    | 6    | 7,203                             | -                                  | 7,203           |
| Write-offs  |      | (1,746)                           | -                                  | (1,746)         |
| At 31 December 2020                                 |      | 90,079                            | 3,300                              | 93,379          |
| <b>Net carrying amount at 31 December 2020</b>      |      | <b>27,532</b>                     | <b>1,319</b>                       | <b>28,851</b>   |
| <b>As at 31 December 2019</b>                       |      |                                   |                                    |                 |
| <b>Cost</b>   |      |                                   |                                    |                 |
| At 1 January 2019                                   |      | 110,441                           | 8,800                              | 119,241         |
| Additions   |      | 9,676                             | 1,663                              | 11,339          |
| Reclassifications                                   |      | 3,087                             | (3,087)                            | -               |
| Write-offs  |      | (8,244)                           | -                                  | (8,244)         |
| At 31 December 2019                                 |      | 114,960                           | 7,376                              | 122,336         |
| <b>Accumulated amortisation and impairment loss</b> |      |                                   |                                    |                 |
| At 1 January 2019                                   |      | 85,118                            | -                                  | 85,118          |
| Amortisation charge for the year                    | 6    | 7,748                             | -                                  | 7,748           |
| Impairment loss for the year (Note a)               | 7    | -                                 | 3,300                              | 3,300           |
| Write-offs  |      | (8,244)                           | -                                  | (8,244)         |
| At 31 December 2019                                 |      | 84,622                            | 3,300                              | 87,922          |
| <b>Net carrying amount at 31 December 2019</b>      |      | <b>30,338</b>                     | <b>4,076</b>                       | <b>34,414</b>   |

- (a) In the previous financial year, an impairment loss of RM3,300,000 was recognised subsequent to the Group's and the Company's assessment of their computer software that was subject to impairment loss.

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**15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****(a) Right-of-use assets**

|   | <b>Group and Company</b> |               |
|---|--------------------------|---------------|
|   | <b>2020</b>              | <b>2019</b>   |
|   | <b>RM'000</b>            | <b>RM'000</b> |
| <b>Cost</b>                               |                          |               |
| At 1 January/31 December                  | <b>8,518</b>             | 8,518         |
| <b>Accumulated depreciation</b>           |                          |               |
| At 1 January                              | <b>333</b>               | 222           |
| Depreciation charge for the year (Note 6) | <b>111</b>               | 111           |
| At 31 December                            | <b>444</b>               | 333           |
| <b>Net carrying amount at 31 December</b> | <b>8,074</b>             | 8,185         |

The Group and the Company had entered into two non-cancellable operating lease agreements for the use of land. The leases are for a period of 99 years with no renewal or purchase option included in the agreements. The leases do not allow the Group and the Company to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. Tenancy is, however, allowed with the consent of the lessor.

**(b) Lease liabilities**

|                         | <b>Group and Company</b> |               |
|-------------------------|--------------------------|---------------|
|                         | <b>2020</b>              | <b>2019</b>   |
|                         | <b>RM'000</b>            | <b>RM'000</b> |
| Lease liabilities:      |                          |               |
| - non-current           | <b>7,456</b>             | 7,461         |
| - current               | <b>505</b>               | 505           |
| Total lease liabilities | <b>7,961</b>             | 7,966         |

The movements of lease liabilities during the financial year are as follows:

|                          | <b>Group and Company</b> |               |
|--------------------------|--------------------------|---------------|
|                          | <b>2020</b>              | <b>2019</b>   |
|                          | <b>RM'000</b>            | <b>RM'000</b> |
| At 1 January             | <b>7,966</b>             | 7,971         |
| Interest charge (Note 8) | <b>538</b>               | 534           |
| Payments of:             |                          |               |
| - principal              | <b>(5)</b>               | (5)           |
| - interest               | <b>(538)</b>             | (534)         |
| At 31 December           | <b>7,961</b>             | 7,966         |

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**16. GOODWILL**

|                          | Group          |                | Company        |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| At 1 January/31 December | 42,957         | 42,957         | 29,494         | 29,494         |

Goodwill is in respect of acquisitions of subsidiaries by the Group and the Company, and has been allocated to the CGUs in the following market segments:

|                    | Group          |                | Company        |                |
|--------------------|----------------|----------------|----------------|----------------|
|                    | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Securities market  | <b>33,273</b>  | 33,273         | <b>29,494</b>  | 29,494         |
| Derivatives market | <b>9,684</b>   | 9,684          | -              | -              |
|                    | <b>42,957</b>  | 42,957         | <b>29,494</b>  | 29,494         |

**Key assumptions used in value-in-use calculations**

The following describes the key assumptions on which the Group and the Company have based their cash flow projections to undertake impairment assessment of goodwill:

**(a) Securities and Derivatives markets**

The recoverable amount of this CGU has been determined based on value-in-use calculations using five-year financial projections. Revenue growth is assumed to be capped at 4% per annum (2019: 3% per annum), while expenses have been assumed to grow at an average of 2% per annum (2019: average of 2% per annum), which is in line with the expected inflation rate. In determining the terminal values, no revenue and expense growth was projected from the sixth year to perpetuity.

**(b) Discount rate**

A discount rate of 11% (2019: 8%) was applied in determining the recoverable amount of the respective CGU. The discount rate was based on the Group's weighted average cost of capital.

**Sensitivity to changes in assumptions**

The Group and the Company believe that any changes to the key assumptions above would not result in the carrying values of the CGUs to materially exceed their recoverable amounts.

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## 17. INVESTMENT IN SUBSIDIARIES

|                                     | Company        |                |
|-------------------------------------|----------------|----------------|
|                                     | 2020<br>RM'000 | 2019<br>RM'000 |
| Unquoted shares, at cost            | 338,836        | 338,836        |
| Less: Accumulated impairment losses | (20,218)       | (20,218)       |
|                                     | <b>318,618</b> | 318,618        |

- (a) On 18 August 2020, the Company had incorporated a wholly owned subsidiary, Bursa Malaysia Regulation Sdn Bhd (Bursa Malaysia Regulation) under the Companies Act 2016. The intended principal activity of Bursa Malaysia Regulation is to assume the regulatory functions currently undertaken by the Group. Bursa Malaysia Regulation is dormant during the current financial year. On 8 January 2021, the Company subscribed for 10,000,000 ordinary shares in Bursa Malaysia Regulation at an issue price of RM1.00 each for a total cash consideration of RM10,000,000.
- (b) In the previous financial year, the Company had acquired 12,500,000 ordinary shares, which represented the remaining 25% equity interest in Bursa Malaysia Derivatives Berhad (Bursa Malaysia Derivatives) from CME Group Strategic Investments LLC (CMEGSI) for a total cash consideration of RM164,653,000. Subsequent to the acquisition, Bursa Malaysia Derivatives became a wholly owned subsidiary of the Company.

The Group accounted for this transaction as an equity transaction with the owners of the Company and derecognised the non-controlling interest of RM15,994,000 in accordance with the provisions of MFRS 10 *Consolidated Financial Statements*. The difference between the total cash consideration paid and the derecognised non-controlling interest of RM148,659,000 was offset against the retained earnings of the Group in the statements of changes in equity.

- (c) The details of the subsidiaries are as follows:

| Name of subsidiaries  | Proportion of ownership interest |           | Share capital  |                | Principal activities   |
|---|----------------------------------|-----------|----------------|----------------|--|
|   | 2020<br>%                        | 2019<br>% | 2020<br>RM'000 | 2019<br>RM'000 |  |
| Bursa Malaysia Securities Berhad (Bursa Malaysia Securities)                    | 100                              | 100       | 25,250         | 25,250         | Provides, operates and maintains a securities exchange.                        |
| Bursa Malaysia Securities Clearing Sdn Bhd (Bursa Malaysia Securities Clearing) | 100                              | 100       | 50,000         | 50,000         | Provides, operates and maintains a clearing house for the securities exchange. |

## Notes to the Financial Statements

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**17. INVESTMENT IN SUBSIDIARIES (CONT'D.)**

(c) The details of the subsidiaries are as follows: (cont'd.)

| Name of subsidiaries  | Proportion of ownership interest |           | Share capital         |                       | Principal activities  |
|---|----------------------------------|-----------|-----------------------|-----------------------|---|
|   | 2020<br>%                        | 2019<br>% | 2020<br>RM'000        | 2019<br>RM'000        |   |
| Bursa Malaysia Derivatives  | 100                              | 100       | 50,000                | 50,000                | Provides, operates and maintains a derivatives exchange.  |
| Bursa Malaysia Depository Sdn Bhd (Bursa Malaysia Depository)             | 100                              | 100       | 30,000                | 30,000                | Provides, operates and maintains a central depository for securities listed on the securities exchange.   |
| Bursa Malaysia Islamic Services Sdn Bhd (Bursa Malaysia Islamic Services) | 100                              | 100       | 2,600                 | 2,600                 | Provides, operates and maintains a Shariah-compliant commodity trading platform.  |
| Bursa Malaysia Information Sdn Bhd (Bursa Malaysia Information)           | 100                              | 100       | 250                   | 250                   | Compiles, provides and disseminates prices and other information relating to securities quoted on the securities and derivatives exchanges within the Group, as well as data reported from the bond platform. |
| Labuan International Financial Exchange Inc (LFX)*                        | 100                              | 100       | 5,500<br>(in USD'000) | 5,500<br>(in USD'000) | Provides, operates and maintains an offshore financial exchange.  |
| Bursa Malaysia Bonds Sdn Bhd (Bursa Malaysia Bonds)                       | 100                              | 100       | 2,600                 | 2,600                 | Provides, operates and maintains an electronic trading platform for the bond market.  |
| Bursa Malaysia Regulation (Note (i))                                      | 100                              | -         | ~                     | -                     | Performs regulatory functions currently undertaken by the Group and the Company.  |

## Notes to the Financial Statements

31 December 2020

## 17. INVESTMENT IN SUBSIDIARIES (CONT'D.)

| Name of subsidiaries   | Proportion of ownership interest |           | Share capital  |                | Principal activities  |
|--|----------------------------------|-----------|----------------|----------------|---|
|  | 2020<br>%                        | 2019<br>% | 2020<br>RM'000 | 2019<br>RM'000 |   |
| <b>Subsidiary held through<br/>Bursa Malaysia Derivatives</b>                    |                                  |           |                |                |   |
| Bursa Malaysia Derivatives Clearing Berhad (Bursa Malaysia Derivatives Clearing) | 100                              | 100       | 20,000         | 20,000         | Provides, operates and maintains a clearing house for the derivatives exchange.                                       |
| <b>Subsidiary held through<br/>Bursa Malaysia Depository</b>                     |                                  |           |                |                |   |
| Bursa Malaysia Depository Nominees Sdn Bhd (Bursa Malaysia Depository Nominees)  | 100                              | 100       | ^              | ^              | Acts as a nominee for Bursa Malaysia Depository and receives securities on deposit or for safe-custody or management. |

\* Incorporated in the Federal Territory of Labuan, Malaysia.

~ Denotes RM1.

^ Denotes RM2.

(i) On 8 January 2021, the issued and paid-up share capital of Bursa Malaysia Regulation was increased to RM10,000,001.

All subsidiaries are consolidated. The proportion of the voting rights in the subsidiaries held directly by the parent company does not differ from the proportion of ordinary shares held.

## 18. INVESTMENT SECURITIES

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| <b>Non-current</b>               |                |                |                |                |
| Quoted shares (outside Malaysia) | 139,451        | 156,542        | 139,451        | 156,542        |
| Unquoted bonds                   | 56,625         | 41,016         | 5,002          | -              |
|                                  | <b>196,076</b> | 197,558        | <b>144,453</b> | 156,542        |
| <b>Current</b>                   |                |                |                |                |
| Unquoted bonds                   | -              | 10,052         | -              | -              |
| Total investment securities      | <b>196,076</b> | 207,610        | <b>144,453</b> | 156,542        |

(a) In the previous financial year, the Group and the Company sold a portion of its investment in quoted shares accounted for at FVTOCI totaling 191,885 ordinary shares of CME Group Inc (CME Group) Class A common stock at a cost of RM42,425,000 for RM164,223,000. The Group and the Company had transferred the realised gain of RM121,798,000 from the FVTOCI reserve to retained earnings accordingly. This disposal was undertaken to finance the acquisition of the remaining 25% equity interest in Bursa Malaysia Derivatives as disclosed in Note 17(b).



## Notes to the Financial Statements

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**19. STAFF LOANS RECEIVABLE**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Housing loans   | 1,524          | 2,068          | 1,200          | 1,720          |
| Vehicle loans   | 52             | 43             | 52             | 43             |
| Computer loans  | 53             | 54             | 51             | 51             |
|   | <b>1,629</b>   | 2,165          | <b>1,303</b>   | 1,814          |
| Less: Receivables within 12 months, included in other receivables (Note 22) | <b>(300)</b>   | (375)          | <b>(280)</b>   | (351)          |
|   | <b>1,329</b>   | 1,790          | <b>1,023</b>   | 1,463          |

**20. DEFERRED TAX ASSETS/(LIABILITIES)**

Presented after appropriate offsetting as follows:

|  | Group           |                | Company         |                |
|--|-----------------|----------------|-----------------|----------------|
|  | 2020<br>RM'000  | 2019<br>RM'000 | 2020<br>RM'000  | 2019<br>RM'000 |
| At 1 January                                 | 8,461           | 6,067          | 6,823           | 5,049          |
| Recognised in profit or loss (Note 10)       | 5,679           | 2,401          | 3,896           | 1,577          |
| Recognised in other comprehensive income     | (28)            | (7)            | 109             | 197            |
| At 31 December                               | <b>14,112</b>   | 8,461          | <b>10,828</b>   | 6,823          |
| Deferred tax assets (before offsetting)      | 26,832          | 22,655         | 22,361          | 19,720         |
| Offsetting                                   | <b>(11,875)</b> | (13,151)       | <b>(11,533)</b> | (12,897)       |
| Deferred tax assets (after offsetting)       | <b>14,957</b>   | 9,504          | <b>10,828</b>   | 6,823          |
| Deferred tax liabilities (before offsetting) | <b>(12,720)</b> | (14,194)       | <b>(11,533)</b> | (12,897)       |
| Offsetting                                   | <b>11,875</b>   | 13,151         | <b>11,533</b>   | 12,897         |
| Deferred tax liabilities (after offsetting)  | <b>(845)</b>    | (1,043)        | -               | -              |
| Net deferred tax assets                      | <b>14,112</b>   | 8,461          | <b>10,828</b>   | 6,823          |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority.

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**20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)****Deferred tax assets of the Group:**

|  | Provision for retirement benefits<br>RM'000 | Other provisions and payables<br>RM'000 | Allowance for impairment losses<br>RM'000 | Depreciation in excess of capital allowances<br>RM'000 | Unused capital allowances<br>RM'000 | Unutilised tax losses<br>RM'000 | Total<br>RM'000 |
|--|---|---|---|--|-------------------------------------|---------------------------------|-----------------|
| <b>As at 31 December 2020</b>            |   |   |   |  |                                     |                                 |                 |
| At 1 January 2020                        | 4,308                                       | 7,526                                   | 205                                       | 48   | 10,353                              | 215                             | 22,655          |
| Recognised in profit or loss             | (724)                                       | 10,512                                  | (46)                                      | 10   | (5,610)                             | (74)                            | 4,068           |
| Recognised in other comprehensive income | 109   | -                                       | -   | -  | -                                   | -                               | 109             |
| At 31 December 2020                      | 3,693                                       | 18,038                                  | 159                                       | 58   | 4,743                               | 141                             | 26,832          |

**As at 31 December 2019**

|  |       |       |      |    |        |      |        |
|--|-------|-------|------|----|--------|------|--------|
| At 1 January 2019                        | 4,341 | 8,197 | 187  | 31 | 8,441  | 269  | 21,446 |
| Recognised in profit or loss             | (230) | 671   | (18) | 17 | 1,912  | (54) | 992    |
| Recognised in other comprehensive income | 197   | -     | -    | -  | -      | -    | 197    |
| At 31 December 2019                      | 4,308 | 7,526 | 205  | 48 | 10,353 | 215  | 22,655 |

**Deferred tax liabilities of the Group:**

|  | Right-of-use assets<br>RM'000 | Accelerated capital allowances<br>RM'000 | Investment securities - unquoted bonds<br>RM'000 | Total<br>RM'000 |
|--|-------------------------------|--|--|-----------------|
| <b>As at 31 December 2020</b>            |                               |  |  |                 |
| At 1 January 2020                        | (52)                          | (13,887)                                 | (255)  | (14,194)        |
| Recognised in profit or loss             | 25                            | 1,589                                    | (3)  | 1,611           |
| Recognised in other comprehensive income | -                             | -  | (137)  | (137)           |
| At 31 December 2020                      | (27)                          | (12,298)                                 | (395)  | (12,720)        |

**As at 31 December 2019**

|  |      |          |       |          |
|--|------|----------|-------|----------|
| At 1 January 2019                        | (78) | (15,254) | (67)  | (15,399) |
| Recognised in profit or loss             | 26   | 1,367    | 16    | 1,409    |
| Recognised in other comprehensive income | -    | -        | (204) | (204)    |
| At 31 December 2019                      | (52) | (13,887) | (255) | (14,194) |

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**20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)****Deferred tax assets of the Company:**

|   | Provision<br>for<br>retirement<br>benefits<br>RM'000 | Other<br>provisions<br>and<br>payables<br>RM'000 | Allowance<br>for<br>impairment<br>losses<br>RM'000 | Depreciation<br>in excess<br>of capital<br>allowances<br>RM'000 | Unused<br>capital<br>allowances<br>RM'000 | Unutilised<br>tax losses<br>RM'000 | Total<br>RM'000 |
|---|--|--|--|---|---|------------------------------------|-----------------|
| <b>As at 31 December 2020</b>               |  |  |  |   |   |                                    |                 |
| At 1 January 2020                           | 4,308  | 4,782  | 16   | 46  | 10,353                                    | 215                                | 19,720          |
| Recognised in profit or loss                | (724)  | 8,932  | (2)  | 10  | (5,610)                                   | (74)                               | 2,532           |
| Recognised in other<br>comprehensive income | 109  | -  | -  | -   | -   | -                                  | 109             |
| At 31 December 2020                         | 3,693  | 13,714   | 14   | 56  | 4,743                                     | 141                                | 22,361          |

**As at 31 December 2019**

|   |       |         |     |    |        |      |        |
|---|-------|---------|-----|----|--------|------|--------|
| At 1 January 2019                           | 4,341 | 5,897   | 17  | 28 | 8,441  | 269  | 18,993 |
| Recognised in profit or loss                | (230) | (1,115) | (1) | 18 | 1,912  | (54) | 530    |
| Recognised in other<br>comprehensive income | 197   | -       | -   | -  | -      | -    | 197    |
| At 31 December 2019                         | 4,308 | 4,782   | 16  | 46 | 10,353 | 215  | 19,720 |

**Deferred tax liabilities of the Company:**

|                               | Right-of-use<br>assets<br>RM'000 | Accelerated<br>capital<br>allowances<br>RM'000 | Total<br>RM'000 |
|-------------------------------|----------------------------------|--|-----------------|
| <b>As at 31 December 2020</b> |                                  |  |                 |
| At 1 January 2020             | (52)                             | (12,845)                                       | (12,897)        |
| Recognised in profit or loss  | 25                               | 1,339  | 1,364           |
| At 31 December 2020           | (27)                             | (11,506)                                       | (11,533)        |

**As at 31 December 2019**

|                              |      |          |          |
|------------------------------|------|----------|----------|
| At 1 January 2019            | (78) | (13,866) | (13,944) |
| Recognised in profit or loss | 26   | 1,021    | 1,047    |
| At 31 December 2019          | (52) | (12,845) | (12,897) |

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**20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)**

As disclosed in Note 2.4(q)(ii), the tax effects of deductible temporary differences, unutilised tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. At the financial year end, the amounts of unutilised tax losses and unused capital allowances which are not recognised in the financial statements due to uncertainty of their realisation are as follows:

|                           | Group          |                | Company        |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Unutilised tax losses     | 15,849         | 16,407         | 7,680          | 8,244          |
| Unused capital allowances | 11,461         | 7,867          | 11,461         | 7,867          |
|                           | <b>27,310</b>  | 24,274         | <b>19,141</b>  | 16,111         |

The availability of unutilised tax losses for offsetting against future taxable profits of a subsidiary in Malaysia is subject to no substantial changes in the shareholding of the subsidiary under the Income Tax Act 1967 and guidelines issued by the tax authority. The unutilised tax losses are allowed to be utilised for seven (7) consecutive years of assessments (YA) effective from YA2019, whilst unused capital allowances are allowed to be carried forward indefinitely. As at 31 December 2020, the Group's unutilised tax losses comprise the balances of RM8,935,000 expiring in YA2025 and RM6,914,000 expiring in YA2026, while the Company's unutilised tax losses comprise the balances of RM772,000 expiring in YA2025 and RM6,908,000 expiring in YA2026.

