

22ND MALAYSIAN CAPITAL MARKET SUMMIT

SPEECH FOR

**YB DATO' LEE CHEE LEONG
DEPUTY MINISTER OF FINANCE**

**24th October 2017 at
Sunway Putra Hotel, Kuala Lumpur**

Yang Berbahagia Tan Sri Michael Yeoh, CEO, ASLI

Yang Berbahagia Tan Sri Ramon Navaratnam – Chairman,
ASLI Centre for Public Policy Studies

A very good morning to distinguished guests, excellencies,
ladies and gentlemen.

First off all, I would like to thank the organisers, ASLI for inviting
me to address the 22nd annual Malaysian Capital Market
Summit themed at “Deepening the Malaysian Capital Market –

Challenges and Opportunities”. This year’s summit highlights our economic and market trends, corporate governance, wealth management and the growing importance of digital technology – all in my eyes are key contributors towards a sustainable expanding capital market.

It is encouraging to witness such a large turnout at the Summit today. Your presence here today as market players, investors and policy makers reflects the growing interest in making a positive impact on the capital market.

Throughout my tenure in the Ministry of Finance, I have witnessed first-hand, the steady progress that Malaysia has gone through over the past couple of years. The confidence shown by both regional and global financial institutions has been directly overwhelming for a robust economic outlook.

In April this year, the World Bank predicted that Malaysia’s 2017 gross domestic product (GDP) will grow by 4.3% but has just recently revised the forecast to 5.2%. Meanwhile, the Asian Development Bank (ADB) has also revised Malaysia’s 2017 growth outlook from 4.4% to 4.7%.

The revision is due to the economic achievements in the first quarter of the year and we hope to keep this momentum rolling in the years to follow.

Ladies and gentlemen,

Our capital market remains vibrant and exciting despite the challenging global economic climate. Since 2009, post-global crisis, our market capitalization is up by 178% to RM 1.85 trillion as at September 2017.

The FBM KLCI is up 100%, while our Average Daily Value (ADV) increased by 103%. We have also recorded RM10.4 billion of foreign institutional net flows into the country, highest in the region this year.

Malaysia's equity market is also deeper than its neighbours. Our market capitalization over GDP is 121% in 2016. Bursa currently house more than 900 PLCs, the highest in ASEAN. Since 2010, PLCs have raised RM 178 billion from primary and secondary fund raisings on Bursa Malaysia.

At the Affin Hwang Capital Conference 2017 last week, it was concluded that – and I'm quoting The Edge Markets here – "...expects the vibrant capital market environment to continue next year on the back of improving economic development, stronger domestic demand and continuing investments".

In addition to this, thanks to our well-diversified and inclusive economy, the Organisation for Economic Co-operation and Development's (OECD) has rated Malaysia as one of the most successful South-East Asian economies.

At the recent Invest Malaysia Kuala Lumpur (IMKL) 2017 conference, Malaysia is seen as an advanced emerging market with overwhelming interest by industry players – both global and regional, with total assets amounting to US\$19.9 trillion.

Ladies and gentlemen,

The opportunity for Malaysia to continue growing as a capital market powerhouse is immense. Investors have shown a clear-

cut interest and overwhelming confidence in expanding their business activities in our country.

Being Perak-born, I am especially proud that Finisar Corporation, a global technology leader in optical communications have decided to invest RM610 million. The project, which is located in Perak will see the group's total investment in Malaysia to increase to RM 1 billion.

One of the world's largest semiconductor manufacturer, Broadcom Ltd with a market capitalisation of half a trillion dollars has decided to transfer its global distribution hub from Singapore to Malaysia. This decision will bring the group's global inventory of RM64 billion annually to our shores.

A project close to our beloved Prime Minister's heart, the Tun Razak Exchange will soon witness a RM1 billion investment from London-based HSBC to build its future regional headquarters – which in turn increase Malaysia's status as an international financial and business centre.

At the same time, Malaysia will also play host to China's Huawei global operations headquarters. The project cost is valued at RM2.2 billion whilst creating job opportunities for more than 2,370 Malaysians.

Moving to the Middle East, Saudi Aramco will be investing a staggering amount of US\$7 billion in Petronas Refinery and Petrochemical Integrated Development located in Johor. This move will result in the company's largest downstream investment outside Saudi Arabia.

Ladies and gentlemen,

In Malaysia, we are tremendously fortunate that the ruling government has shown its strength and ability to promote Malaysian business. The ruling government has worked hard throughout the years to create a business-friendly environment that best serve the people and ensure that sovereignty is not bargained off.

Seeing how Malaysia is the first choice in other countries' eyes clearly debunks statements made by those on the other side of the divide. How can our beloved country go bankrupt as alleged by certain parties when investments are coming in from all corners of the world?

Reaffirming to a statement I made during the Kedah Wanita MCA annual delegates meeting last month, "it is simply impossible for Malaysia to go bankrupt". With international reserves and foreign investments increasing yearly coupled with extensive growth in exports – I can reassure you that Malaysia will continue on to be the leader in capital market in Southeast Asia.

Ladies and gentlemen,

In the coming forth industry revolution or widely known as the Digital Revolution, the digital economy can be seen as a stimulant to increase Malaysia's revenue to RM2 trillion. As shown in this data, we must ride on this golden opportunity to increase the digital economy contribution to the GDP to the government's targeted forecast of 18.2% by 2020.

One such move that the Malaysian government has taken up is the establishment of the Digital Free Trade Zone (DFTZ) – which aims at promoting e-commerce in Malaysia as well as

adding the status as “premier regional hub” for industry in Southeast Asia to Malaysia’s repertoire.

And the move to implement Leading Entrepreneur Accelerator Platform (LEAP), which was launched by the PM himself – I believe brings about our strong desire to support and subsequently elevate SMEs to a higher level.

LEAP offers SMEs an alternative avenue to raise funds through capital market – rather than the conventional funding from the banking sector. As of now, a total of 96% of SMEs funding comes from the banking sector – a clear cut indication of its heavy reliance on financial institutions for its needs.

With LEAP, which is project under Bursa Malaysia, SMEs inherit the ability to address the funding gap as well as increasing visibility through capital markets. In a nutshell, LEAP serves as an efficient and transparent platform to spur investment activities via the capital markets.

Ladies and gentlemen,

Another exciting development is Malaysia’s booming Islamic banking industry which continues to grow. The Islamic Fund and Wealth Management Blueprint is a 5-year plan aims to leverage Malaysia’s Islamic capital market ecosystem towards a leading centre for Islamic and wealth management. As of 2017, Malaysia’s Islamic capital market has grown triple its size over the last decade – with a market size of RM1.7trillion.

Malaysia, as the leading Islamic capital market of the world has an extensive experience in using Islamic finance instruments to support infrastructure development. It is a fact Malaysia has issued out over 61% of the world's infrastructure sukuk –

Ladies and gentlemen,

Malaysia's market governance and strength of investors protection are among the best in the world. The Malaysian corporate governance code aligns its capital market with global best practices to increase the global appeal of listed companies.

This is embraced through various commitments to sustainability and transparency in financial reporting, making Malaysia as an investment destination offering emerging market return with developed market framework.

I leave the esteemed guests and participants in today's summit with hopes that industry players are as keen and eager as the Malaysian government is to upscale our capital market. I wish you all a fruitful summit and best of luck.

Thank you for your time.