

22. FUTURE FINANCIAL INFORMATION

22.1 Consolidated Profit Forecast

Our Directors forecast that our consolidated PAT after MI for the financial year ending December 31, 2005 will be as follows:

Financial year ending December 31,	Forecast 2005
	RM millions
Operating revenue.....	239.7
Other income.....	32.5
Total revenue	272.2
EBITDA.....	98.1
PBT.....	95.9
Taxation.....	(31.6)
PAT.....	64.3
MI	(4.0)
PAT after MI.....	60.3
Enlarged number of Shares in issue immediately after Listing (000)	500,000
Net basic EPS ⁽¹⁾ (sen).....	12.1
Net PE Multiple (times) ⁽²⁾	24.9

Notes:

(1) Based on the PAT after MI and the enlarged number of Shares in issue immediately after Listing.

(2) Based on the Retail Price.

See Section 22.3 (Future Financial Information — Reporting Accountants' Letter on the Consolidated Profit Forecast and Principal Assumptions for the Consolidated Profit Forecast) for detailed information on the principal assumptions upon which the consolidated profit forecast has been prepared.

22. FUTURE FINANCIAL INFORMATION (cont'd)

22.2 Sensitivity Analysis

The principal bases and assumption upon which the sensitivity analysis on our consolidated forecast PAT after MI has been made are as follows:

- (i) Operating revenue will vary ± 5 per cent., ± 10 per cent. and ± 15 per cent. from the base case; and
- (ii) All other components are assumed to remain constant/unchanged.

Financial year ended/ending December 31,	Forecast	
	2005	
	RM millions	%
PAT after MI resulting from the change in operating revenue by:		
± 15 per cent.	84.9	40.8
± 10 per cent.	76.7	27.2
± 5 per cent.	68.5	13.6
Base case PAT after MI	60.3	-
-5 per cent.	52.1	(13.6)
-10 per cent.	43.9	(27.2)
-15 per cent.	35.7	(40.8)

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22. FUTURE FINANCIAL INFORMATION (cont'd)

22.3 Reporting Accountants' Letter on the Consolidated Profit Forecast and Principal Assumptions for the Consolidated Profit Forecast



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Reporting Accountants' Report on Profit Forecast (prepared for inclusion in the Prospectus to be dated 23 February 2005)

17 February 2005

The Board of Directors
Bursa Malaysia Berhad
14th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

Dear Sirs

BURSA MALAYSIA BERHAD (formerly known as Kuala Lumpur Stock Exchange Berhad) ("Bursa Malaysia") CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2005

We have reviewed the forecasted consolidated profit after taxation and minority interests of Bursa Malaysia Berhad and its subsidiaries ("Bursa Group") for the year ending 31 December 2005 as set out in Section 22.3 of the Prospectus to be dated 23 February 2005 ("Prospectus"), in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The forecast has been prepared in connection with the initial public offering of 166,000,000 new ordinary shares of RM0.50 each ("Shares") by Bursa Malaysia ("Initial Public Offering"). Thereafter, the entire issued share capital of Bursa Malaysia comprising 500,000,000 Shares shall be listed on the Main Board of Bursa Malaysia Securities Berhad ("Listing").

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material aspects, are properly prepared on the basis of the assumptions made by the directors as set out in the accompanying appendix (which we have stamped for the purpose of identification). The directors of Bursa Malaysia are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material.

22. FUTURE FINANCIAL INFORMATION (cont'd)



We emphasise that approximately half of the revenue of Bursa Group is generated from clearing fees and SCORE trading fees, which are levied at a certain percentage of the value of the contracts traded on Bursa Malaysia Securities Berhad. In this regard, the profit forecast has been prepared using a set of assumptions which include an assumption on forecast trade values on Bursa Malaysia Securities Berhad as set out in Note 3 of the Appendix, whose realisation is critical to the achievement of the forecast results of Bursa Group.

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the forecast of consolidated profit after taxation and minority interests; and
- (b) in our opinion, the forecast of consolidated profit after taxation and minority interests, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the directors and is presented on a basis consistent with the accounting policies adopted and disclosed by Bursa Group in its audited financial statements for the period ended 30 September 2004.