**21. TRADE RECEIVABLES**

|                                       | Group          |                | Company        |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Trade receivables                     | 89,317         | 44,578         | 845            | 1,073          |
| Less: Allowance for impairment losses | (1,886)        | (2,318)        | (151)          | (207)          |
|                                       | <b>87,431</b>  | 42,260         | <b>694</b>     | 866            |

**22. OTHER RECEIVABLES**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Deposits  | 742            | 738            | 619            | 619            |
| Prepayments                                       | 8,940          | 4,909          | 8,908          | 4,876          |
| Interest/profit income receivable                 | 4,886          | 4,078          | 488            | 299            |
| Staff loans receivable within 12 months (Note 19) | 300            | 375            | 280            | 351            |
| Sundry receivables                                | 8,041          | 13,702         | 4,475          | 5,094          |
|   | <b>22,909</b>  | 23,802         | <b>14,770</b>  | 11,239         |
| Less: Allowance for impairment losses             | (5,706)        | (5,788)        | (2,276)        | (2,287)        |
|   | <b>17,203</b>  | 18,014         | <b>12,494</b>  | 8,952          |

## Notes to the Financial Statements

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**23. AMOUNT DUE FROM/(TO) SUBSIDIARIES**

|                                       | <b>Company</b>  |               |
|---------------------------------------|-----------------|---------------|
|                                       | <b>2020</b>     | <b>2019</b>   |
|                                       | <b>RM'000</b>   | <b>RM'000</b> |
| <b>Amount due from subsidiaries</b>   |                 |               |
| Bursa Malaysia Securities             | <b>9,359</b>    | 9,679         |
| Bursa Malaysia Securities Clearing    | <b>3,594</b>    | 1,235         |
| Bursa Malaysia Derivatives            | <b>5,798</b>    | 1,523         |
| Bursa Malaysia Derivatives Clearing   | <b>8,528</b>    | 451           |
| Bursa Malaysia Depository             | <b>2,127</b>    | 1,967         |
| Bursa Malaysia Islamic Services       | -               | 1,219         |
| Bursa Malaysia Information            | <b>2,062</b>    | 403           |
| LFX                                   | <b>17</b>       | 198           |
| Bursa Malaysia Bonds                  | <b>11,895</b>   | 11,891        |
|                                       | <b>43,380</b>   | 28,566        |
| Less: Allowance for impairment losses | <b>(11,895)</b> | (11,891)      |
|                                       | <b>31,485</b>   | 16,675        |
| <b>Amount due to subsidiary</b>       |                 |               |
| Bursa Malaysia Islamic Services       | <b>136</b>      | -             |

The amounts due from/(to) subsidiaries are unsecured, receivable/(repayable) within a month and bear late payment interest charges of 7.4% (2019: 8.7%) per annum.

**24. CASH FOR EQUITY MARGINS, DERIVATIVES TRADING MARGINS, SECURITY DEPOSITS AND DIVIDEND DISTRIBUTIONS**

|   | <b>Group</b>     |               |
|---|------------------|---------------|
|   | <b>2020</b>      | <b>2019</b>   |
|   | <b>RM'000</b>    | <b>RM'000</b> |
| Equity margins  | <b>206,260</b>   | 117,319       |
| Derivatives trading margins   | <b>1,835,211</b> | 1,253,993     |
| Security deposits from Clearing Participants (CPs) of Bursa Malaysia                |                  |               |
| Derivatives Clearing  | <b>27,234</b>    | 24,565        |
| Trade payables (Note a)   | <b>2,068,705</b> | 1,395,877     |
| Cash received for eDividend distributions (included in other payables (Note 32(a))) | <b>1,251</b>     | 22            |
|   | <b>2,069,956</b> | 1,395,899     |

- (a) Trade payables comprise derivatives trading margins and security deposits which are derived from cash received from CPs of Bursa Malaysia Derivatives Clearing for their open interests in derivatives contracts as at the financial year end. Trade payables also comprise collaterals lodged by Trading Clearing Participants (TCPs) of Bursa Malaysia Securities Clearing for equity margins and for borrowings under the Securities Borrowing and Lending (SBL) framework. There are no cash collaterals lodged by TCPs for borrowings under the SBL framework as at the financial year end.

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**24. CASH FOR EQUITY MARGINS, DERIVATIVES TRADING MARGINS, SECURITY DEPOSITS AND EDIVIDEND DISTRIBUTIONS (CONT'D.)**

- (b) The cash received from CPs and TCPs are placed in interest-bearing deposits and interest earned is credited to the CPs' and TCPs' accounts net of collateral management service fees levied by Bursa Malaysia Derivatives Clearing and Bursa Malaysia Securities Clearing respectively. Cash received for eDividend distributions are placed in interest-bearing deposits until such time when the dividend payments are due. The details of the cash received are as follows:

|   | Group            |                  |
|---|------------------|------------------|
|   | 2020<br>RM'000   | 2019<br>RM'000   |
| Cash on hand and at banks                     | 186,086          | 147,487          |
| Deposits with licensed financial institutions | 1,883,870        | 1,248,412        |
|   | <b>2,069,956</b> | <b>1,395,899</b> |

- (c) Non-cash collaterals for equity margins, derivatives trading margins and security deposits held by, but not belonging to, the Group and which are not included in the Group's statement of financial position as at the financial year end are as follows:

|   | Group          |                |
|---|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 |
| Collaterals in the form of letters of credit for:                   |                |                |
| - equity margins  | 7,000          | 9,900          |
| - derivatives trading margins                                       | 609,785        | 520,578        |
| - security deposits from CPs of Bursa Malaysia Derivatives Clearing | 16,000         | 17,000         |
|   | <b>632,785</b> | <b>547,478</b> |
| Collaterals in the form of shares for derivatives trading margins   | 531            | 413            |
|   | <b>633,316</b> | <b>547,891</b> |

**25. CASH AND BANK BALANCE OF CLEARING FUNDS**

| Group   | Participants'<br>contributions<br>RM'000 | Cash set<br>aside by<br>the Group<br>RM'000 | Total<br>RM'000 |
|---|--|---|-----------------|
| <b>As at 31 December 2020</b>   |  |   |                 |
| Contributions from:   |  |   |                 |
| - TCPs of Bursa Malaysia Securities Clearing                                | 19,145                                   | -   | 19,145          |
| - Bursa Malaysia Securities Clearing  | -  | 25,000                                      | 25,000          |
| Additional cash resources from Bursa Malaysia Securities Clearing           | -  | 60,000                                      | 60,000          |
| Clearing Guarantee Fund (CGF) balance                                       | 19,145                                   | 85,000                                      | 104,145         |
| Contributions from:   |  |   |                 |
| - CPs of Bursa Malaysia Derivatives Clearing                                | 35,758                                   | -   | 35,758          |
| - Bursa Malaysia Derivatives Clearing                                       | -  | 5,000                                       | 5,000           |
| Additional cash resources from Bursa Malaysia Derivatives Clearing (Note a) | -  | 5,000                                       | 5,000           |
| Derivatives Clearing Fund (DCF) balance                                     | 35,758                                   | 10,000                                      | 45,758          |
| Total cash and bank balances of Clearing Funds as at 31 December 2020       | <b>54,903</b>                            | <b>95,000</b>                               | <b>149,903</b>  |

## Notes to the Financial Statements

31 December 2020

**25. CASH AND BANK BALANCE OF CLEARING FUNDS (CONT'D.)**

| Group  | Participants'<br>contributions<br>RM'000 | Cash set<br>aside by<br>the Group<br>RM'000 | Total<br>RM'000 |
|--|--|---|-----------------|
| <b>As at 31 December 2019</b>  |  |   |                 |
| Contributions from:  |  |   |                 |
| - TCPs of Bursa Malaysia Securities Clearing                             | 18,920                                   | -   | 18,920          |
| - Bursa Malaysia Securities Clearing                                     | -  | 25,000                                      | 25,000          |
| Additional cash resources from Bursa Malaysia Securities Clearing        | -  | 60,000                                      | 60,000          |
| CGF balance  | 18,920                                   | 85,000                                      | 103,920         |
| Contributions from:  |  |   |                 |
| - CPs of Bursa Malaysia Derivatives Clearing                             | 20,284                                   | -   | 20,284          |
| - Bursa Malaysia Derivatives Clearing                                    | -  | 5,000                                       | 5,000           |
| DCF balance  | 20,284                                   | 5,000                                       | 25,284          |
| Total cash and bank balances of Clearing Funds<br>as at 31 December 2019 | 39,204                                   | 90,000                                      | 129,204         |

(a) During the current financial year, the Group increased the DCF balance by providing an additional cash resource of RM5,000,000.

**26. CASH AND BANK BALANCE OF THE GROUP/COMPANY**

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Cash on hand and at banks    | <b>3,356</b>   | 4,874          | <b>426</b>     | 1,857          |
| Deposits with:               |                |                |                |                |
| Licensed banks               | <b>421,756</b> | 236,639        | <b>83,103</b>  | 43,773         |
| Licensed investment banks    | <b>13,859</b>  | 10,246         | <b>5,040</b>   | 5,121          |
|                              | <b>435,615</b> | 246,885        | <b>88,143</b>  | 48,894         |
| Total cash and bank balances | <b>438,971</b> | 251,759        | <b>88,569</b>  | 50,751         |

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the financial year end:

|  | Group            |                | Company         |                |
|--|------------------|----------------|-----------------|----------------|
|  | 2020<br>RM'000   | 2019<br>RM'000 | 2020<br>RM'000  | 2019<br>RM'000 |
| Total cash and bank balances                           | <b>438,971</b>   | 251,759        | <b>88,569</b>   | 50,751         |
| Less: Deposits not for short-term funding requirements | <b>(152,437)</b> | (66,268)       | <b>(26,159)</b> | (8,630)        |
|  | <b>286,534</b>   | 185,491        | <b>62,410</b>   | 42,121         |

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**27. SHARE CAPITAL**

|   | 2020                           |               | 2019                           |               |
|---|--------------------------------|---------------|--------------------------------|---------------|
|   | Number of ordinary shares '000 | Amount RM'000 | Number of ordinary shares '000 | Amount RM'000 |
| <b>Issued and fully paid</b>                        |                                |               |                                |               |
| <b>Group</b>  |                                |               |                                |               |
| At 1 January  | 808,503                        | 430,395       | 807,475                        | 424,142       |
| Issued during the year pursuant to SGP (Note 30(b)) | 524                            | 3,425         | 1,028                          | 6,253         |
| At 31 December                                      | 809,027                        | 433,820       | 808,503                        | 430,395       |
| <b>Company</b>                                      |                                |               |                                |               |
| At 1 January  | 808,503                        | 425,145       | 807,475                        | 418,892       |
| Issued during the year pursuant to SGP (Note 30(b)) | 524                            | 3,425         | 1,028                          | 6,253         |
| At 31 December                                      | 809,027                        | 428,570       | 808,503                        | 425,145       |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

**28. OTHER RESERVES**

|                                      | Note | Group          |                | Company        |                |
|--------------------------------------|------|----------------|----------------|----------------|----------------|
|                                      |      | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Foreign currency translation reserve | (a)  | 504            | 566            | -              | -              |
| Share grant reserve                  | (b)  | 1,739          | 4,133          | 1,739          | 4,133          |
| Clearing fund reserves               | (c)  | 30,000         | 30,000         | -              | -              |
| FVTOCI reserve                       | (d)  | 98,625         | 115,345        | 97,391         | 114,479        |
|                                      |      | 130,868        | 150,044        | 99,130         | 118,612        |

**(a) Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of a subsidiary whose functional currency differs from the Group's presentation currency.

**(b) Share grant reserve**

The share grant reserve represents the value of equity-settled shares granted to employees under the SGP. This reserve is made up of the cumulative value of services received from employees recorded on grant of shares.



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**28. OTHER RESERVES (CONT'D.)****(c) Clearing fund reserves**

|  |      | Group          |                |
|--|------|----------------|----------------|
|  | Note | 2020<br>RM'000 | 2019<br>RM'000 |
| Amount set aside for:  |      |                |                |
| CGF, in accordance with the Rules of Bursa Malaysia Securities Clearing  | (i)  | 25,000         | 25,000         |
| DCF, in accordance with the Rules of Bursa Malaysia Derivatives Clearing | (ii) | 5,000          | 5,000          |
|  |      | <b>30,000</b>  | 30,000         |

**(i) CGF reserve**

The CGF reserve is an amount set aside following the implementation of the CGF. The minimum size of the CGF shall be at RM100,000,000 and may increase by the quantum of interest arising from investments of contributions from the TCPs. The CGF comprises contributions from the TCPs and appropriation from Bursa Malaysia Securities Clearing resources. The CGF composition is disclosed in Note 25.

**(ii) DCF reserve**

Pursuant to the Rules of Bursa Malaysia Derivatives Clearing, Bursa Malaysia Derivatives Clearing set up a DCF for derivatives clearing and settlement. The DCF comprises contributions from CPs and appropriation of certain amounts from Bursa Malaysia Derivatives Clearing's retained earnings. The DCF composition is disclosed in Note 25.

**(d) FVTOCI reserve**

FVTOCI reserve represents the cumulative fair value changes, net of tax, of investment securities until they are disposed or impaired. The movement is disclosed in the statements of changes in equity.

**29. RETAINED EARNINGS**

The Company is able to distribute dividends out of its entire retained earnings under the single-tier tax system.

**30. EMPLOYEE BENEFITS****(a) Retirement benefit obligations**

Contributions to the Scheme are made to a separately administered fund. Under the Scheme, eligible employees are entitled to a lump sum, upon leaving service, calculated based on the multiplication of two times the final scheme salary, pensionable service and a variable factor based on service years, less EPF offset.

The amounts recognised in the statements of financial position were determined as follows:

|  | Group and Company |                |
|--|-------------------|----------------|
|  | 2020<br>RM'000    | 2019<br>RM'000 |
| Present value of funded defined benefit obligations    | 16,929            | 18,923         |
| Fair value of plan assets                              | (1,542)           | (978)          |
| Net liability arising from defined benefit obligations | <b>15,387</b>     | 17,945         |

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**30. EMPLOYEE BENEFITS (CONT'D.)****(a) Retirement benefit obligations (cont'd.)**

(i) The movements in the net defined benefit liabilities were as follows:

|                                    | <b>Group and Company</b>  |   |                         |
|------------------------------------|---|---|-------------------------|
|                                    | <b>Present value<br/>of funded<br/>defined benefit<br/>obligations<br/>RM'000</b> | <b>Fair value<br/>of plan<br/>assets<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| At 1 January 2020                  | <b>18,923</b>   | <b>(978)</b>  | <b>17,945</b>           |
| Interest expense/(income) (Note 5) | <b>691</b>  | <b>(39)</b>   | <b>652</b>              |
| Contributions by employer          | <b>-</b>  | <b>(3,666)</b>                                      | <b>(3,666)</b>          |
| Payments from defined plan         | <b>(3,115)</b>  | <b>3,115</b>  | <b>-</b>                |
|                                    | <b>16,499</b>   | <b>(1,568)</b>                                      | <b>14,931</b>           |
| Remeasurements:                    |   |   |                         |
| - return on plan assets            | <b>-</b>  | <b>26</b>   | <b>26</b>               |
| - financial assumptions            | <b>466</b>  | <b>-</b>  | <b>466</b>              |
| - experience gain                  | <b>(36)</b>   | <b>-</b>  | <b>(36)</b>             |
|                                    | <b>430</b>  | <b>26</b>   | <b>456</b>              |
| At 31 December 2020                | <b>16,929</b>   | <b>(1,542)</b>                                      | <b>15,387</b>           |
| At 1 January 2019                  | 19,602  | (1,520)   | 18,082                  |
| Interest expense/(income) (Note 5) | 917   | (75)  | 842                     |
| Contributions by employer          | -   | (1,798)   | (1,798)                 |
| Payments from defined plan         | (2,356)   | 2,356   | -                       |
|                                    | 18,163  | (1,037)   | 17,126                  |
| Remeasurements:                    |   |   |                         |
| - return on plan assets            | -   | 59  | 59                      |
| - financial assumptions            | 628   | -   | 628                     |
| - experience gain                  | 132   | -   | 132                     |
|                                    | 760   | 59  | 819                     |
| At 31 December 2019                | 18,923  | (978)   | 17,945                  |

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**30. EMPLOYEE BENEFITS (CONT'D.)****(a) Retirement benefit obligations (cont'd.)**

(ii) The plan assets comprise the following:

|                                   | <b>Group and Company</b> |               |
|-----------------------------------|--------------------------|---------------|
|                                   | <b>2020</b>              | <b>2019</b>   |
|                                   | <b>RM'000</b>            | <b>RM'000</b> |
| Investment securities:            |                          |               |
| - Malaysian Government Securities | <b>558</b>               | 563           |
| Cash and bank balances            | <b>992</b>               | 421           |
| Other receivables                 | <b>1</b>                 | 8             |
| Other payables                    | <b>(9)</b>               | (14)          |
|                                   | <b>1,542</b>             | 978           |

(iii) Principal actuarial assumptions used for determination of the defined benefits obligation are as follows:

|                                  | <b>Group and Company</b> |               |
|----------------------------------|--------------------------|---------------|
|                                  | <b>2020</b>              | <b>2019</b>   |
|                                  | <b>RM'000</b>            | <b>RM'000</b> |
| Discount rate                    | <b>3.2</b>               | 4.0           |
| Expected rate of salary increase | <b>5.0</b>               | 5.0           |

The discount rate is determined based on the values of AA-rated corporate bond yields with 3 to 15 years maturity.

(iv) The sensitivity analysis below has been derived based on changes to individual assumptions, with all other assumptions held constant:

|  | <b>Group and Company</b> |                 |                              |                 |
|--|--------------------------|-----------------|------------------------------|-----------------|
|  | <b>Discount rate</b>     |                 | <b>Salary increment rate</b> |                 |
|  | <b>Increase</b>          | <b>Decrease</b> | <b>Increase</b>              | <b>Decrease</b> |
|  | <b>by 1%</b>             | <b>by 1%</b>    | <b>by 1%</b>                 | <b>by 1%</b>    |
|  | <b>RM'000</b>            | <b>RM'000</b>   | <b>RM'000</b>                | <b>RM'000</b>   |
| <b>At 31 December 2020</b>                         |                          |                 |                              |                 |
| (Decrease)/Increase in defined benefit obligations | <b>(579)</b>             | <b>614</b>      | <b>536</b>                   | <b>(516)</b>    |

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**30. EMPLOYEE BENEFITS (CONT'D.)****(a) Retirement benefit obligations (cont'd.)**

- (iv) The sensitivity analysis below has been derived based on changes to individual assumptions, with all other assumptions held constant: (cont'd.)

|  | <b>Group and Company</b> |                 |                              |                 |
|--|--------------------------|-----------------|------------------------------|-----------------|
|  | <b>Discount rate</b>     |                 | <b>Salary increment rate</b> |                 |
|  | <b>Increase</b>          | <b>Decrease</b> | <b>Increase</b>              | <b>Decrease</b> |
|  | <b>by 1%</b>             | <b>by 1%</b>    | <b>by 1%</b>                 | <b>by 1%</b>    |
|  | <b>RM'000</b>            | <b>RM'000</b>   | <b>RM'000</b>                | <b>RM'000</b>   |
| <b>At 31 December 2019</b>                         |                          |                 |                              |                 |
| (Decrease)/Increase in defined benefit obligations | (676)                    | 720             | 638                          | (612)           |

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation to one another as some assumptions may be correlated.

No changes were made to the methods and types of assumptions used in preparing the sensitivity analysis for the current and previous financial years.

**(b) SGP**

The SGP is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 14 April 2011. The SGP was implemented on 18 April 2011 and is in force for a maximum period of 10 years.

The SGP comprises two types of performance-based awards, namely RSP and PSP.

The salient features and terms of the SGP are as follows:

- (i) The Committee (appointed by the Board of Directors to administer the SGP) may, at its discretion where necessary, direct the implementation and administration of the plan. The Committee may, at any time within the duration of the plan, offer RSP and PSP awards under the SGP to eligible employees and/or Executive Directors of the Group, wherein such offers shall lapse should the eligible employees or Executive Directors of the Group fail to accept the same within the periods stipulated.
- (ii) To facilitate the implementation of the SGP, a Trust to be administered in accordance to the Trust Deed by the Trustee appointed by the Company was established. The Trustee shall subscribe for new ordinary shares in the Company and transfer the shares to eligible employees and/or Executive Directors of the Group participating in the SGP. The Trustee will obtain financial funding from the Company and/or its subsidiaries and/or third parties for purposes of administering the Trust.
- (iii) The total number of shares to be issued under the SGP shall not exceed, in aggregate, 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the tenure of the SGP and out of which not more than 50% of the maximum shares available shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the maximum shares available under the SGP shall be allocated to any individual employee or Executive Director who, either individually or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company.

## Notes to the Financial Statements

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**30. EMPLOYEE BENEFITS (CONT'D.)****(b) SGP (cont'd.)**

- (iv) All new ordinary shares issued pursuant to the SGP will rank pari passu in all respects with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission or otherwise.
- (v) Unless otherwise determined by the Committee in accordance with the By-Laws, the shares granted will only be vested to the eligible employees and/or Executive Directors of the Group who have duly accepted the offer of awards under the SGP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
- Eligible employees and/or Executive Directors of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service as at the vesting dates.
  - In respect of the PSP, eligible employees and/or Executive Directors of the Group having achieved his/her performance targets as stipulated by the Committee and as set out in their offer of awards.

The following table illustrates the movement of shares under the SGP during the financial years:

|              | <b>Group and Company</b> |                |                  |                 |
|--------------|--------------------------|----------------|------------------|-----------------|
|              | <b>At 1</b>              |                |                  | <b>At 31</b>    |
|              | <b>January</b>           | <b>Vested</b>  | <b>Forfeited</b> | <b>December</b> |
|              | <b>'000</b>              | <b>'000</b>    | <b>'000</b>      | <b>'000</b>     |
| <b>2020</b>  |                          |                |                  |                 |
| 2017 grants: |                          |                |                  |                 |
| RSP          | 306                      | (273)          | (19)             | 14              |
| PSP          | 166                      | -              | (166)            | -               |
| 2018 grants: |                          |                |                  |                 |
| RSP          | 583                      | (251)          | (53)             | 279             |
| PSP          | 198                      | -              | (118)            | 80              |
|              | <b>1,253</b>             | <b>(524)</b>   | <b>(356)</b>     | <b>373</b>      |
| <b>2019</b>  |                          |                |                  |                 |
| 2016 grants: |                          |                |                  |                 |
| RSP          | 447                      | (423)          | (24)             | -               |
| PSP          | 363                      | -              | (363)            | -               |
| 2017 grants: |                          |                |                  |                 |
| RSP          | 639                      | (290)          | (43)             | 306             |
| PSP          | 248                      | -              | (82)             | 166             |
| 2018 grants: |                          |                |                  |                 |
| RSP          | 979                      | (315)          | (81)             | 583             |
| PSP          | 264                      | -              | (66)             | 198             |
|              | <b>2,940</b>             | <b>(1,028)</b> | <b>(659)</b>     | <b>1,253</b>    |

As disclosed in Note 27, the share grants vested during the financial year resulted in the issuance of 524,000 new ordinary shares. In the previous financial year, the share grants vested of 1,028,000 new ordinary shares included a total of 48,000 new ordinary shares issued to the former Chief Executive Officer. The weighted average share price at the date of vesting for the financial year was RM6.54 (2019: RM6.08).

There is no new SGP granted in the current and previous financial year. The outstanding share grants at the end of the financial year are to be fully vested within the next financial year.

## Notes to the Financial Statements

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**31. DEFERRED INCOME**

|                           | Group          |                | Company        |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Deferred grants (Note a)  | <b>2,381</b>   | 2,331          | <b>1,710</b>   | 1,529          |
| Deferred revenue (Note b) | <b>1,721</b>   | 719            | -              | -              |
|                           | <b>4,102</b>   | 3,050          | <b>1,710</b>   | 1,529          |

- (a) The deferred grants of the Group refer to grants from the Capital Market Development Fund (CMDF) for the development of the bond trading platform, the construction of an Environmental, Social and Governance (ESG) index and the development of the Exchange Traded Funds (ETFs) market, and grant from the Securities Commission Malaysia for the development of the derivatives clearing facilities. The deferred grants of the Company refers to the grant from the CMDF for the development of the bond trading platform, the construction of an ESG index and the development of the ETFs market. There are no conditions or contingencies attached to these grants. The movements in the deferred grants are as below:

|                          | Group          |                | Company        |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| At 1 January             | <b>2,331</b>   | 2,805          | <b>1,529</b>   | 1,871          |
| Grant income (Note 4)    | <b>(950)</b>   | (979)          | <b>(819)</b>   | (847)          |
| Received during the year | <b>1,000</b>   | 505            | <b>1,000</b>   | 505            |
| At 31 December           | <b>2,381</b>   | 2,331          | <b>1,710</b>   | 1,529          |

- (b) The deferred revenue refers to the initial listing fees earned from initial public offerings for which the Group recognises the revenue over a period of time when the services are provided. The movements in the deferred revenue are as below:

|                                     | Group          |                |
|-------------------------------------|----------------|----------------|
|                                     | 2020<br>RM'000 | 2019<br>RM'000 |
| At 1 January                        | <b>1,923</b>   | -              |
| Deferred revenue during the year    | <b>7,966</b>   | 6,570          |
| Income recognised in profit or loss | <b>(6,639)</b> | (4,647)        |
| At 31 December                      | <b>3,250</b>   | 1,923          |
| Deferred revenue:                   |                |                |
| - non-current                       | <b>1,721</b>   | 719            |
| - current (Note 32)                 | <b>1,529</b>   | 1,204          |
|                                     | <b>3,250</b>   | 1,923          |

## Notes to the Financial Statements

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**32. OTHER PAYABLES**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Accruals                                     | <b>44,651</b>  | 21,670         | <b>22,569</b>  | 17,166         |
| Amount due to Securities Commission Malaysia | <b>18,182</b>  | 5,883          | -              | -              |
| Capital Market Education and Integrity Fund  | <b>15,064</b>  | 16,552         | <b>15,064</b>  | 16,552         |
| Deferred revenue (Note 31(b))                | <b>1,529</b>   | 1,204          | -              | -              |
| Provision for employee benefits              | <b>46,843</b>  | 19,683         | <b>44,882</b>  | 18,670         |
| Receipts in advance                          | <b>5,922</b>   | 4,873          | <b>530</b>     | 524            |
| Sundry payables                              | <b>30,244</b>  | 23,641         | <b>11,045</b>  | 7,265          |
|  | <b>162,435</b> | 93,506         | <b>94,090</b>  | 60,177         |

- (a) Included in sundry payables of the Group is cash received for eDividend distributions amounting to RM1,251,000 (2019: RM22,000) as disclosed in Note 24.
- (b) Receipts in advance of the Group and of the Company represent contract liabilities to customers. The movements in the receipts in advance are as below:

|                                     | Group          |                | Company        |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| At 1 January                        | <b>4,873</b>   | 4,849          | <b>524</b>     | 795            |
| Received during the year            | <b>3,526</b>   | 3,924          | <b>252</b>     | 264            |
| Income recognised in profit or loss | <b>(2,477)</b> | (3,900)        | <b>(246)</b>   | (535)          |
| At 31 December                      | <b>5,922</b>   | 4,873          | <b>530</b>     | 524            |

**33. BURSA MALAYSIA DEPOSITORY - COMPENSATION FUND (DEPOSITORY - CF)**

In 1997, pursuant to the provisions of Section 5(1)(b)(vii) of the Securities Industry (Central Depositories) Act 1991, Bursa Malaysia Depository established a scheme of compensation for the purpose of settling claims by depositors against Bursa Malaysia Depository, its authorised depository agents and Bursa Malaysia Depository Nominees. The scheme comprises monies in the Depository - CF and insurance policies. Bursa Malaysia Depository's policy is to maintain the balance in the Depository - CF at RM50,000,000. In consideration for the above, all revenue accruing to the Depository - CF's deposits and investments are to be credited to Bursa Malaysia Depository and all expenses incurred for and on behalf of the Depository - CF will be paid for by Bursa Malaysia Depository.

The net assets of the fund are as follows:

|                 | 2020<br>RM'000 | 2019<br>RM'000 |
|-----------------|----------------|----------------|
| Depository - CF | <b>50,000</b>  | 50,000         |

The assets of the fund are segregated from the financial statements of the Group and are accounted for separately.

## Notes to the Financial Statements

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**34. OPERATING LEASE ARRANGEMENTS****(a) The Group and the Company as lessor of building**

The Company has entered into operating lease agreements as the lessor, for the rental of office space in its building. The lease period is three years, with renewal option for another three years included in the agreements. The leases have a fixed rental rate for the existing lease period with an upward revision to the rental rate for the renewed lease period.

The future aggregate minimum lease payments receivable under operating leases contracted for as at the financial year end but not recognised as receivables are as follows:

|   | Group and Company |                |
|---|-------------------|----------------|
|   | 2020<br>RM'000    | 2019<br>RM'000 |
| Not later than one year                           | 438               | 1,012          |
| Later than one year and not later than five years | 62                | 458            |
|   | <b>500</b>        | <b>1,470</b>   |

The rental income for the financial years are disclosed in Note 4.

**(b) The Company as lessor of building**

The Company has entered into an operating lease arrangement with its subsidiaries for the use of office space. The lease is for a period of three years and shall be automatically renewed for further periods of three years for each renewal unless terminated.

The future aggregate minimum lease payments receivable under the operating leases contracted for as at the financial year end but not recognised as receivables are as follows:

|   | Group and Company |                |
|---|-------------------|----------------|
|   | 2020<br>RM'000    | 2019<br>RM'000 |
| Not later than one year                           | 4,918             | 4,740          |
| Later than one year and not later than five years | 19,672            | 9,480          |
|   | <b>24,590</b>     | <b>14,220</b>  |

Office space rental income earned by the Company for the current and previous financial year are disclosed in Notes 3 and 36(a).



## Notes to the Financial Statements

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**34. OPERATING LEASE ARRANGEMENTS (CONT'D.)****(c) The Company as lessor of computer equipment**

The Company has entered into an operating lease arrangement with its subsidiaries for the use of computer equipment. The computer equipment is leased between three to ten years with no purchase option included in the contract.

The future aggregate minimum lease payments receivable under the operating leases contracted for as at the financial year end but not recognised as receivables are as follows:

|   | <b>Company</b> |               |
|---|----------------|---------------|
|   | <b>2020</b>    | <b>2019</b>   |
|   | <b>RM'000</b>  | <b>RM'000</b> |
| Not later than one year                           | <b>10,645</b>  | 9,356         |
| Later than one year and not later than five years | <b>28,428</b>  | 19,692        |
| Later than five years                             | <b>3,123</b>   | 3,395         |
|   | <b>42,196</b>  | 32,443        |

Income from the lease of computer equipment for the current and previous financial year are disclosed in Notes 3 and 36(a).

**35. CAPITAL COMMITMENTS**

|   | <b>Group</b>  |               | <b>Company</b> |               |
|---|---------------|---------------|----------------|---------------|
|   | <b>2020</b>   | <b>2019</b>   | <b>2020</b>    | <b>2019</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Approved and contracted for:</b>     |               |               |                |               |
| Computers and office automation         | <b>2,107</b>  | 3,988         | <b>2,107</b>   | 3,988         |
| Office equipment and renovation         | <b>78</b>     | 124           | <b>78</b>      | 124           |
|   | <b>2,185</b>  | 4,112         | <b>2,185</b>   | 4,112         |
| <b>Approved but not contracted for:</b> |               |               |                |               |
| Computers and office automation         | <b>2,955</b>  | 1,323         | <b>2,820</b>   | 1,323         |
| Office equipment and renovation         | <b>10</b>     | 1,313         | <b>10</b>      | 1,313         |
|   | <b>2,965</b>  | 2,636         | <b>2,830</b>   | 2,636         |

## Notes to the Financial Statements

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**36. SIGNIFICANT RELATED PARTY DISCLOSURES****(a) Transactions with subsidiaries**

Significant transactions between the Company and its subsidiaries are as follows:

|                                     | <b>2020</b>    | <b>2019</b>   |
|-------------------------------------|----------------|---------------|
|                                     | <b>RM'000</b>  | <b>RM'000</b> |
| Management fees income from:        |                |               |
| Bursa Malaysia Securities           | <b>96,398</b>  | 88,277        |
| Bursa Malaysia Derivatives          | <b>18,031</b>  | 12,272        |
| Bursa Malaysia Securities Clearing  | <b>13,937</b>  | 10,388        |
| Bursa Malaysia Derivatives Clearing | <b>14,374</b>  | 5,340         |
| Bursa Malaysia Depository           | <b>22,351</b>  | 19,137        |
| Bursa Malaysia Information          | <b>7,270</b>   | 5,783         |
| Bursa Malaysia Islamic Services     | <b>7,880</b>   | 8,341         |
| Bursa Malaysia Bonds                | <b>2</b>       | 2             |
| LFX                                 | <b>15</b>      | 15            |
|                                     | <b>180,258</b> | 149,555       |
| Office space rental income from:    |                |               |
| Bursa Malaysia Securities           | <b>1,795</b>   | 1,881         |
| Bursa Malaysia Derivatives          | <b>1,212</b>   | 926           |
| Bursa Malaysia Securities Clearing  | <b>357</b>     | 228           |
| Bursa Malaysia Depository           | <b>997</b>     | 1,197         |
| Bursa Malaysia Information          | <b>295</b>     | 132           |
| Bursa Malaysia Islamic Services     | <b>262</b>     | 376           |
|                                     | <b>4,918</b>   | 4,740         |
| Lease of computer equipment from:   |                |               |
| Bursa Malaysia Securities           | <b>7,005</b>   | 7,252         |
| Bursa Malaysia Derivatives          | <b>784</b>     | 696           |
| Bursa Malaysia Securities Clearing  | <b>849</b>     | 506           |
| Bursa Malaysia Derivatives Clearing | <b>194</b>     | 141           |
| Bursa Malaysia Depository           | <b>696</b>     | 698           |
| Bursa Malaysia Information          | <b>175</b>     | 143           |
| Bursa Malaysia Islamic Services     | <b>942</b>     | 1,332         |
|                                     | <b>10,645</b>  | 10,768        |

## Notes to the Financial Statements

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**36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)****(a) Transactions with subsidiaries (cont'd.)**

|                                    | <b>2020</b>    | <b>2019</b>   |
|------------------------------------|----------------|---------------|
|                                    | <b>RM'000</b>  | <b>RM'000</b> |
| Dividend income from:              |                |               |
| Bursa Malaysia Securities          | <b>105,000</b> | 95,000        |
| Bursa Malaysia Derivatives         | <b>40,176</b>  | 139           |
| Bursa Malaysia Securities Clearing | <b>50,000</b>  | 40,000        |
| Bursa Malaysia Depository          | <b>52,000</b>  | 49,000        |
| Bursa Malaysia Information         | <b>20,000</b>  | 17,000        |
| Bursa Malaysia Islamic Services    | <b>2,200</b>   | 4,000         |
|                                    | <b>269,376</b> | 205,139       |

Management fees charged to subsidiaries are in respect of operational and administrative functions of the subsidiaries which are performed by employees of the Company.

Information regarding the amount due from/(to) subsidiaries arising from the related party transactions as at the financial year end are disclosed in Note 23.

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**(b) Transactions with other related parties**

Government-linked and other entities are related to the Company by virtue of the substantial shareholding of a government body corporate in the Company. The transactions entered into with these entities have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**(c) Compensation of key management personnel**

Key management personnel refers to the Directors and the management committee of the Group and of the Company. The remuneration of Directors is disclosed in Note 9, and the remuneration of the management committee during the current and previous financial years are as follows:

|  | <b>Group and Company</b> |               |
|--|--------------------------|---------------|
|  | <b>2020</b>              | <b>2019</b>   |
|  | <b>RM'000</b>            | <b>RM'000</b> |
| Short-term employee benefits                     | <b>9,241</b>             | 9,396         |
| Contributions to defined contribution plan - EPF | <b>730</b>               | 1,004         |
| SGP  | <b>50</b>                | 313           |
|  | <b>10,021</b>            | 10,713        |

Included in total remuneration of the management committee are:

|  | <b>Group and Company</b> |               |
|--|--------------------------|---------------|
|  | <b>2020</b>              | <b>2019</b>   |
|  | <b>RM'000</b>            | <b>RM'000</b> |
| Executive Directors' remuneration (Note 9) | <b>2,117</b>             | 2,246         |
| Benefits-in-kind (Note 9)                  | <b>35</b>                | 70            |
|  | <b>2,152</b>             | 2,316         |

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**36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)****(c) Compensation of key management personnel (cont'd.)**

The movements of outstanding shares under the SGP for the previous Executive Director of the Group and of the Company and other members of the management committee are as follows:

|                           | <b>Group and Company</b> |             |
|---------------------------|--------------------------|-------------|
|                           | <b>2020</b>              | <b>2019</b> |
|                           | <b>'000</b>              | <b>'000</b> |
| At 1 January              | <b>313</b>               | 830         |
| Forfeited during the year | <b>(236)</b>             | (405)       |
| Vested during the year    | <b>(12)</b>              | (112)       |
| At 31 December            | <b>65</b>                | 313         |

The remuneration of each key senior management personnel during the current and previous financial year are as follows:

|   | <b>Salary</b> | <b>Bonus</b>  | <b>Defined contribution plan - EPF</b> | <b>Other emoluments</b> | <b>Benefits-in-kind</b> | <b>Total</b>  |
|---|---------------|---------------|--|-------------------------|-------------------------|---------------|
|   | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>                          | <b>RM'000</b>           | <b>RM'000</b>           | <b>RM'000</b> |
| <b>2020</b>                                 |               |               |  |                         |                         |               |
| Datuk Muhamad Umar Swift                    | <b>1,296</b>  | <b>594</b>    | <b>214</b>                             | <b>13</b>               | <b>35</b>               | <b>2,152</b>  |
| Samuel Ho Hock Guan                         | <b>1,160</b>  | <b>532</b>    | -                                      | <b>631</b>              | -                       | <b>2,323</b>  |
| Rosidah binti Baharom                       | <b>623</b>    | <b>323</b>    | <b>157</b>                             | <b>248</b>              | -                       | <b>1,351</b>  |
| Azhar bin Mohd Zabidi <sup>(1)</sup>        | <b>148</b>    | -             | <b>20</b>                              | <b>22</b>               | -                       | <b>190</b>    |
| Tay Yu Hui                                  | <b>551</b>    | <b>254</b>    | <b>134</b>                             | <b>113</b>              | -                       | <b>1,052</b>  |
| Inderjit Singh Sohan Singh                  | <b>518</b>    | <b>262</b>    | <b>133</b>                             | <b>200</b>              | -                       | <b>1,113</b>  |
| Ashish Jaywant Rege <sup>(2)</sup>          | <b>813</b>    | <b>378</b>    | -                                      | <b>102</b>              | -                       | <b>1,293</b>  |
| Mahdzir bin Othman <sup>(3)</sup>           | <b>346</b>    | -             | <b>72</b>                              | <b>129</b>              | -                       | <b>547</b>    |
| <b>2019</b>                                 |               |               |  |                         |                         |               |
| Datuk Muhamad Umar Swift <sup>(4)</sup>     | 1,265         | -             | 210                                    | 7                       | 35                      | 1,517         |
| Samuel Ho Hock Guan                         | 1,140         | 247           | -                                      | 627                     | -                       | 2,014         |
| Rosidah binti Baharom                       | 593           | 129           | 132                                    | 249                     | -                       | 1,103         |
| Mahdzir bin Othman                          | 540           | 117           | 121                                    | 217                     | -                       | 995           |
| Datuk Seri Tajuddin bin Atan <sup>(5)</sup> | 163           | -             | 38                                     | 563                     | 35                      | 799           |
| Selvarany Rasiah <sup>(6)</sup>             | 886           | 192           | 189                                    | 295                     | -                       | 1,562         |
| Datin Azalina binti Adham <sup>(6)</sup>    | 634           | 137           | 139                                    | 266                     | -                       | 1,176         |
| Yew Yee Tee <sup>(7)</sup>                  | 675           | 146           | 155                                    | 252                     | -                       | 1,228         |
| Jamaluddin bin Nor Mohamad <sup>(8)</sup>   | 79            | -             | 20                                     | 220                     | -                       | 319           |

<sup>(1)</sup> Appointed on 12 October 2020.