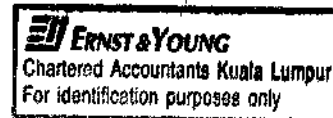
The accompanying profit forecast and this letter have been prepared for the Prospectus, and is not for inclusion in the International Offering Circular. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

ERNST & YOUNG
AF:0039
Chartered Accountants
Kuala Lumpur, Malaysia

Wong Kang Hwee
No. 1116/01/06(J)
Partner

22. FUTURE FINANCIAL INFORMATION (cont'd)



Appendix

**BURSA MALAYSIA BERHAD
CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS
FOR THE YEAR ENDING 31 DECEMBER 2005**

The directors of Bursa Malaysia Berhad ("Bursa Malaysia") hereby forecast that the consolidated profit after taxation and minority interest of Bursa Malaysia and its subsidiaries ("Bursa Group") for the financial year ending 31 December 2005 will be as follows:

	RM'000
Consolidated profit after taxation and minority interest	60,270

The consolidated profit forecast has been prepared based on a set of assumptions which include significant assumptions about future events and outlook that may not necessarily occur. In particular, the forecast is dependent on the achievability of the specific assumptions as set out below. Future results will be materially affected should the actual events differ from these specific assumptions as well as changes in the economic and other circumstances, and for these reasons, the actual results may vary considerably from the forecast.

Basis of Preparation of Consolidated Profit Forecast

The principal bases and assumptions upon which the consolidated profit forecast has been prepared are as follows:

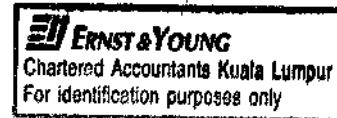
Assumptions relating to the Initial Public Offering

1. That the initial public offering of 166,000,000 new ordinary shares of RM0.50 each for cash to raise a minimum subscription of RM400 million will be completed by 31 March 2005. Thereafter, the entire issued share capital of Bursa Malaysia comprising 500,000,000 Shares shall be listed on the Main Board of Bursa Malaysia Securities Berhad ("Securities Exchange"). Share issue and listing expenses of RM20 million will be charged to the share premium account.
2. That the net cash outflow after payment of capital to persons who were shareholders immediately before the Initial Public Offering is RM370 million. This is made up of the capital repayment amount of RM750 million less net proceeds from the Initial Public Offering of RM380 million (being the minimum subscription amount of RM400 million, after deducting for share issue and listing expenses of approximately RM20 million).

Assumptions relating to Operating Revenue

3. That the assumed combined trading value of on-market transactions ("OMTs") and direct business transactions ("DBTs") on Securities Exchange for 2005 will be RM258.6 billion. This comprises an assumed trading value of RM229.3 billion in OMTs and an assumed trading value of RM29.3 billion in DBTs. The assumed OMT trading value of RM229.3 billion is based on the assumption of an average daily OMT trading value of RM924.6 million (based on 248 Market Days per year). The assumed DBT trading value of RM29.3 billion is based on the assumption of an average daily DBT trading value of RM118.0 million (based on 248 Market Days per year).

22. FUTURE FINANCIAL INFORMATION (cont'd)



The assumed combined OMT and DBT trading value for 2005 represents a year on year growth rate of 6% over 2004. The average growth rate for the past 10 years in OMT and DBT combined trading value has been approximately 15%.