<sup>(2)</sup> Appointed on 6 January 2020.

<sup>(3)</sup> Non-renewal of fixed term contract with effect from 14 August 2020.

<sup>(4)</sup> Appointed on 11 February 2019.

<sup>(5)</sup> Retired on 11 February 2019.

<sup>(6)</sup> Non-renewal of fixed term contracts due to cessation of the Chief Commercial Officer and Chief Operating Officer positions under the new organisation structure of the Group and of the Company which took effect from 1 January 2020.

<sup>(7)</sup> Non-renewal of fixed term contract with effect from 24 February 2020.

<sup>(8)</sup> Non-renewal of fixed term contract with effect from 20 February 2019.

## Notes to the Financial Statements

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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group and the Company are exposed to market risk (which comprises equity price risk, interest/profit rate risk and foreign currency risk), liquidity risk and credit risk arising from their business activities.

The Group and the Company ensure that the above risks are managed in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group and of the Company. There has been no change in the nature of the risks which the Group and the Company are exposed to, nor to the objectives, policies and processes to manage those risks compared to the previous financial year.

**(a) Market risk: Equity price risk**

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group and the Company are exposed to equity price risk through the Company's holding of shares in the CME Group. The shares were obtained as part of the purchase consideration in the strategic alliance forged with the CME Group.

The Group and the Company monitor the value of the equity holding by considering the movements of the quoted price, the potential future value to the Group and the sell down restrictions surrounding the equity holding.

An increase/decrease of 1% (2019: 1%) in the quoted price of the instrument would result in an increase/decrease in equity of the Group and of the Company of RM1,395,000 (2019: RM1,565,000).

**(b) Market risk: Interest/profit rate risk**

Interest/profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest/profit rates. The Group's and the Company's deposits with licensed financial institutions are carried at a fixed rate and therefore are not affected by the movements in market interest/profit rates.

**Interest/profit rate risk sensitivity**

The Group is exposed to interest/profit rate risk through the holding of unquoted bonds.

The following table demonstrates the sensitivity of the Group's equity to a 25 basis points (2019: 25 basis points) increase/decrease in interest/profit rates with all other variables held constant:

|                               | <b>Group</b>  |               |
|-------------------------------|---------------|---------------|
|                               | <b>2020</b>   | <b>2019</b>   |
|                               | <b>RM'000</b> | <b>RM'000</b> |
| Effects on equity if:         |               |               |
| - increase by 25 basis points | <b>(327)</b>  | (243)         |
| - decrease by 25 basis points | <b>327</b>    | 243           |

The sensitivity is the effect of the assumed changes in interest/profit rates on changes in fair value of investment securities for the year, based on revaluing fixed rate financial assets as at the financial year end.

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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(b) Market risk: Interest/profit rate risk (cont'd.)****Interest/profit rate exposure**

The following table analyses the Group's and the Company's interest/profit rate exposure. The unquoted bonds and deposits with licensed financial institutions are categorised by maturity dates.

|   | Less than<br>one year<br>RM'000 | Maturity<br>One to<br>five years<br>RM'000 | More than<br>five years<br>RM'000 | Total<br>RM'000 | Effective<br>interest/<br>profit rate<br>% |
|---|---------------------------------|--|-----------------------------------|-----------------|--|
| <b>Group</b>  |                                 |  |                                   |                 |  |
| <b>As at 31 December 2020</b>                       |                                 |  |                                   |                 |  |
| Investment securities:                              |                                 |  |                                   |                 |  |
| - unquoted bonds                                    | -                               | 46,637                                     | 9,988                             | 56,625          | 4.17                                       |
| Deposits with licensed financial institutions:      |                                 |  |                                   |                 |  |
| - cash set aside by the Group for<br>Clearing Funds | 95,000                          | -  | -                                 | 95,000          | 2.09                                       |
| - cash and bank balances                            | 435,615                         | -  | -                                 | 435,615         | 2.06                                       |
| <b>As at 31 December 2019</b>                       |                                 |  |                                   |                 |  |
| Investment securities:                              | 10,052                          | 41,016                                     | -                                 | 51,068          | 4.48                                       |
| - unquoted bonds                                    |                                 |  |                                   |                 |  |
| Deposits with licensed financial institutions:      |                                 |  |                                   |                 |  |
| - cash set aside by the Group for<br>Clearing Funds | 90,000                          | -  | -                                 | 90,000          | 3.36                                       |
| - cash and bank balances                            | 246,885                         | -  | -                                 | 246,885         | 3.40                                       |
| <b>Company</b>                                      |                                 |  |                                   |                 |  |
| <b>As at 31 December 2020</b>                       |                                 |  |                                   |                 |  |
| Investment securities:                              |                                 |  |                                   |                 |  |
| - unquoted bonds                                    | -                               | -  | 5,002                             | 5,002           | 3.24                                       |
| Deposits with licensed financial institutions:      |                                 |  |                                   |                 |  |
| - cash and bank balances                            | 88,143                          | -  | -                                 | 88,143          | 2.04                                       |
| <b>As at 31 December 2019</b>                       |                                 |  |                                   |                 |  |
| Deposits with licensed financial institutions:      |                                 |  |                                   |                 |  |
| - cash and bank balances                            | 48,894                          | -  | -                                 | 48,894          | 3.42                                       |

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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(c) Market risk: Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates such as that in the United States Dollar (USD), Singapore Dollar (SGD) and Japanese Yen (JPY). The Group and the Company are exposed to foreign currency risk primarily through the holding of CME Group shares, trade receivables and transactions between the Group and CME Group which are denominated in USD.

The Group and the Company do not hedge their currency exposures. The following table shows the accumulated amount of material financial assets and liabilities which are unhedged:

|   | Group          |         | Company        |         |
|---|----------------|---------|----------------|---------|
|   | 2020           | 2019    | 2020           | 2019    |
|   | RM'000         | RM'000  | RM'000         | RM'000  |
| <b>Financial assets - denominated in USD</b>      |                |         |                |         |
| Investment securities:                            |                |         |                |         |
| - shares quoted outside Malaysia                  | 139,451        | 156,542 | 139,451        | 156,542 |
| Trade receivables                                 | 3,380          | 5,052   | -              | -       |
|   | <b>142,831</b> | 161,594 | <b>139,451</b> | 156,542 |
| <b>Financial liabilities - denominated in USD</b> |                |         |                |         |
| Other payables                                    | 5,226          | 4,983   | -              | 175     |

The Group is not exposed to foreign currency risk from the holding of margins and collaterals as the risks are borne by the participants. The following table depicts this through the netting off of monies held as margins and collaterals against the corresponding liabilities.

| Group   | USD<br>RM'000 | SGD<br>RM'000 | JPY<br>RM'000 | Total<br>RM'000 |
|---|---------------|---------------|---------------|-----------------|
| <b>As at 31 December 2020</b>   |               |               |               |                 |
| <b>Financial assets</b>   |               |               |               |                 |
| Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions | 327,568       | 218           | 2,383         | 330,169         |
| <b>Financial liabilities</b>  |               |               |               |                 |
| Trade payables  | (327,568)     | (218)         | (2,383)       | (330,169)       |
|   | -             | -             | -             | -               |

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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(c) Market risk: Foreign currency risk (cont'd.)**

The Group is not exposed to foreign currency risk from the holding of margins and collaterals as the risks are borne by the participants. The following table depicts this through the netting off of monies held as margins and collaterals against the corresponding liabilities. (cont'd.)

| Group   | USD<br>RM'000 | SGD<br>RM'000 | JPY<br>RM'000 | Total<br>RM'000 |
|---|---------------|---------------|---------------|-----------------|
| <b>As at 31 December 2019</b>   |               |               |               |                 |
| <b>Financial assets</b>   |               |               |               |                 |
| Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions | 264,904       | 218           | 188           | 265,310         |
| <b>Financial liabilities</b>  |               |               |               |                 |
| Trade payables  | (264,904)     | (218)         | (188)         | (265,310)       |
|   | -             | -             | -             | -               |

The following table demonstrates the sensitivity of the Group's and of the Company's profit after tax and equity to a reasonable possible change in the exchange rates against the respective functional currencies of the Group and of the Company, with all other variables held constant.

|                                    | Group                         |                  | Company                       |                  |
|------------------------------------|-------------------------------|------------------|-------------------------------|------------------|
|                                    | Profit<br>after tax<br>RM'000 | Equity<br>RM'000 | Profit<br>after tax<br>RM'000 | Equity<br>RM'000 |
| <b>As at 31 December 2020</b>      |                               |                  |                               |                  |
| USD - strengthens by 5% against RM | (70)                          | 6,903            | -                             | 6,973            |
| <b>As at 31 December 2019</b>      |                               |                  |                               |                  |
| USD - strengthens by 5% against RM | 3                             | 7,830            | (7)                           | 7,820            |

An equivalent weakening of the foreign currencies as shown above would have resulted in an equivalent, but opposite, impact.

**(d) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting their financial obligations due to a shortage of funds.

**(i) Liabilities related risk**

The Group and the Company maintain sufficient levels of cash and cash equivalents to meet working capital requirements. The Group and the Company also maintain a reasonable level of banking facilities for contingency requirements.



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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(d) Liquidity risk (cont'd.)****(i) Liabilities related risk (cont'd.)**

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

|  | Maturity               |                                 |  |                                   | Total<br>RM'000 |
|--|------------------------|---------------------------------|--|-----------------------------------|-----------------|
|  | On<br>demand<br>RM'000 | Less than<br>one year<br>RM'000 | One year<br>to five<br>years<br>RM'000 | More than<br>five years<br>RM'000 |                 |
| <b>Group</b>                                       |                        |                                 |  |                                   |                 |
| <b>As at 31 December 2020</b>                      |                        |                                 |  |                                   |                 |
| Other payables which are<br>financial liabilities* | 21,775                 | 26,651                          | -                                      | -                                 | 48,426          |
| Lease liabilities**                                | -                      | 505                             | 2,188                                  | 35,949                            | 38,642          |
|  | <b>21,775</b>          | <b>27,156</b>                   | <b>2,188</b>                           | <b>35,949</b>                     | <b>87,068</b>   |
| <b>As at 31 December 2019</b>                      |                        |                                 |  |                                   |                 |
| Other payables which are<br>financial liabilities* | 19,355                 | 10,169                          | -                                      | -                                 | 29,524          |
| Lease liabilities**                                | -                      | 505                             | 2,188                                  | 36,487                            | 39,180          |
|  | 19,355                 | 10,674                          | 2,188                                  | 36,487                            | 68,704          |
| <b>Company</b>                                     |                        |                                 |  |                                   |                 |
| <b>As at 31 December 2020</b>                      |                        |                                 |  |                                   |                 |
| Other payables which are<br>financial liabilities* | 3,448                  | 7,597                           | -                                      | -                                 | 11,045          |
| Amount due to subsidiary                           | -                      | 136                             | -                                      | -                                 | 136             |
| Lease liabilities**                                | -                      | 505                             | 2,188                                  | 35,949                            | 38,642          |
|  | <b>3,448</b>           | <b>8,238</b>                    | <b>2,188</b>                           | <b>35,949</b>                     | <b>49,823</b>   |
| <b>As at 31 December 2019</b>                      |                        |                                 |  |                                   |                 |
| Other payables which are<br>financial liabilities* | 3,988                  | 3,277                           | -                                      | -                                 | 7,265           |
| Lease liabilities**                                | -                      | 505                             | 2,188                                  | 36,487                            | 39,180          |
|  | 3,988                  | 3,782                           | 2,188                                  | 36,487                            | 46,445          |

\* Other payables which are financial liabilities include amount due to the Securities Commission Malaysia and sundry payables as disclosed in Note 32.

\*\* The amounts refer to the undiscounted repayment obligations on the two non-cancellable operating lease agreements for the use of land for a period of 99 years, as disclosed in Note 15.

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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(d) Liquidity risk (cont'd.)****(ii) Clearing and settlement related risk**

The clearing house subsidiaries of the Group act as a counterparty to eligible trades concluded on the securities and derivatives markets through the novation of obligations of the buyers and sellers. The Group mitigates this exposure by establishing financial criteria for admission as participants, monitoring participants' position limits and requiring that margins and collaterals on outstanding positions be placed with the clearing houses. CGF and DCF, as disclosed in Note 25, were set up to further mitigate this risk.

The liabilities and corresponding assets in relation to clearing and settlement risk as at the financial year end are shown below:

|  |             | <b>Group<br/>On demand</b> |                        |
|--|-------------|----------------------------|------------------------|
|  | <b>Note</b> | <b>2020<br/>RM'000</b>     | <b>2019<br/>RM'000</b> |
| <b>Current assets</b>  |             |                            |                        |
| Cash for equity margins, derivatives trading margins and security deposits | 24          | <b>2,068,705</b>           | 1,395,877              |
| Cash and bank balances of Clearing Funds:                                  |             |                            |                        |
| - participants' contribution   | 25          | <b>54,903</b>              | 39,204                 |
| <b>Current liabilities</b>   |             |                            |                        |
| Trade payables   | 24(a)       | <b>(2,068,705)</b>         | (1,395,877)            |
| Participants' contribution to Clearing Funds                               | 25          | <b>(54,903)</b>            | (39,204)               |
|  |             | -                          | -                      |

**(e) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk primarily from their investment securities, staff loans receivable, trade receivables, other receivables which are financial assets, amount due from subsidiaries and cash and bank balances.

As at the current and previous financial year end, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised on the statements of financial position.

For investment securities and cash and bank balances, the Group and the Company minimise credit risk by adopting an investment policy which only allows dealing with counterparties with good credit ratings. The Group and the Company closely monitor the credit worthiness of their counterparties by reviewing their credit ratings and credit profiles on a regular basis. Receivables are monitored to ensure that exposure to bad debts is minimised.

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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(e) Credit risk (cont'd.)****Investment securities and cash and bank balances**

The counterparty credit rating of the Group's and of the Company's investment securities and cash and bank balances rated by credit rating agencies (RAM Holdings Berhad and Malaysian Rating Corporation Berhad) as at the financial year end is as follows:

|                               | Government           |               | Counterparty credit rating |             | Total<br>RM'000 |
|-------------------------------|----------------------|---------------|----------------------------|-------------|-----------------|
|                               | Guaranteed<br>RM'000 | AAA<br>RM'000 | AA<br>RM'000               | A<br>RM'000 |                 |
| <b>Group</b>                  |                      |               |                            |             |                 |
| <b>As at 31 December 2020</b> |                      |               |                            |             |                 |
| Investment securities:        |                      |               |                            |             |                 |
| - unquoted bonds              | 10,392               | 15,334        | 30,899                     | -           | 56,625          |
| Cash and bank balances*       | -                    | 1,631,263     | 903,193                    | 124,374     | 2,658,830       |
| <b>As at 31 December 2019</b> |                      |               |                            |             |                 |
| Investment securities:        |                      |               |                            |             |                 |
| - unquoted bonds              | 10,268               | 10,103        | 30,697                     | -           | 51,068          |
| Cash and bank balances*       | -                    | 952,653       | 759,053                    | 65,156      | 1,776,862       |
| <b>Company</b>                |                      |               |                            |             |                 |
| <b>As at 31 December 2020</b> |                      |               |                            |             |                 |
| Investment securities:        |                      |               |                            |             |                 |
| - unquoted bonds              | -                    | 5,002         | -                          | -           | 5,002           |
| Cash and bank balances*       | -                    | 11,663        | 70,458                     | 6,448       | 88,569          |
| <b>As at 31 December 2019</b> |                      |               |                            |             |                 |
| Cash and bank balances*       | -                    | 12,601        | 35,390                     | 2,760       | 50,751          |

\* Cash and bank balances of the Group include cash for equity margins, derivatives trading margins, security deposits and eDividend distributions, cash and bank balances of Clearing Funds, and the Group's cash and bank balances.

The Group's and the Company's investment securities are rated as investment grade and the allowance for impairment losses are measured on the basis of 12-months expected credit losses (ECL). As at the financial year end, there is no significant increase in credit risk for investment securities since initial recognition. The movements in the allowance for impairment losses on investment securities are as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| At 1 January  | 61             | 150            | -              | 23             |
| (Reversal of impairment losses)/impairment losses for the year (Note 7) | (51)           | (89)           | 1              | (23)           |
| At 31 December  | 10             | 61             | 1              | -              |

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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(e) Credit risk (cont'd.)****Receivables**

The ageing analysis of the Group's and of the Company's gross receivables (before deducting allowance for impairment losses) are as follows:

|   | Note | Total  |        | Not<br>past<br>due<br>RM'000 | Not credit impaired   |                         |                         |                          |                        | Total<br>past<br>due<br>RM'000 |
|---|------|--------|--------|------------------------------|-----------------------|-------------------------|-------------------------|--------------------------|------------------------|--------------------------------|
|   |      | RM'000 | RM'000 |                              | Past due              |                         |                         |                          |                        |                                |
|   |      |        |        |                              | <30<br>days<br>RM'000 | 31-60<br>days<br>RM'000 | 61-90<br>days<br>RM'000 | 91-180<br>days<br>RM'000 | >181<br>days<br>RM'000 |                                |
| <b>Group</b>  |      |        |        |                              |                       |                         |                         |                          |                        |                                |
| <b>At 31 December 2020</b>                          |      |        |        |                              |                       |                         |                         |                          |                        |                                |
| Staff loans receivable                              | 19   | 1,629  | -      | 1,629                        | -                     | -                       | -                       | -                        | -                      | -                              |
| Trade receivables                                   | 21   | 89,317 | 1,279  | 79,559                       | 3,394                 | 2,652                   | 1,217                   | 552                      | 664                    | 8,479                          |
| Other receivables<br>which are financial<br>assets* | 22   | 13,669 | 5,700  | 7,969                        | -                     | -                       | -                       | -                        | -                      | -                              |
| <b>At 31 December 2019</b>                          |      |        |        |                              |                       |                         |                         |                          |                        |                                |
| Staff loans receivable                              | 19   | 2,165  | -      | 2,165                        | -                     | -                       | -                       | -                        | -                      | -                              |
| Trade receivables                                   | 21   | 44,578 | 1,654  | 35,099                       | 3,704                 | 1,429                   | 278                     | 1,943                    | 471                    | 7,825                          |
| Other receivables<br>which are financial<br>assets* | 22   | 18,518 | 5,700  | 12,818                       | -                     | -                       | -                       | -                        | -                      | -                              |
| <b>Company</b>                                      |      |        |        |                              |                       |                         |                         |                          |                        |                                |
| <b>At 31 December 2020</b>                          |      |        |        |                              |                       |                         |                         |                          |                        |                                |
| Staff loans receivable                              | 19   | 1,303  | -      | 1,303                        | -                     | -                       | -                       | -                        | -                      | -                              |
| Trade receivables                                   | 21   | 845    | 136    | 88                           | 292                   | 82                      | 98                      | 24                       | 125                    | 621                            |
| Other receivables<br>which are financial<br>assets* | 22   | 5,582  | 2,270  | 3,312                        | -                     | -                       | -                       | -                        | -                      | -                              |
| Amount due from<br>subsidiaries                     | 23   | 43,380 | 11,895 | 31,485                       | -                     | -                       | -                       | -                        | -                      | -                              |
| <b>At 31 December 2019</b>                          |      |        |        |                              |                       |                         |                         |                          |                        |                                |
| Staff loans receivable                              | 19   | 1,814  | -      | 1,814                        | -                     | -                       | -                       | -                        | -                      | -                              |
| Trade receivables                                   | 21   | 1,073  | 195    | 117                          | 490                   | 42                      | 2                       | 70                       | 157                    | 761                            |
| Other receivables<br>which are financial<br>assets* | 22   | 6,012  | 2,270  | 3,742                        | -                     | -                       | -                       | -                        | -                      | -                              |
| Amount due from<br>subsidiaries                     | 23   | 28,566 | 11,891 | 16,675                       | -                     | -                       | -                       | -                        | -                      | -                              |

\* Other receivables which are financial assets include deposits, interest/profit income receivable and sundry receivables.

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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(e) Credit risk (cont'd.)****Receivables (cont'd.)**

Receivables that are neither past due nor credit impaired are creditworthy debtors with good payment records with the Group and with the Company. The credit terms for trade receivables range from 7 days to 30 days, except for trade receivables relating to fees due from clearing participants for clearing and settlement services whereby the payments are due two market days from the month end.

None of the Group's and the Company's receivables that are neither past due nor credit impaired have been renegotiated during the current and previous financial years.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single clearing participant or counterparty.

Receivables are not secured by any collaterals or credit enhancements other than as disclosed in Note 24.

**Impairment on receivables**

The Group and the Company apply the simplified approach whereby allowance for impairment losses are measured at lifetime ECL. The movements of the allowance for impairment losses on receivables are as follows:

|                                | Trade receivables                      |                              |                              | Other receivables                      |                              |                              |
|--------------------------------|--|------------------------------|------------------------------|--|------------------------------|------------------------------|
|                                | Lifetime<br>ECL<br>allowance<br>RM'000 | Credit<br>impaired<br>RM'000 | Total<br>allowance<br>RM'000 | Lifetime<br>ECL<br>allowance<br>RM'000 | Credit<br>impaired<br>RM'000 | Total<br>allowance<br>RM'000 |
| <b>Group</b>                   |  |                              |                              |  |                              |                              |
| At 1 January 2020              | 664                                    | 1,654                        | 2,318                        | 88                                     | 5,700                        | 5,788                        |
| (Reversal)/Charge for the year | (57)                                   | 702                          | 645                          | (82)                                   | -                            | (82)                         |
| Write-offs                     | -                                      | (1,077)                      | (1,077)                      | -                                      | -                            | -                            |
| At 31 December 2020            | 607                                    | 1,279                        | 1,886                        | 6                                      | 5,700                        | 5,706                        |
| At 1 January 2019              | 604                                    | 1,141                        | 1,745                        | 5                                      | 5,751                        | 5,756                        |
| Charge/(Reversal) for the year | 60                                     | 513                          | 573                          | 83                                     | (51)                         | 32                           |
| At 31 December 2019            | 664                                    | 1,654                        | 2,318                        | 88                                     | 5,700                        | 5,788                        |

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**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(e) Credit risk (cont'd.)****Impairment on receivables (cont'd.)**

| Company                        | Trade receivables      |                 |                 | Other receivables      |                 |                 | Amount due from subsidiary |
|--------------------------------|------------------------|-----------------|-----------------|------------------------|-----------------|-----------------|----------------------------|
|                                | Lifetime ECL allowance | Credit impaired | Total allowance | Lifetime ECL allowance | Credit impaired | Total allowance | Credit impaired            |
|                                | RM'000                 | RM'000          | RM'000          | RM'000                 | RM'000          | RM'000          | RM'000                     |
| At 1 January 2020              | 12                     | 195             | 207             | 17                     | 2,270           | 2,287           | 11,891                     |
| Charge/(Reversal) for the year | 3                      | 132             | 135             | (11)                   | -               | (11)            | 4                          |
| Write-offs                     | -                      | (191)           | (191)           | -                      | -               | -               | -                          |
| At 31 December 2020            | 15                     | 136             | 151             | 6                      | 2,270           | 2,276           | 11,895                     |
| At 1 January 2019              | 28                     | 192             | 220             | 5                      | 2,321           | 2,326           | 11,882                     |
| (Reversal)/Charge for the year | (16)                   | 3               | (13)            | 12                     | (51)            | (39)            | 9                          |
| At 31 December 2019            | 12                     | 195             | 207             | 17                     | 2,270           | 2,287           | 11,891                     |

- (a) Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.
- (b) The Group's allowance for impairment losses on trade and other receivables during the financial years decreased by RM514,000 mainly due to the write-offs of bad debts as the debts cannot be recovered. In the previous financial year, the Group's allowance for impairment losses on trade and other receivables increased by RM605,000 mainly due to the provision for higher impaired trade receivables.
- (c) The Company's allowance for impairment losses on trade and other receivables during the current financial year decreased by RM67,000 mainly due to the write-offs of bad debts as the debts cannot be recovered. In the previous financial year, the Company's allowance for impairment losses on trade and other receivables decreased by RM52,000 mainly due to the recovery of bad debts.

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**38. CLASSIFICATION OF FINANCIAL INSTRUMENTS**

The Group's and the Company's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2.4 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities of the Group and of the Company in the statements of financial position by the classes and categories of financial instruments to which they are assigned by their measurement basis.

|   | Group            |           | Company        |         |
|---|------------------|-----------|----------------|---------|
|   | 2020             | 2019      | 2020           | 2019    |
|   | RM'000           | RM'000    | RM'000         | RM'000  |
| <b>Assets</b>   |                  |           |                |         |
| <b>Financial assets at FVTOCI</b>   |                  |           |                |         |
| Investment securities:  |                  |           |                |         |
| - quoted shares (outside Malaysia)  | 139,451          | 156,542   | 139,451        | 156,542 |
| - unquoted bonds  | 56,625           | 51,068    | 5,002          | -       |
|   | <b>196,076</b>   | 207,610   | <b>144,453</b> | 156,542 |
| <b>Financial assets at amortised cost</b>   |                  |           |                |         |
| Staff loans receivable  | 1,629            | 2,165     | 1,303          | 1,814   |
| Trade receivables   | 87,431           | 42,260    | 694            | 866     |
| Other receivables which are financial assets*   | 7,963            | 12,730    | 3,306          | 3,725   |
| Amount due from subsidiaries  | -                | -         | 31,485         | 16,675  |
| Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions | 2,069,956        | 1,395,899 | -              | -       |
| Cash and bank balances of Clearing Funds  | 149,903          | 129,204   | -              | -       |
| Cash and bank balances of the Group/Company   | 438,971          | 251,759   | 88,569         | 50,751  |
|   | <b>2,755,853</b> | 1,834,017 | <b>125,357</b> | 73,831  |
| <b>Total financial assets</b>   | <b>2,951,929</b> | 2,041,627 | <b>269,810</b> | 230,373 |
| <b>Liabilities</b>  |                  |           |                |         |
| <b>Financial liabilities at amortised cost</b>  |                  |           |                |         |
| Trade payables  | 2,068,705        | 1,395,877 | -              | -       |
| Participants' contributions to Clearing Funds   | 54,903           | 39,204    | -              | -       |
| Other payables which are financial liabilities**  | 48,426           | 29,524    | 11,045         | 7,265   |
| Amount due to subsidiary  | -                | -         | 136            | -       |
| Lease liabilities   | 7,961            | 7,966     | 7,961          | 7,966   |
| <b>Total financial liabilities</b>  | <b>2,179,995</b> | 1,472,571 | <b>19,142</b>  | 15,231  |

\* Other receivables which are financial assets include deposits, interest/profit income receivables and sundry receivables, net of allowance for impairment losses, as disclosed in Note 22.

\*\* Other payables which are financial liabilities include amount due to the Securities Commission Malaysia and sundry payables as disclosed in Note 32.

## Notes to the Financial Statements

31 December 2020

**39. FAIR VALUE****(a) Financial instruments that are carried at fair value**

Investment securities are measured at fair value at different measurement hierarchies (i.e. Levels 1, 2 and 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the fair values.

- (i) Level 1: Quoted prices (unadjusted) of identical assets in active markets

Shares quoted outside Malaysia are measured at Level 1. The fair value of quoted shares is determined directly by reference to its published market bid price as at the financial year end.

- (ii) Level 2: Inputs other than at quoted prices included within Level 1 that are observable for the asset, either directly (i.e. prices) or indirectly (i.e. derived from prices)

Unquoted bonds are measured at Level 2. The fair value of unquoted bonds is determined by reference to the published market bid price of unquoted fixed income securities based on information provided by Bond Pricing Agency Malaysia Sdn Bhd.

- (iii) Level 3: Inputs for the asset that are not based on observable market data (unobservable inputs)

The Group and the Company do not have any financial instruments measured at Level 3 in the current and previous financial year.

| <b>Group</b>                       | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|------------------------------------|---------------------------|---------------------------|-------------------------|
| <b>As at 31 December 2020</b>      |                           |                           |                         |
| Investment securities:             |                           |                           |                         |
| - quoted shares (outside Malaysia) | 139,451                   | -                         | 139,451                 |
| - unquoted bonds                   | -                         | 56,625                    | 56,625                  |
|                                    | <b>139,451</b>            | <b>56,625</b>             | <b>196,076</b>          |
| <b>As at 31 December 2019</b>      |                           |                           |                         |
| Investment securities:             |                           |                           |                         |
| - quoted shares (outside Malaysia) | 156,542                   | -                         | 156,542                 |
| - unquoted bonds                   | -                         | 51,068                    | 51,068                  |
|                                    | 156,542                   | 51,068                    | 207,610                 |



## Notes to the Financial Statements

31 December 2020

**39. FAIR VALUE (CONT'D.)****(a) Financial instruments that are carried at fair value (cont'd.)**

| <b>Company</b>                     | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|------------------------------------|---------------------------|---------------------------|-------------------------|
| <b>As at 31 December 2020</b>      |                           |                           |                         |
| Investment securities:             |                           |                           |                         |
| - quoted shares (outside Malaysia) | 139,451                   | -                         | 139,451                 |
| - unquoted bonds                   | -                         | 5,002                     | 5,002                   |
|                                    | <b>139,451</b>            | <b>5,002</b>              | <b>144,453</b>          |
| <b>As at 31 December 2019</b>      |                           |                           |                         |
| Investment securities:             |                           |                           |                         |
| - quoted shares (outside Malaysia) | 156,542                   | -                         | 156,542                 |

There were no transfers between Level 1 and Level 2 during the current and previous financial year.

The Group and the Company do not have any financial liabilities carried at fair value as at 31 December 2020 and 31 December 2019.

**(b) Financial instruments that are not carried at fair value**

The carrying amount of the financial instruments carried at amortised cost, other than staff loans receivable, are reasonable approximation of their fair values due to their short-term nature.

|   | <b>Note</b> |
|---|-------------|
| Trade receivables   | 21          |
| Other receivables which are financial assets (except staff loans receivable within 12 months)       | 22          |
| Amount due from/(to) subsidiaries   | 23          |
| Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions | 24          |
| Cash and bank balances of Clearing Funds  | 25          |
| Cash and bank balances of the Group/Company   | 26          |
| Trade payables  | 24(a)       |
| Participants' contributions to Clearing Funds   | 25          |
| Other payables which are financial liabilities  | 32          |

The carrying amount of staff loans receivable approximates its fair value, and is estimated by discounting the expected future cash flows using the current interest rates for loans with similar risk profiles. The staff loans receivable are measured at Level 3 under the measurement hierarchy.

|                                  | <b>Group</b>                          |                                  | <b>Company</b>                        |                                  |
|----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|----------------------------------|
|                                  | <b>Carrying<br/>amount<br/>RM'000</b> | <b>Fair<br/>value<br/>RM'000</b> | <b>Carrying<br/>amount<br/>RM'000</b> | <b>Fair<br/>value<br/>RM'000</b> |
| <b>As at 31 December 2020</b>    |                                       |                                  |                                       |                                  |
| Staff loans receivable (Note 19) | 1,629                                 | 1,629                            | 1,303                                 | 1,286                            |
| <b>As at 31 December 2019</b>    |                                       |                                  |                                       |                                  |
| Staff loans receivable (Note 19) | 2,165                                 | 2,084                            | 1,814                                 | 1,754                            |

## Notes to the Financial Statements

31 December 2020

### 40. CAPITAL MANAGEMENT

The Group manages its capital with the objective of maximising shareholders' returns. To achieve this, the Group takes into consideration and ensures the sufficiency of funds for operations, risk management and development. Although the Group's policy is to distribute at least 75% of its profits to shareholders, it has been thus far paying at least 90% of its profits every year whilst ensuring that its pool of funds for future development is at a sufficient level.

The Group is not subject to any externally imposed capital requirements. However, the Group is required to set aside funds for the CGF and DCF in accordance with the business rules of its clearing house subsidiaries. The Group also takes into consideration the guidance under the Principles for Financial Market Infrastructures when determining the sufficiency of funds held by the Group.

Total capital managed at Group level, which comprises shareholders' funds and deferred capital grants, stood at RM903,176,000 (2019: RM763,096,000) as at the end of the financial year.

There has been no change in the above capital management objectives, policies and processes compared to the previous year.

### 41. SEGMENT INFORMATION

#### (a) Reporting format

For management reporting purposes, the Group is organised into operating segments based on market segments as the Group's risks and rates of return are affected predominantly by the macro environment of the different markets.

The securities, derivatives and others market segments are managed by the respective segment divisional heads responsible for the performance of the respective segments under their charge.

#### (b) Market segments

The four major market segments of the Group are as follows:

- (i) The securities market mainly comprises the provision and operation of the listing, trading, clearing, depository services and provision and dissemination of information relating to equity securities quoted on the securities exchange.
- (ii) The derivatives market mainly comprises the provision and operation of the trading, clearing, depository services and provision and dissemination of information relating to derivative products quoted on the derivatives exchange.
- (iii) The exchange holding business refers to the operation of the Company which functions as an investment holding company.
- (iv) Others mainly comprise the provision of a Shariah-compliant commodity trading platform, a reporting platform for bond traders and the provision of an exchange for the offshore market.

#### (c) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, overheads and income tax expenses.

The Group monitors the operating results of its market segments separately for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between the market segments are set on an arm's length basis in a manner similar to transactions with third parties.

## Notes to the Financial Statements

31 December 2020

## 41. SEGMENT INFORMATION (CONT'D.)

## Market segments

| Group   | Securities<br>market<br>RM'000 | Derivatives<br>market<br>RM'000 | Exchange<br>holding<br>company<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|---|--------------------------------|---------------------------------|--|------------------|-----------------|
| <b>As at 31 December 2020</b>   |                                |                                 |  |                  |                 |
| Operating revenue   | 654,507                        | 102,814                         | 7,741                                    | 13,743           | 778,805         |
| Other income  | 11,205                         | 1,701                           | 7,122                                    | 140              | 20,168          |
| Direct costs  | (109,495)                      | (56,037)                        | (29,768)                                 | (7,632)          | (202,932)       |
| Segment profit/(loss)   | 556,217                        | 48,478                          | (14,905)                                 | 6,251            | 596,041         |
| Overheads   |                                |                                 |  |                  | (89,404)        |
| Profits before tax and zakat  |                                |                                 |  |                  | 506,637         |
| <b>Segment assets</b>   |                                |                                 |  |                  |                 |
| Assets  | 550,887                        | 106,365                         | 311,295                                  | 20,929           | 989,476         |
| Clearing Funds  | 104,145                        | 45,758                          | -  | -                | 149,903         |
| Cash for equity margins, derivatives trading<br>margins, security deposits and eDividend<br>distributions | 207,511                        | 1,862,445                       | -  | -                | 2,069,956       |
| Segment assets  | 862,543                        | 2,014,568                       | 311,295                                  | 20,929           | 3,209,335       |
| Unallocated corporate assets  |                                |                                 |  |                  | 23,539          |
| Total assets  |                                |                                 |  |                  | 3,232,874       |
| <b>Segment liabilities</b>  |                                |                                 |  |                  |                 |
| Liabilities   | 73,791                         | 20,430                          | 78,506                                   | 15,907           | 188,634         |
| Participants' contribution to Clearing Funds  | 19,145                         | 35,758                          | -  | -                | 54,903          |
| Equity margins, derivatives trading margins,<br>security deposits and eDividend distributions             | 207,511                        | 1,862,445                       | -  | -                | 2,069,956       |
| Segment liabilities   | 300,447                        | 1,918,633                       | 78,506                                   | 15,907           | 2,313,493       |
| Unallocated corporate liabilities   |                                |                                 |  |                  | 18,586          |
| Total liabilities   |                                |                                 |  |                  | 2,332,079       |

## Notes to the Financial Statements

31 December 2020

## 41. SEGMENT INFORMATION (CONT'D.)

## Market segments (cont'd.)

| Group   | Securities market<br>RM'000 | Derivatives market<br>RM'000 | Exchange holding company<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|---|-----------------------------|------------------------------|------------------------------------|------------------|-----------------|
| <b>As at 31 December 2020 (cont'd.)</b>                   |                             |                              |                                    |                  |                 |
| <b>Other information</b>                                  |                             |                              |                                    |                  |                 |
| Depreciation and amortisation in:                         |                             |                              |                                    |                  |                 |
| - segments  | 5,438                       | 1,866                        | 209                                | 788              | 8,301           |
| - overheads   | -                           | -                            | -                                  | -                | 13,094          |
| Other significant non-cash expenses:                      |                             |                              |                                    |                  |                 |
| Net (reversal of impairment losses)/impairment losses on: |                             |                              |                                    |                  |                 |
| - investment securities                                   | (52)                        | -                            | 1                                  | -                | (51)            |
| - trade and other receivables                             | 507                         | (80)                         | 124                                | 12               | 563             |
| Retirement benefit obligations in overheads               | -                           | -                            | -                                  | -                | 652             |
| SGP expense in:   |                             |                              |                                    |                  |                 |
| - segments  | 593                         | 120                          | 43                                 | 22               | 778             |
| - overheads   | -                           | -                            | -                                  | -                | 253             |

**As at 31 December 2019**

|                             |          |          |          |         |           |
|-----------------------------|----------|----------|----------|---------|-----------|
| Operating revenue           | 372,247  | 85,979   | 7,462    | 14,447  | 480,135   |
| Other income                | 12,315   | 2,031    | 7,813    | 195     | 22,354    |
| Direct costs                | (88,851) | (48,594) | (31,029) | (7,133) | (175,607) |
| Segment profit/(loss)       | 295,711  | 39,416   | (15,754) | 7,509   | 326,882   |
| Overheads                   |          |          |          |         | (71,117)  |
| Profit before tax and zakat |          |          |          |         | 255,765   |

**Segments assets**

|   |         |           |         |        |           |
|---|---------|-----------|---------|--------|-----------|
| Assets  | 360,148 | 115,025   | 280,351 | 23,943 | 779,467   |
| Clearing Funds  | 103,920 | 25,284    | -       | -      | 129,204   |
| Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions | 117,341 | 1,278,558 | -       | -      | 1,395,899 |
| Segment assets  | 581,409 | 1,418,867 | 280,351 | 23,943 | 2,304,570 |
| Unallocated corporate assets  |         |           |         |        | 16,470    |
| Total assets  |         |           |         |        | 2,321,040 |

## Notes to the Financial Statements

31 December 2020

## 41. SEGMENT INFORMATION (CONT'D.)

## Market segments (cont'd.)

| Group   | Securities<br>market<br>RM'000 | Derivatives<br>market<br>RM'000 | Exchange<br>holding<br>company<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|---|--------------------------------|---------------------------------|--|------------------|-----------------|
| <b>As at 31 December 2019 (cont'd.)</b>   |                                |                                 |  |                  |                 |
| <b>Segments liabilities</b>   |                                |                                 |  |                  |                 |
| Liabilities   | 38,484                         | 13,682                          | 55,525                                   | 14,754           | 122,445         |
| Participants' contribution to Clearing Funds  | 18,920                         | 20,284                          | -  | -                | 39,204          |
| Equity margins, derivatives trading margins,<br>security deposits and eDividend distributions | 117,341                        | 1,278,558                       | -  | -                | 1,395,899       |
| Segment liabilities   | 174,745                        | 1,312,524                       | 55,525                                   | 14,754           | 1,557,548       |
| Unallocated corporate liabilities   |                                |                                 |  |                  | 2,727           |
| Total liabilities   |                                |                                 |  |                  | 1,560,275       |

**Other information**

Depreciation and amortisation in:

|             |       |       |     |       |        |
|-------------|-------|-------|-----|-------|--------|
| - segments  | 5,527 | 1,801 | 155 | 1,159 | 8,642  |
| - overheads | -     | -     | -   | -     | 12,134 |

Other significant non-cash expenses:

Net (reversal of impairment losses)/impairment

losses on:

|                               |      |     |       |      |       |
|-------------------------------|------|-----|-------|------|-------|
| - computer software           | -    | -   | 3,300 | -    | 3,300 |
| - investment securities       | (65) | -   | (24)  | -    | (89)  |
| - trade and other receivables | 563  | 116 | (51)  | (23) | 605   |

Retirement benefit obligations in overheads

|  |   |   |   |   |     |
|--|---|---|---|---|-----|
|  | - | - | - | - | 842 |
|--|---|---|---|---|-----|

SGP expense in:

|             |       |     |     |    |       |
|-------------|-------|-----|-----|----|-------|
| - segments  | 1,740 | 155 | 376 | 83 | 2,354 |
| - overheads | -     | -   | -   | -  | 1,069 |

# APPENDICES

## SECTION

# VII

- 245** Notice of 44<sup>th</sup> Annual General Meeting

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- 251** Statement Accompanying Notice of 44<sup>th</sup> Annual General Meeting

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- 255** Link to Information Stated in This Report

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## Notice of 44<sup>th</sup> Annual General Meeting

### BURSA MALAYSIA BERHAD

Registration No. 197601004668 (30632-P)  
(Incorporated in Malaysia under the Companies Act 2016)

**NOTICE IS HEREBY GIVEN THAT** the 44<sup>th</sup> Annual General Meeting (AGM) of Bursa Malaysia Berhad (the Company) will be held fully virtual at Bursa Malaysia Berhad, Conference Room 1, Ground Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur, Malaysia as the **Broadcast Venue** and via the TIIH Online website at <https://tiah.online> on Wednesday, 31 March 2021 at 10.00 a.m. for the transaction of the following business:

#### Ordinary Business

- To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.
- To re-elect the following Directors who retire by rotation in accordance with Article 18.4 of the Company's Constitution and who being eligible offer themselves for re-election:

- Datuk Muhamad Umar Swift; and
- Ms. Chong Chye Neo.

**Resolution 1**  
**Resolution 2**

Datin Grace Yeoh Cheng Geok who also retires by rotation in accordance with Article 18.4 of the Company's Constitution, has expressed her intention not to seek re-election. Hence, she will retain office until the close of the 44<sup>th</sup> AGM.

- To re-elect the following Directors who retire in accordance with Article 18.11 of the Company's Constitution and who being eligible offer themselves for re-election:

- Datuk Bazlan bin Osman; and
- Encik Syed Ari Azhar bin Syed Mohamed Adlan.

**Resolution 3**  
**Resolution 4**

- To approve the payment of Directors' fees amounting to RM300,000 per annum for the Non-Executive Chairman and RM200,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2020.

**Resolution 5**

- To approve the payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors up to an amount of RM2,000,000 from 1 April 2021 until the next AGM of the Company.

**Resolution 6**

- To appoint Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Board of Directors to determine their remuneration.

**Resolution 7**

- To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this 44<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 15.9 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 24 March 2021. Only a depositor whose name appears on the Record of Depositors as at 24 March 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

#### BY ORDER OF THE BOARD

Yong Hazadurah binti Md Hashim (LS 0006674) SSM PC No. 202008003707  
Suzanne Hong Soo Yong (MAICSA 7026744) SSM PC No. 201908003801

Company Secretaries

Kuala Lumpur  
2 March 2021

## Notice of 44<sup>th</sup> Annual General Meeting

### BURSA MALAYSIA BERHAD

Registration No. 197601004668 (30632-P)

(Incorporated in Malaysia under the Companies Act 2016)

#### Notes:

#### 1. Registration for Remote Participation and Voting (RPV) Facilities

- 1.1 The Company's fully virtual 44<sup>th</sup> AGM will be conducted online, without a physical meeting venue. Members can attend, participate and vote in the meeting remotely or online via TIIH Online website at <https://tiih.online> by using the RPV facilities. The only venue involved is the Broadcast Venue where only the essential individuals are physically present to organise the fully virtual 44<sup>th</sup> AGM.
- 1.2 Registration for RPV is open from the date of the Notice of the 44<sup>th</sup> AGM on **Tuesday, 2 March 2021** until such time before the voting session ends at the 44<sup>th</sup> AGM on **Wednesday, 31 March 2021**.
- 1.3 Member(s), proxy(ies), corporate representative(s) or attorney(s) are required to register as a user with TIIH Online first and then pre-register their attendance for the 44<sup>th</sup> AGM for verification of their eligibility to attend the 44<sup>th</sup> AGM using the RPV based on the General Meeting Record of Depositors as at 24 March 2021.

#### 2. Submission of questions before and during the meeting

- 2.1 Members may submit questions in relation to the agenda items for the 44<sup>th</sup> AGM prior to the meeting via TIIH Online at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically not later than **Tuesday, 30 March 2021 at 10.00 a.m.** The responses to these questions will be shared at the 44<sup>th</sup> AGM.
- 2.2 Members may use the **Query Box** facility to ask questions real time (in the form of typed text) during the meeting. The Board and senior management will be in attendance either at the Broadcast Venue or remotely to provide responses accordingly.

#### 3. Proxy

- 3.1 Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and Exempt Authorised Nominees who holds ordinary shares in the Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the AGM, and that such proxy need not be a Member.
- 3.2 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- 3.3 The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing, or if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.
- 3.4 Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 44<sup>th</sup> AGM will be put to vote on a poll.
- 3.5 As approved by the Board with reference to Article 17.2 of the Company's Constitution, proxy forms and/or documents relating to the appointment of proxy for the 44<sup>th</sup> AGM shall be deposited or submitted in the following manner not later than Tuesday, 30 March 2021 at 10.00 a.m. in accordance with Article 17.3 of the Company's Constitution:

(a) In hard copy:

- (i) By hand or post: to the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd (TIIH) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;
- (ii) By fax at 03-2783 9222 or e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

(b) In electronic form via TIIH Online.

The detailed requirements and procedures for the submission of proxy forms are set out in the Administrative Guide.



## Notice of 44<sup>th</sup> Annual General Meeting

### BURSA MALAYSIA BERHAD

Registration No. 197601004668 (30632-P)

(Incorporated in Malaysia under the Companies Act 2016)

#### 4. Audited Financial Statements for financial year ended 31 December 2020

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act (CA) 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

#### 5. Ordinary Resolutions 1 and 2: Re-election of Directors who retire in accordance with Article 18.4 of the Company's Constitution

5.1 Article 18.4 of the Constitution provides that one-third (1/3) of the Directors of the Company excluding the Public Interest Directors (PIDs) for the time being or if their number is not a multiple of three (3), then the number nearest to one-third (1/3) shall retire by rotation at an AGM of the Company and be eligible for re-election. Out of the current Board size of eleven (11), three (3) are PIDs. Hence, three (3) out of eight (8) Directors are to retire in accordance with Article 18.4 of the Constitution.

(a) For the purpose of determining the eligibility of the Directors to stand for re-election at the 44<sup>th</sup> AGM, the Board through its Governance and Nomination Committee (GNC) had assessed each of the retiring Directors, and considered the following:

- (i) The Director's performance and contribution based on the Self and Peer Assessment (SPA) results of the Board Effectiveness Evaluation (BEE) 2019/2020;
- (ii) The Director's level of contribution to the Board deliberations through his/her skills, experience and strength in qualities; and
- (iii) The level of independence demonstrated by the Independent Director, and his/her ability to act in the best interests of the Company in decision-making.

(b) In line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Board had conducted an assessment of the Directors of the Company based on the relevant performance criteria which include the following:

- (i) Will and ability to critically challenge and ask the right questions;
- (ii) Character and integrity in dealing with potential conflict of interest situations;
- (iii) Commitment to serve the company, due diligence and integrity;
- (iv) Confidence to stand up for a point of view;
- (v) Fit and properness;
- (vi) Calibre and personality;
- (vii) Board dynamics and participation;
- (viii) Competency and capability;
- (ix) Independence and objectivity; and
- (x) Contribution and performance.

Based on the Directors' SPA results of the BEE 2019/2020, the individual Directors met the performance criteria required of an effective and a high-performance Board. In addition, all the Non-Executive Directors (NEDs) have also provided annual declaration/confirmation of independence in December 2020 respectively.

(c) Based on the above, the Board approved the GNC's recommendation that the Directors who retire in accordance with Article 18.4 of the Constitution namely, Datuk Muhamad Umar Swift, Ms. Chong Chye Neo and Datin Grace Yeoh Cheng Geok are eligible to stand for re-election. These three (3) retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Committee meetings. Nevertheless, Datin Grace Yeoh Cheng Geok has expressed her intention not to seek re-election. Hence, she will retain office until the close of the 44<sup>th</sup> AGM.

5.2 Section 10(1)(b) of the Capital Markets and Services Act 2007 (CMSA) provides that the appointment, re-appointment, election or re-election as a Director of the Company is subject to concurrence by the Securities Commission Malaysia (SC). In this respect, the SC's concurrence had been obtained via its letters dated 25 November 2020 and 14 January 2021 on the proposed re-election of the Directors (under **Resolutions 1 and 2**) pursuant to Section 10(1)(b) of the CMSA.

## Notice of 44<sup>th</sup> Annual General Meeting

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#### 6. Ordinary Resolutions 3 and 4: Re-election of Directors who retire in accordance with Article 18.11 of the Company's Constitution

6.1 Article 18.11 of the Constitution provides that any Director appointed by the Board shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Datuk Bazlan bin Osman and Encik Syed Ari Azhar bin Syed Mohamed Adlan were appointed as Independent Non-Executive Directors of the Company on 16 November 2020. The SC had on 12 November 2020 provided its concurrence on their re-election as Directors (under **Resolutions 3 and 4**) pursuant to Section 10(1)(b) of the CMSA.

6.2 Any Director referred to in **Resolutions 1 to 4**, who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election at the 44<sup>th</sup> AGM.

#### 7. Directors' remuneration - fees and benefits payable to the NEDs

7.1 Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 44<sup>th</sup> AGM on the Directors' remuneration in two (2) separate resolutions as below:

- (a) **Resolution 5** on payment of Directors' fees in respect of the preceding year 2020; and
- (b) **Resolution 6** on payment of Directors' benefits from 1 April 2021 to the next AGM in 2022.

##### 7.2 Ordinary Resolution 5: Directors' fees

The Remuneration Committee (RC) is responsible to conduct an annual review of the Board remuneration policy with the view to ensure that the current remuneration for the members of the Board and Board Committees of Bursa Malaysia Group remain competitive and appropriate to attract, retain and motivate individuals with strong credentials and high calibre to serve on the Board of the Company. In this respect, an external consultant is engaged for the Board remuneration review (BRR) once in every three (3) years, to provide the RC with an objective and independent perspective. The last engagement of an independent consultant was in 2017. Accordingly, the Board had engaged KPMG Management & Risk Consulting Sdn Bhd (KPMG) to facilitate the BRR in 2020.

In November 2020, KPMG presented to the RC its BRR report which adopted comparator companies in the financial services sector, dominant providers and those with similar market capitalisation in Malaysia as well as comparable stock exchanges. The BRR report also reflected the demands, complexities and performance of the Exchange Group particularly, the core activities and responsibilities of the Board/Board Committees as well as having regard to the responsibilities and contribution levels of individual members in terms of statutory duties, fiduciary duties, risk, intensity/complexity of work, time commitment and effort.

Having considered the KPMG's BRR report, the Board subsequently approved the RC's recommendation to maintain the NEDs' remuneration (fees and benefits) as they are at par with the prevalent market rate as set out in the table below:

| Directors' Fees<br>(as approved at AGMs) | FY2017    | FY2018    | FY2019    | Approval<br>sought for<br>FY2020 |
|--|-----------|-----------|-----------|----------------------------------|
| Non-Executive Chairman                   | RM300,000 | RM300,000 | RM300,000 | RM300,000                        |
| Non-Executive Director                   | RM200,000 | RM200,000 | RM200,000 | RM200,000                        |

The payment of the NEDs' fees in respect of the preceding financial year (FY) 2020 will only be made if the proposed **Resolution 5** has been passed at the 44<sup>th</sup> AGM pursuant to Article 19.1 of the Company's Constitution and Section 230(1)(b) of the CA 2016.

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#### 7.3 Ordinary Resolution 6: Benefits payable to the NEDs

The benefits payable to the NEDs comprise the allowances and other emoluments payable to the Chairman and members of the Board, Board of subsidiaries, Board Committees and such other committees as may be established by the Board.

- (a) At the 43<sup>rd</sup> AGM of the Company held fully virtual on 29 April 2020, the benefits payable to the NEDs of the Company from 30 April 2020 until the 44<sup>th</sup> AGM of the Company was approved for an amount of up to RM2,200,000. The utilisation of this approved amount as at 31 December 2020 is RM1,348,000. Based on the schedule of meetings in the first quarter of 2021, an amount of RM480,000 is expected to be utilised for payment of meeting allowance, fixed allowance and other benefits to the NEDs. Hence, the expected total utilised amount would be approximately 83% of the approved amount.
- (b) The Directors' benefits have remained the same since 2018, as summarised in the table below:

| Description  | Chairman   | NEDs / Member   |
|--|--|---|
| <b>Meeting Allowance (per meeting)</b>                                   |  |   |
| • Board of Bursa Malaysia  | RM3,000  | RM3,000   |
| • Board of Subsidiary  | RM3,000  | RM3,000   |
| • Bursa Malaysia Group Committees  | RM3,000  | RM3,000   |
| <b>Fixed Allowance</b>   |  |   |
| • Bursa Malaysia Group Committees  | RM20,000 per annum   | RM12,000 per annum<br>(RM1,000 per month)             |
| <b>Monthly Fixed Allowance<br/>– Chairman of Bursa Malaysia [Note 1]</b> | RM52,000   | Not Applicable  |
| <b>Other Benefits for NEDs of Bursa Malaysia only</b>                    | Club membership, medical coverage, travel and other claimable benefits | Medical coverage, travel and other claimable benefits |

#### Note:

- Monthly fixed allowance to the Chairman of Bursa Malaysia being an Exchange Holding Company and listed entity is made, in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities expected of him, as well as the fact that he does not serve on the boards of any other listed companies or market participants regulated by Bursa Malaysia.
  - The Chief Executive Officer/Executive Director does not receive any Directors' remuneration.
- (c) The total amount of benefits payable to the NEDs is estimated to be up to RM2,000,000 from 1 April 2021 to the next AGM in 2022 (Current Period), based on the current Board Remuneration Policy and taking into account various factors including the number of scheduled meetings for the Board/Board Committees as well as the number of NEDs involved in these meetings. This amount is lower than the approved amount at the 43<sup>rd</sup> AGM which was up to RM2,200,000.
- (d) The approved amount and the current proposal in respect of the payment of benefits to the NEDs at the following AGMs are as below:

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| Directors' Benefits (as approved at AGMs) | 41 <sup>st</sup> AGM on 28 March 2018                | 42 <sup>nd</sup> AGM on 28 March 2019                | 43 <sup>rd</sup> AGM on 29 April 2020                | Approval sought at 44 <sup>th</sup> AGM                                   |
|---|--|--|--|---|
| Up to an amount of                        | RM2,400,000<br>(from 29 March 2018 to 28 March 2019) | RM2,200,000<br>(from 29 March 2019 to 29 April 2020) | RM2,200,000<br>(from 30 April 2020 to 31 March 2021) | <b>RM2,000,000</b><br>(from 1 April 2021 to 45 <sup>th</sup> AGM in 2022) |

Payment of benefits to the NEDs will be made by the Company on a monthly basis and/or as and when incurred, if the proposed **Resolution 6** has been passed at the 44<sup>th</sup> AGM. The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' remuneration (excluding Directors' fees) on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Current Period.

7.4 Any NEDs who are shareholders of the Company will abstain from voting on **Resolutions 5 and 6** concerning remuneration to the NEDs at the 44<sup>th</sup> AGM.

## 8. Ordinary Resolution 7: Appointment of Auditors

8.1 The Audit Committee (AC) at its meeting held on 27 January 2021 undertook an annual assessment of the suitability and independence of the external auditors, Ernst & Young PLT (EY) in accordance with the revised Auditor Independence Policy of the Group which was approved by the Board in November 2019. In its assessment, the AC considered several factors which include the following:

- Quality of EY's performance and their communications with the AC and Bursa Malaysia group, based on feedback obtained via assessment questionnaires from Bursa Malaysia personnel who had substantial contact with the external audit team and EY throughout the year;
- Adequacy of experience and resources provided to the Group by EY, in terms of the firm and the professional staff assigned to the audit; and
- Independence of EY and the level of non-audit services to be rendered by EY to the Company for the FY 2021.

The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at the private meetings, which demonstrated their independence, objectivity and professionalism.

8.2 The AC was satisfied with the suitability of EY based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied in its review that the provisions of non-audit services by EY to the Company for the FY 2020 did not in any way impair their objectivity and independence as external auditors of Bursa Malaysia.

8.3 The Board at its meeting held on 2 February 2021 approved the AC's recommendation for the shareholders' approval to be sought at the 44<sup>th</sup> AGM on the appointment of EY as external auditors of the Company for the FY 2021, under **Resolution 7** in accordance with Section 340(1)(c) and Section 274(1)(a) of the CA 2016.

## Statement Accompanying Notice of 44<sup>th</sup> Annual General Meeting

(pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

A. The profiles of the Directors who are standing for re-election as per Agenda 2 of the Notice of 44<sup>th</sup> AGM are as follows:

| Resolution 1  |  |
|---|--|
|   | <p><b>Datuk Muhamad Umar Swift</b><br/>Chief Executive Officer, Non-Independent Executive Director</p>   |
| <b>Nationality/ Age/ Gender:</b>                            | Australian / Permanent Resident of Malaysia / 56 / Male  |
| <b>Date of Appointment:</b>                                 | 11 February 2019   |
| <b>Length of Service (as at 29 January 2021):</b>           | 2 years  |
| <b>Date of Last Re-election:</b>                            | 28 March 2019  |
| <b>Academic/ Professional Qualification/ Membership(s):</b> | <ul style="list-style-type: none"> <li>• Bachelor of Economics, Monash University, Australia</li> <li>• Graduate Diploma in Applied Finance and Investment, Securities Institute of Australia</li> <li>• Associate Member, Institute of Chartered Accountants, Australia</li> <li>• CPA Australia</li> <li>• Fellow Member, Taxation Institute of Australia</li> <li>• Fellow Member, Financial Services Institute of Australasia, Australia</li> <li>• Chartered Accountant, Malaysian Institute of Accountants</li> <li>• Registered Member, Malaysian Financial Planning Council</li> </ul>   |
| <b>Present Directorship(s):</b>                             | <p><b>Listed entity:</b><br/>Nil</p> <p><b>Other public companies:</b></p> <ul style="list-style-type: none"> <li>• Bursa Malaysia Berhad Group</li> <li>• Yayasan Bursa Malaysia</li> <li>• Securities Industry Development Corporation</li> <li>• Capital Market Development Fund</li> </ul>   |
| <b>Present Appointment(s):</b>                              | <ul style="list-style-type: none"> <li>• Ex-Officio, Financial Reporting Foundation</li> <li>• Member, Corporate Governance Council, Securities Commission Malaysia</li> <li>• Member, United Nations Global Compact Network Malaysia &amp; Brunei Advisory Panel</li> </ul>   |
| <b>Past Directorship(s) and/or Appointment(s):</b>          | <ul style="list-style-type: none"> <li>• Chief Executive Officer (CEO)/Group Managing Director, MAA Group Berhad (September 2006 - February 2019)</li> <li>• Director, Columbus Capital Pty Limited (October 2006 - December 2018)</li> <li>• Director, MAA General Assurance Philippines, Inc (March 2015 - February 2019)</li> <li>• Director, MAA International Group (March 2017 - February 2019)</li> <li>• Director, MCIS Insurance Berhad (October 2018 - January 2019)</li> <li>• Member, Board of Trustees, MAA Medicare Charitable Foundation (July 2006 - February 2019)</li> <li>• Member, Board of Trustees, The Budimas Charitable Foundation (April 2013 - February 2019)</li> <li>• Member, Board of Trustees, Anaho Foundation (November 2013 - February 2019)</li> <li>• Non-Independent Non-Executive Director, MAA Takaful Berhad (May 2007 - June 2016)</li> <li>• Director, MAAKL Mutual Berhad (March 2008 - December 2013)</li> <li>• Director, Federation of Investment Managers Malaysia (2012 - 2014)</li> <li>• CEO, Malaysian Assurance Alliance Berhad (August 2008 - September 2011)</li> <li>• Deputy CEO, Malaysian Assurance Alliance Berhad (June 2006 - July 2008)</li> <li>• Head, Enterprise Financial Services Group, Malayan Banking Berhad (April 2004 - May 2006)</li> <li>• Director, Maybank Allied Credit &amp; Leasing Sdn Bhd (August 2005 - April 2006)</li> <li>• Director, Mayban Ventures Sdn Bhd (2004 to December 2005)</li> <li>• Practice Leader, Utilities Business, Deloitte Consulting in Malaysia (September 2003 - March 2004)</li> <li>• CEO, Gas Malaysia Sdn Bhd (July 1997 - December 2002)</li> </ul> |

Datuk Muhamad Umar Swift does not hold any shares in Bursa Malaysia, has no family relationship with any Director and/or major shareholder of Bursa Malaysia, has no conflict of interest with Bursa Malaysia and has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the FY 2020.

Statement Accompanying Notice of 44<sup>th</sup> Annual General Meeting

(pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

| <b>Resolution 2</b>   |  |
|---|--|
| <b>Chong Chye Neo</b><br>Independent Non-Executive Director |  |
| <b>Nationality/ Age/ Gender:</b>                            | Malaysian/ 58/ Female  |
| <b>Date of Appointment:</b>                                 | 21 December 2018   |
| <b>Length of Service (as at 29 January 2021):</b>           | 2 years 1 month  |
| <b>Date of Last Re-election:</b>                            | 28 March 2019  |
| <b>Academic/ Professional Qualification/ Membership(s):</b> | <ul style="list-style-type: none"> <li>• Bachelor of Science (Hons) in Computer Science, Universiti Sains Malaysia</li> <li>• Executive Education, Harvard Business School</li> </ul>  |
| <b>Present Directorship(s):</b>                             | <p><b>Listed entities:</b></p> <ul style="list-style-type: none"> <li>• Hong Leong Bank Berhad</li> <li>• Hong Leong Financial Group Berhad</li> </ul> <p><b>Other public companies:</b></p> <p>Nil</p>  |
| <b>Present Appointment(s):</b>                              | <ul style="list-style-type: none"> <li>• Honorary Member, American Malaysian Chamber of Commerce</li> </ul>  |
| <b>Past Directorship(s) and/or Appointment(s):</b>          | <ul style="list-style-type: none"> <li>• Managing Director/ Chief Executive Officer, IBM Malaysia Sdn Bhd (October 2015 - December 2018)</li> <li>• Director, Kenexa Technologies Sdn Bhd (September 2015 - December 2018)</li> <li>• Director, IBM Global Delivery Centre (Malaysia) Sdn Bhd (September 2015 - December 2018)</li> <li>• Client Director, Financial Services Sector, IBM Malaysia Sdn Bhd (2014 - 2015)</li> <li>• Director, Intellectual Property – ASEAN, IBM Research (2011 - 2012)</li> <li>• Director, Business Partners &amp; Alliances, IBM ASEAN (2009 - 2010)</li> <li>• Director, Mid Market, IBM ASEAN/ South Asia (2007 - 2008)</li> <li>• General Manager, Storage Systems Group, IBM ASEAN/ South Asia (2005 - 2006)</li> <li>• Regional Leader, Marketing, IBM ASEAN (2004)</li> <li>• Country Head, Enterprise Systems Group, IBM Malaysia Sdn Bhd (2002 - 2003)</li> <li>• Regional Marketing Manager, Enterprise Systems Group, IBM ASEAN (2001)</li> <li>• Various roles in IBM (engineering, sales, marketing and operations in Malaysia). Asia Pacific sales roles covering Japan, Korea, Greater China Group, ASEAN/ South Asia, Australia/ New Zealand (1989 - 2001)</li> <li>• Software Development Engineer, Hewlett Packard Malaysia (1986 - 1989)</li> </ul> |

Ms. Chong Chye Neo does not hold any shares in Bursa Malaysia, has no family relationship with any Director and/or major shareholder of Bursa Malaysia, has no conflict of interest with Bursa Malaysia and has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the FY 2020.

Statement Accompanying Notice of 44<sup>th</sup> Annual General Meeting

(pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

B. The profiles of the Directors who are standing for re-election as per Agenda 3 of the Notice of 44<sup>th</sup> AGM are as follows:

| <b>Resolution 3</b>   |   |
|---|---|
| <b>Datuk Bazlan Osman</b><br>Independent Non-Executive Director |   |
| <b>Nationality/ Age/ Gender:</b>                                | Malaysian/ 56/ Male   |
| <b>Date of Appointment:</b>                                     | 16 November 2020  |
| <b>Length of Service (as at 29 January 2021):</b>               | 2 months  |
| <b>Academic/ Professional Qualification/ Membership(s):</b>     | <ul style="list-style-type: none"> <li>• Association of Chartered Certified Accountants (ACCA), United Kingdom (Fellow)</li> <li>• Malaysian Institute of Accountants (MIA) (Member)</li> <li>• Diploma in Accounting, Polytechnic of North London, United Kingdom</li> </ul>   |
| <b>Present Directorship(s):</b>                                 | <p><b>Listed entities:</b></p> <ul style="list-style-type: none"> <li>• Fima Corporation Berhad</li> <li>• Glomac Berhad</li> <li>• Syarikat Takaful Malaysia Keluarga Berhad</li> </ul> <p><b>Other public companies:</b></p> <ul style="list-style-type: none"> <li>• Citibank Berhad</li> </ul>  |
| <b>Present Appointment(s):</b>                                  | <ul style="list-style-type: none"> <li>• Chairman, GITN Sdn Bhd (wholly-owned subsidiary of Telekom Malaysia Berhad (TM))</li> <li>• Council Member, MIA</li> <li>• Chairman, Professional Accountants in Business Committee, MIA</li> <li>• Vice Chairman, ACCA Malaysian Advisory Chapter</li> <li>• Director, Malaysia Professional Accountancy Centre</li> </ul>  |
| <b>Past Directorship(s) and/or Appointment(s):</b>              | <ul style="list-style-type: none"> <li>• Board Member, Universiti Utara Malaysia (2020)</li> <li>• Director, Malaysia Digital Economy Corporation Sdn Bhd (2018)</li> <li>• Executive Director, TM (2008 - 2019)</li> <li>• Acting Group Chief Executive Officer (CEO), TM (2018)</li> <li>• Deputy Group CEO, TM (2017 - 2018)</li> <li>• Group Chief Financial Officer (CFO), TM (2005 - 2017)</li> <li>• Director, Labuan Reinsurance (L) Ltd (2005 - 2008)</li> <li>• Board Commissioner, PT XL Axiata Tbk (2005 - 2008)</li> <li>• CFO, Celcom Malaysia Berhad (2002 - 2005)</li> <li>• Senior Vice President, Corporate Finance &amp; Treasury, Celcom Malaysia Berhad (2001 - 2002)</li> <li>• Director, Nationwide Express Holdings Berhad (1994 - 2005)</li> <li>• Senior Vice President, Finance and Company Secretary, Kumpulan Fima Berhad (1994 - 2001)</li> <li>• Manager, Accounting &amp; Financial Control, American Express (M) Sdn Bhd (1993 - 1994)</li> <li>• Finance at Corporate Office, Kuala Lumpur, Melaka and Singapore, Sime Darby Group (1989 - 1993)</li> <li>• Auditor, Messrs. Hanafiah Raslan &amp; Mohamad (1986 - 1989)</li> </ul> |

Datuk Bazlan Osman does not hold any shares in Bursa Malaysia, has no family relationship with any Director and/or major shareholder of Bursa Malaysia, has no conflict of interest with Bursa Malaysia and has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the FY 2020.

Statement Accompanying Notice of 44<sup>th</sup> Annual General Meeting

(pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

| <b>Resolution 4</b>  |   |
|--|---|
| <b>Syed Ari Azhar Syed Mohamed Adlan</b><br>Independent Non-Executive Director |   |
| <b>Nationality/ Age/ Gender:</b>   | Malaysian/ 47/ Male   |
| <b>Date of Appointment:</b>  | 16 November 2020  |
| <b>Length of Service (as at 29 January 2021):</b>                              | 2 months  |
| <b>Academic/ Professional Qualification/ Membership(s):</b>                    | <ul style="list-style-type: none"> <li>• Bachelor of Arts, Economics (Hons), Trinity College, Cambridge University</li> </ul>   |
| <b>Present Directorship(s):</b>  | <p><b>Listed entity:</b><br/>Nil</p> <p><b>Other public companies:</b><br/>Nil</p>  |
| <b>Past Directorship(s) and/or Appointment(s):</b>                             | <ul style="list-style-type: none"> <li>• Founder and Director, Abacus ib Sdn Bhd, Malaysia (2017 - 2020)</li> <li>• Country Head, CLSA Securities Sdn Bhd, Malaysia (2015 - 2016)</li> <li>• Senior Portfolio Manager, Global Emerging Markets, APG Asset Management Asia, Hong Kong (2012 - 2015)</li> <li>• Executive Director and Portfolio Manager, UBS AG, Fundamental Investment Group, Hong Kong (2010 - 2012)</li> <li>• Portfolio Manager, Asian Equities, Millennium Capital Management, Singapore (2008 - 2009)</li> <li>• Portfolio Manager, Asian Equities, Citigroup Tribeca Global Investments, Singapore (2006 - 2007)</li> <li>• Portfolio Manager and Co-Founder, Binjai Hill Asset Management, Singapore (2004 - 2006)</li> <li>• Fund Manager, Asian Equities, Deutsche Asset Management, London, New York, Singapore (1997 - 2004)</li> <li>• Senior Executive, Investment Operations and Financial Market Department, Bank Negara Malaysia (1996 - 1997)</li> </ul> |

Encik Syed Ari Azhar Syed Mohamed Adlan does not hold any shares in Bursa Malaysia, has no family relationship with any Director and/or major shareholder of Bursa Malaysia, has no conflict of interest with Bursa Malaysia and has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the FY 2020.

Save for the Chief Executive Officer and Executive Director, all the Non-Executive Directors satisfy the criteria of an independent director as defined under Bursa Malaysia Securities Berhad Main Market Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholders.



## Link to Information Stated in This Report

| Description   | Link  |
|---|---|
| Bursa Academy   | <a href="https://www.bursaacademy.bursamarketplace.com/">https://www.bursaacademy.bursamarketplace.com/</a>   |
| Bursa Anywhere  | <a href="https://www.bursamarketplace.com/anywhere/">https://www.bursamarketplace.com/anywhere/</a>   |
| Bursa Malaysia Securities Berhad Main Market Listing Requirements | <a href="https://www.bursamalaysia.com/regulation/listing_requirements/main_market/listing_requirements">https://www.bursamalaysia.com/regulation/listing_requirements/main_market/listing_requirements</a>   |
| Bursa Marketplace (BursaMKTPLO)                                   | <a href="https://www.bursamarketplace.com">https://www.bursamarketplace.com</a>   |
| Bursa Malaysia Berhad   | <a href="https://www.bursamalaysia.com">https://www.bursamalaysia.com</a>   |
| Bursa Malaysia Berhad Sustainability Reports                      | <a href="https://www.bursamalaysia.com/about_bursa/sustainability/sustainability_reports">https://www.bursamalaysia.com/about_bursa/sustainability/sustainability_reports</a>   |
| Bursa Malaysia Derivatives Market                                 | <a href="https://www.bursamalaysia.com/trade/market/derivatives_market">https://www.bursamalaysia.com/trade/market/derivatives_market</a>   |
| Bursa Malaysia Islamic Markets                                    | <a href="https://www.bursamalaysia.com/trade/market/islamic_market">https://www.bursamalaysia.com/trade/market/islamic_market</a>   |
| Bursa Malaysia Research Repository                                | <a href="https://www.bursamalaysia.com/reference/research_repository/research_reports">https://www.bursamalaysia.com/reference/research_repository/research_reports</a>   |
| Bursa Malaysia Securities Market                                  | <a href="https://www.bursamalaysia.com/trade/market/securities_market">https://www.bursamalaysia.com/trade/market/securities_market</a>   |
| <b>BURSASUSTAIN</b>   | <a href="https://bursasustain.bursamalaysia.com">https://bursasustain.bursamalaysia.com</a>   |
| Companies Act 2016  | <a href="https://www.ssm.com.my">https://www.ssm.com.my</a>   |
| FTSE Bursa Malaysia Index Series                                  | <a href="https://www.ftserussell.com/products/indices/bursa-malaysia">https://www.ftserussell.com/products/indices/bursa-malaysia</a>   |
| FTSE Bursa Malaysia Indices                                       | <a href="https://www.bursamalaysia.com/trade/our_products_services/indices/ftse_bursa_malaysia_indices/overview">https://www.bursamalaysia.com/trade/our_products_services/indices/ftse_bursa_malaysia_indices/overview</a>   |
| FTSE4Good Bursa Malaysia Index                                    | <a href="https://www.bursamalaysia.com/reference/insights/institutional_insights/sectorial_series/ftse-russell-esg-index-methodology-and-trends">https://www.bursamalaysia.com/reference/insights/institutional_insights/sectorial_series/ftse-russell-esg-index-methodology-and-trends</a> |
| Global Reporting Initiative                                       | <a href="https://www.globalreporting.org">https://www.globalreporting.org</a>   |
| Integrated Annual Report  | <a href="https://bursa.listedcompany.com/ar.html">https://bursa.listedcompany.com/ar.html</a>   |
| International Financial Reporting Standards                       | <a href="https://www.ifrs.org/">https://www.ifrs.org/</a>   |
| International Integrated Reporting Council                        | <a href="https://integratedreporting.org">https://integratedreporting.org</a>   |
| International Organization of Securities Commissions              | <a href="https://www.iosco.org/">https://www.iosco.org/</a>   |
| Labuan International Finance Exchange Inc                         | <a href="https://www.bursamalaysia.com/trade/our_products_services/lfx/about_the_exchange">https://www.bursamalaysia.com/trade/our_products_services/lfx/about_the_exchange</a>   |
| Malaysian Code on Corporate Governance                            | <a href="https://www.sc.com.my/regulation/corporate-governance">https://www.sc.com.my/regulation/corporate-governance</a>   |
| Malaysian Financial Reporting Standards                           | <a href="https://www.masb.org.my/">https://www.masb.org.my/</a>   |
| Ministry of Finance Malaysia Annual Budget 2021                   | <a href="http://www1.treasury.gov.my/index.php/en/">http://www1.treasury.gov.my/index.php/en/</a>   |
| Ministry of Finance Malaysia Economic Outlook 2021                | <a href="http://www1.treasury.gov.my/index.php/en/te-2021">http://www1.treasury.gov.my/index.php/en/te-2021</a>   |
| Principles for Financial Market Infrastructure                    | <a href="https://www.bis.org/cpmi/info_pfmi">https://www.bis.org/cpmi/info_pfmi</a>   |
| Rules of Bursa Malaysia Bonds                                     | <a href="https://www.bursamalaysia.com/regulation/bonds/rules_of_bursa_malaysia_bonds">https://www.bursamalaysia.com/regulation/bonds/rules_of_bursa_malaysia_bonds</a>   |
| Rules of Bursa Malaysia Derivatives                               | <a href="https://www.bursamalaysia.com/regulation/derivatives/rules_of_bursa_malaysia_derivatives">https://www.bursamalaysia.com/regulation/derivatives/rules_of_bursa_malaysia_derivatives</a>   |
| Rules of Labuan International Financial Exchange                  | <a href="https://www.bursamalaysia.com/regulation/lfx/rules_of_lfx">https://www.bursamalaysia.com/regulation/lfx/rules_of_lfx</a>   |
| Rules of Bursa Malaysia Suq Al-Sila'                              | <a href="https://www.bursamalaysia.com/regulation/islamic_market/rules_of_bursa_suq_al_sila">https://www.bursamalaysia.com/regulation/islamic_market/rules_of_bursa_suq_al_sila</a>   |
| Rules of Bursa Malaysia Securities                                | <a href="https://www.bursamalaysia.com/regulation/securities/rules_of_bursa_malaysia_securities">https://www.bursamalaysia.com/regulation/securities/rules_of_bursa_malaysia_securities</a>   |
| Task Force on Climate-related Financial Disclosures               | <a href="https://www.fsb-tcfd.org/">https://www.fsb-tcfd.org/</a>   |
| The Securities Commission Malaysia                                | <a href="https://www.sc.com.my">https://www.sc.com.my</a>   |
| World Federation of Exchange                                      | <a href="https://www.world-exchanges.org/">https://www.world-exchanges.org/</a>   |

## Abbreviation

|                    |   |
|--------------------|---|
| <b>ADA</b>         | Authorised Depository Agent                                       |
| <b>ADC</b>         | Average Daily Contract  |
| <b>ADV</b>         | Average Daily Trading Value                                       |
| <b>AGM</b>         | Annual General Meeting  |
| <b>BCP</b>         | Business Continuity Plan  |
| <b>BMD</b>         | Bursa Malaysia Derivatives Berhad                                 |
| <b>BMDC</b>        | Bursa Malaysia Derivatives Clearing Berhad                        |
| <b>BMS</b>         | Bursa Malaysia Securities Berhad                                  |
| <b>BMSC</b>        | Bursa Malaysia Securities Clearing Sdn Bhd                        |
| <b>BNM</b>         | Bank Negara Malaysia  |
| <b>BSAS</b>        | Bursa Suq Al-Sila'  |
| <b>CA 2016</b>     | Companies Act 2016  |
| <b>Capex</b>       | Capital Expenditure   |
| <b>CCP</b>         | Central Counterparty  |
| <b>CDS</b>         | Central Depository System   |
| <b>CF</b>          | Clearing Fund   |
| <b>CG</b>          | Corporate Governance  |
| <b>CGF</b>         | Clearing Guarantee Fund   |
| <b>CMDF</b>        | Capital Market Development Fund                                   |
| <b>CME</b>         | Chicago Mercantile Exchange Inc                                   |
| <b>CMEIF</b>       | Capital Market Education and Integrity Fund                       |
| <b>CMSA</b>        | Capital Markets and Services Act 2007                             |
| <b>COI</b>         | Conflict of Interest  |
| <b>CP</b>          | Clearing Participant  |
| <b>DBT</b>         | Direct Business Transaction                                       |
| <b>DCF</b>         | Derivatives Clearing Fund   |
| <b>DRC</b>         | Disaster Recovery Centre  |
| <b>EBITDA</b>      | Earnings Before Interest, Tax, Depreciation and Amortisation      |
| <b>EPS</b>         | Earnings per Share  |
| <b>ESG</b>         | Environmental, Social and Governance                              |
| <b>ETBS</b>        | Exchange-Traded Bonds and Sukuk                                   |
| <b>ETF</b>         | Exchange-Traded Fund  |
| <b>ERMPF</b>       | Enterprise Risk Management Principles and Framework               |
| <b>F4GBM Index</b> | FTSE4Good Bursa Malaysia Index                                    |
| <b>FBMKLCl</b>     | FTSE Bursa Malaysia KLCI  |
| <b>FCPO</b>        | Crude Palm Oil Futures  |
| <b>FGLD</b>        | Gold Futures  |
| <b>FKB3</b>        | 3-month Kuala Lumpur Interbank Offered Rate (KLIBOR) Futures      |
| <b>FKLI</b>        | FTSE Bursa Malaysia KLCI Futures                                  |
| <b>FM70</b>        | Mini FTSE Bursa Malaysia Mid 70 Index Futures                     |
| <b>FMG5</b>        | 5-year Malaysian Government Securities Futures Contract           |
| <b>FPKO</b>        | Crude Palm Kernel Oil Futures                                     |
| <b>FPOL</b>        | USD RBD Palm Olein Futures  |
| <b>FY</b>          | Financial Year  |
| <b>GRI</b>         | Global Reporting Initiative                                       |
| <b>HPO</b>         | High-Performance Organisation                                     |
| <b>IAR</b>         | Integrated Annual Report  |
| <b>IAS</b>         | International Accounting Standard                                 |
| <b>IDSS</b>        | Intraday Short Selling  |
| <b>IFRS</b>        | International Financial Reporting Standards                       |
| <b>IIRC</b>        | International Integrated Reporting Council                        |
| <b>IOSCO</b>       | International Organisation of Securities Commissions              |
| <b>IPO</b>         | Initial Public Offering   |
| <b>ISMS</b>        | Information Security Management System                            |
| <b>JC3</b>         | Joint Committee on Climate Change                                 |
| <b>KPI</b>         | Key Performance Indicator   |
| <b>LEAP</b>        | Leading Entrepreneur Accelerator Platform                         |
| <b>LFX</b>         | Labuan International Financial Exchange                           |
| <b>LR</b>          | Listing Requirements  |
| <b>MACC</b>        | Malaysian Anti-Corruption Commission                              |
| <b>MCCG</b>        | Malaysian Code on Corporate Governance                            |
| <b>MCO</b>         | Movement Control Order  |
| <b>MFRS</b>        | Malaysian Financial Reporting Standards                           |
| <b>MIA</b>         | Malaysian Institute of Accountants                                |
| <b>MLT</b>         | Mirror, Learn and Trade   |
| <b>MMLR</b>        | Bursa Malaysia Securities Berhad Main Market Listing Requirements |
| <b>MOU</b>         | Memorandum of Understanding                                       |
| <b>MSWG</b>        | Minority Shareholders Watch Group                                 |
| <b>OCPO</b>        | Options on Crude Palm Oil Futures                                 |
| <b>OMT</b>         | On-Market Transaction   |
| <b>OPOL</b>        | USD RBD Palm Olein Options  |
| <b>OPR</b>         | Overnight Policy Rate   |
| <b>OSH</b>         | Occupational Safety and Health                                    |
| <b>PAT</b>         | Profit after Tax  |
| <b>PATAMI</b>      | Profit after Tax and Minority Interest                            |
| <b>PFMI</b>        | Principles for Financial Market Infrastructure                    |
| <b>PLC</b>         | Public Listed Company   |
| <b>PO</b>          | Participating Organisation  |
| <b>PoC</b>         | Proof-of-concept  |
| <b>PSP</b>         | Performance Share Plan  |
| <b>PSS</b>         | Permitted Short Selling   |
| <b>RBD</b>         | Refined, Bleached and Deodorised                                  |
| <b>REIT</b>        | Real Estate Investment Trust                                      |
| <b>ROE</b>         | Return on Equity  |
| <b>RSP</b>         | Restricted Share Plan   |
| <b>SBL</b>         | Securities Borrowing and Lending                                  |
| <b>SC</b>          | Securities Commission Malaysia                                    |
| <b>SDG</b>         | Sustainable Development Goal                                      |
| <b>SGP</b>         | Share Grant Plan  |
| <b>SME</b>         | Small and Medium Enterprise                                       |
| <b>SOP</b>         | Standard Operating Procedure                                      |
| <b>SPAC</b>        | Special Purpose Acquisition Company                               |
| <b>SSF</b>         | Single Stock Futures  |
| <b>STP</b>         | Straight-Through Processing                                       |
| <b>SR</b>          | Sustainability Report   |
| <b>SRI</b>         | Sustainable and Responsible Investment                            |
| <b>SW</b>          | Structured Warrant  |
| <b>TCFD</b>        | Task Force on Climate-related Financial Disclosure                |
| <b>TCP</b>         | Trading Clearing Participant                                      |
| <b>TP</b>          | Trading Participant   |
| <b>UMA</b>         | Unusual Market Activity   |
| <b>VBIP</b>        | Volume-based Incentive Programme                                  |
| <b>WPP</b>         | Whistleblower Policy and Procedure                                |

## Glossary

### A

#### ACE Market

The ACE Market is an alternative market for companies that are at growth stage and have business prospects. It replaced the formerly known MESDAQ (Malaysian Exchange of Securities Dealing and Automated Quotation) Market in 2009. The ACE Market is viewed as the ideal market for high-growth companies with a limited track record and other companies looking to raise additional capital by taking their companies public through a listing exercise.

### B

#### Bursa Anywhere

A mobile application for retail investors to access a wide range of Central Depository System (CDS) account services and conduct permitted CDS transactions electronically through their personal gadget with no physical forms.

#### Bursa Malaysia-i

A fully integrated Islamic securities exchange platform with a comprehensive range of Shariah-compliant exchange-related facilities including listing, trading, clearing, settlement and depository services.

#### BursaMKTPLC

An online portal that provides investors and traders with the information they need to conduct analysis, investing and trading.

#### Bursa Suq Al-Sila' (BSAS)

A Shariah-compliant commodity Murabahah trading platform dedicated to facilitate Islamic liquidity management and financing by Islamic Financial Institutions (IFI). BSAS is a world's first platform that aims to provide industry players with a regulated framework with defined codes of conduct governing commodity trade in support of Islamic interbank placement, client deposit taking, financing, profit rate swap and cross currency swap, as well as sukuk issuances using the concept of Murabahah and Tawarruq. It undertakes contracts in various currencies to facilitate cross-border trades between IFIs and commodity players worldwide.

#### BURSASUSTAIN

A one-stop repository of information on corporate governance, sustainability and responsible investment.

### C

#### Capital

The capitals are stocks of value that are increased, decreased or transformed through the activities and outputs of the organisation.

#### Capital Market Education and Integrity Fund (CMEIF)

The fund was set up on 1 January 2013 to account for all fines and transfer fees imposed and collected by Bursa Malaysia. These monies are segregated and used to educate market participants and investors as well as to defray legal or court expenses relating to the Bursa Malaysia's regulatory enforcement actions.

#### Central Depository System (CDS)

The CDS is a system that is fully owned and operated by Bursa Malaysia Depository Sdn Bhd (formerly known as Malaysian Central Depository Sdn Bhd), a wholly owned subsidiary of Bursa Malaysia Berhad.

Investors can use the CDS to transfer securities from one CDS account to another, provided the transfers are within the reasons approved by Bursa Malaysia Depository Sdn Bhd. Other transactions that depositors can perform via the CDS are registration of bank account information, updating of account particulars, reactivation of dormant CDS account, reactivation of inactive CDS account, deposit of share certificate, withdrawal of shares of delisted company and closing of CDS account.

#### Clearing Participant (CP)

A participant as defined in the Capital Markets and Services Act 2007, in relation to the relevant clearing house of Bursa Malaysia.

#### Closed-End Fund

A closed-end fund involves a listed company which invests in shares of other companies. A closed-end fund company has a fixed number of shares in issue at any point of time, the price of which will fluctuate according to net asset value and market forces.

## Glossary

### Coronavirus Disease (COVID-19)

Coronavirus disease (COVID-19) is a mild to severe respiratory disease that is caused by a newly discovered coronavirus strain. It is transmitted chiefly by contact with infectious material such as respiratory droplets or with objects or surfaces contaminated by the causative virus, and is characterized by fever, cough, and shortness of breath, among others, and may progress to pneumonia and respiratory failure.

### Corporate Liability Provision

This refers to the new section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009, which came into force on 1 June 2020. This provision states that a commercial organisation commits an offence if any individual associated with the organisation commits a corrupt act to obtain or retain business or an advantage for the commercial organisation. Commercial organisations can raise a defence if they can show that they have 'adequate procedures' in place.

## D

### Data Intelligent Robots (DiBots)

DiBots is an analytics platform comprising a rich global database that has been collecting data since 1994. The universe of data includes reference and fundamental data of public listed companies across the globe, financial data from private companies in India, Malaysia, Thailand and Vietnam as well as non-financial data from private companies in 11 other countries, among others.

### Derivatives

A derivative is a security with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its value is determined by changes in the underlying asset. Derivative products available on Bursa Malaysia Derivatives are equity, interest rate, bond, agricultural (crude palm oil and palm kernel oil) and metal (gold and tin).

## E

### Equities

An instrument that signifies an ownership position, or equity, in a corporation, and represents a claim on its proportionate share in the corporation's assets and profits. A person holding such an ownership in the company does not enjoy the highest claim on the company's earnings. Instead, an equity holder's claim is subordinated to a creditor's claims, and the equity holder will only enjoy distributions from earnings after these higher priority claims are satisfied.

### Exempt Regime

A regime under which the sukuk or debt securities are listed but not quoted for trading on the Exchange.

### Exchange Traded Fund (ETF)

An open-ended investment fund listed and traded on a stock exchange. ETF combines the features of an index fund and a stock. The liquidity of an ETF reflects the liquidity of the underlying basket of shares. Generally, there are three types of ETFs: equity ETFs, fixed income ETFs and commodity ETFs. These ETFs consist of baskets of stocks, bonds or commodities based on an index which instantly offers broad diversification and avert the risk involved in owning stocks of a single company. ETFs are listed and traded on a stock exchange. With units in an ETF, investors can gain exposure to a geographical region, market, industry or sector, commodity such as gold or oil or even a specific investment style such as growth or value.

## F

### FTSE4Good Bursa Malaysia (F4GBM) Index

F4GBM Index measures the Environmental, Social and Governance (ESG) performance of public listed companies (PLCs) and was launched in December 2014. The constituents are drawn from companies on the FTSE Bursa Malaysia Emas Index and are reviewed every June and December against international benchmarks developed in collaboration with FTSE Russell.

## Glossary

### G

#### Global Reporting Initiative (GRI) Standards

The GRI standards are the first global standards for sustainability. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts.

### I

#### Integrated Reporting Framework

The International Integrated Reporting Council's Integrated Reporting (<IR>) Framework was designed to improve disclosure of financial and non-financial performance, while enhancing the way organisations articulate and report on value creation. The <IR> Framework was issued in 2013.

#### Intraday Short Selling (IDSS)

Under the IDSS framework, investors will be able to sell securities first and buy the securities later within the trading day itself. IDSS can be carried out on a selected list of eligible securities.

#### Initial Public Offering (IPO)

An IPO refers to the process of offering the shares of an unlisted company to the public on a recognised stock exchange for the first time. The shares then become publicly traded.

### L

#### Leading Entrepreneur Accelerator Platform (LEAP) Market

The LEAP Market is an alternative market for SMEs and companies to raise funds. It brings together potential SMEs and companies, intermediaries and qualified sophisticated investors onto a single platform to create a conducive marketplace for fundraising.

#### Listing Requirements (LR)

The criteria required to list and maintain a listing status on Bursa Malaysia's markets.

### M

#### Material Matters

Material Matters refer to matters that are of most importance to Bursa Malaysia, based on our significant economic, environmental, and social impacts and which substantively influence the assessments and decisions of our key stakeholders. They are also determined based on how they impact or are impacted by our value creation activities.

#### Main Market

The Main Market provides an avenue for companies to raise funds and is mainly populated by established and large companies.

#### Market Surveillance System (MSS)

The market surveillance system is a system that facilitates real-time and post trade monitoring and analysis of both equities and derivatives trading activities as well as facilitates the detection of a wide range of possible market misconduct on real-time basis.

#### Movement Control Order (MCO)

A cordon sanitaire implemented as a preventive measure by the federal government of Malaysia in response to the COVID-19 pandemic in the country.

#### Murabahah

An Islamic financing structure. Murabahah refers to a sale contract with a disclosure of the asset cost price and profit margin to the buyer.

### O

#### On-Market Transactions (OMT)

OMT are transactions made through the Automated Trading System and they exclude Direct Business Transactions and On-Market Married Transactions.

## Glossary

### P

#### Participating Organisation

A company which carries on the business of dealing in securities pursuant to the Rules of the Exchange.

#### Primary Market

A part of the capital market that deals with issuance of new securities for the first time.

#### Public Listed Company (PLC)

A listed corporation, listed collective investment scheme or issuer of listed securities, as the context may require.

### R

#### Responsible Investment (RI)

RI is an approach to investing that aims to incorporate environmental, social and governance factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

#### Real Estate Investment Trust (REIT)

A REIT is a fund or a trust that owns and manages income-producing commercial real estate such as shopping complexes, hospitals, plantations, industrial properties, hotels and office blocks. A management company for a REIT is permitted to deduct distribution paid to its shareholders from its corporate taxable income. However, to enjoy this tax-free status, the REIT must have most of its assets and income tied to the real estate and distribute at least 90% of its total income to investors/unit holders annually. REIT that are listed on a stock exchange trade just like stocks.

### S

#### Secondary Market

The public market on which securities, once issued, are traded.

#### Shares

A share is a security which represents a portion of the owner's capital in a business. Shareholders are the owners of the business and share the success or failure of the business. Shares are also commonly referred to as stock.

#### Stapled Securities

An arrangement in which different classes of securities are listed and traded as one security. Stapled securities may involve different classes of securities issued by an issuer or different issuers.

#### Structured Warrants

Structured warrants are proprietary instruments issued by a third-party issuer, namely an eligible broker or financial institution that give holders the right, but not the obligation, to buy or sell the underlying instrument in the future for a fixed price. Essentially, one makes a 'reservation' to buy or sell a pre-determined number of the underlying instrument at a certain price in the future when investing in a structured warrant. Structured warrants can be issued over an underlying asset such as equity, ETF, index or a basket of stocks.

#### Sustainable Development Goals (SDGs)

The United Nations (UN) SDGs are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity as well as peace and justice.

#### Sustainability Reporting Framework

The Sustainability Reporting Framework comprises amendments to the Listing Requirements where PLCs are required to disclose a narrative statement on the management of material economic, environmental and social risks and opportunities in their annual reports. The Sustainability Framework also includes the issuance of the Bursa Malaysia Sustainability Reporting Guide and Six Toolkits to aid PLCs in embedding and reporting on sustainability practices.

## Glossary

### Sustainable Stock Exchanges (SSE) Initiative

The SSE Initiative is a peer-to-peer learning platform for exchanges, in collaboration with investors, regulators, and companies, to explore how corporate transparency and performance on ESG issues can be enhanced and to further encourage the uptake of sustainable investment. The SSE is a project of the UN, co-organised by the UN Conference on Trade and Development, the UN Global Compact, the UN Environment Programme Finance Initiative and the UN-supported Principles for Responsible Investment.

### T

#### Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD seeks to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors.

### Tawarruq

An Islamic financing structure. A Tawarruq involves purchasing a commodity on a deferred price either in the form of musawamah or murabahah, later selling it to a third party with the objective of obtaining cash.

### Trading Participant

A company which carries on the business of dealing in derivatives pursuant to the Rules of the Exchange.

### V

#### Value

Value is not created by or within an organisation alone. It is influenced by the external environment, created through relationships with stakeholders and dependent on various resources.

### W

#### Warrants

Warrants are issued by a company and give the holder the right, but not an obligation, to subscribe for new ordinary shares at a specified price during a specified period of time. Warrants have a maturity date (up to 10 years) after which they expire and are worthless unless the holder exercises the right to subscribe for the new shares before the maturity date.

### The World Federation of Exchanges (WFE)

Established in 1961, the WFE is the global industry association for exchanges and clearing houses. Headquartered in London, it represents over 250 market infrastructure providers, including standalone central counterparty (CCP) clearers that are not part of exchange groups. Of its members, 37% are in Asia-Pacific, 43% in Europe, Middle East and Africa and 20% in the Americas. WFE exchanges are home to nearly 48,000 listed companies, and the market capitalisation of these entities is over \$109.0 trillion; around \$137.0 trillion (electronic order book) in trading annually passes through WFE members as at the end of 2020.

### Z

#### Zakat

Zakat is an obligation in Islam to make contributions towards the less fortunate. It is one of the five pillars of Islam and it is a systematic form of redistribution of income towards social justice and better income equality between the rich and the poor section of the community as well as to cleanse the wealth of those who pay zakat.

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