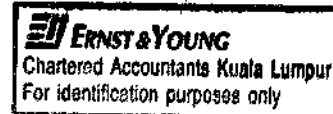
4. That 65 new companies will be listed on the Securities Exchange in 2005 (72 new companies were listed in 2004 and 58 new companies were listed in 2003).
5. That 3.1 million derivative contracts will be traded on Bursa Malaysia Derivatives Berhad ("Derivatives Exchange") in 2005. This is based on the assumption of a 20% growth rate year on year and assumes no change in the existing types of contracts. In 2004, the number of derivative contracts traded on Derivatives Exchange was 2.6 million. In 2003, the number of derivative contracts traded was 2.0 million.
6. That there will be no significant change in the transaction and clearing fee structures for contracts traded on Securities Exchange and Derivatives Exchange. In particular, for the contracts traded on Securities Exchange:
 - (a) Clearing fee rate will remain at the existing rate of 0.04% with a maximum cap of RM200 per trade by each party. With the maximum cap, the effective clearing rate is forecasted to be 0.027% for OMTs which is based on the actual clearing rate for 2004. The portion of clearing fee payable to the Securities Commission will remain at 18.75%.
 - (b) Transaction or SCORE fee rate will remain at the existing rate of 0.0025% of the contract value.
7. That there will be no significant change in the rates for listing fees, perusal and processing fees, depository services fees and participants' subscriptions.
8. That new products and services will gain market acceptance namely the provision of clearing services for over-the-counter ethylene futures contracts and new business models for the provision of information services. However significant revenues from such new products and services are not expected in 2005.
9. That there will be no significant change in the existing access fee and rental for WinSCORE and related data communication equipment.

Assumptions relating to Other Income

10. That surplus funds will be invested in unquoted bonds, government securities, deposits and money market placements (to be managed by Bursa Group and/or by external fund managers).
11. That there will be no significant transfer of funds to compensation funds maintained by Bursa Group.
12. That external borrowings will be repaid as and when due. In particular, the outstanding amount owing to the Securities Commission of RM13.5 million which arose from the acquisition of Malaysian Exchange of Securities Dealing & Automated Quotation Berhad in March 2002 will be settled in full within the first quarter of 2005.
13. That the average interest rates per annum on deposits and money market placements with financial institutions, and investment in bonds managed by Bursa Group in comparison to 2004 will be as follows:

	<u>2004</u>	<u>2005</u>
	% per annum	
Deposits and money market placements	2.9	3.0
Investments in unquoted bonds	6.8	5.5

22. FUTURE FINANCIAL INFORMATION (cont'd)



14. That the average return on funds of Bursa Group managed by external fund managers net of fees payable will be 5.0% per annum. The average return in 2004 was 6.6%.
15. That there will be no significant gain or loss on disposal of investments of Bursa Group.

Assumptions relating to Cost

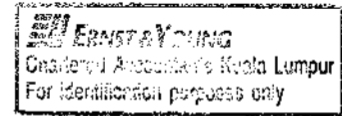
16. That staff costs for the year ending 31 December 2005 will decrease by approximately 27% as compared to 2004 due to the 2004 Voluntary Separation Scheme.
17. That the development and implementation of new and/or enhanced computer systems will be realised as planned. These include the following:

<u>New/Enhanced Computer Systems</u>	<u>Planned Cost</u> RM'000	<u>Depreciation</u> Rate (% per annum)	<u>Depreciation</u> Commencing
- Common Trading Platform			
~ Derivatives (20%)	15,045	20	April 2005
~ Securities (80%)	60,181	20	October 2005
- Upgrade of Central Depository System hardware	10,030	33	July 2005

General Assumptions

18. That there will be no significant changes to the prevailing local, regional and global economic and political conditions that may have an adverse effect on Bursa Group's performance, either directly or indirectly.
19. That there will be no significant changes to the present capital market structure, legislation, Government regulations and policies, operational regulations or restrictions and licensing requirement that will affect Bursa Group's operations.
20. There will be no significant changes in the structure of direct and indirect taxation, corporate taxation rates, tax incentives and bases of duties that may materially affect the results of Bursa Group.
21. There will be no significant changes to the organisation structure, activities, operations and policies that will adversely affect the operations of Bursa Group. The existing structure of Bursa Group will remain with no significant changes in equity interest in subsidiaries nor additions or disposals of subsidiaries that may materially affect the results of Bursa Group.
22. Inflation, foreign currency and interest rates will not fluctuate significantly from the current prevailing rates. There will be no significant changes in foreign exchange and capital controls in Malaysia which will adversely affect the operations of Bursa Group.
23. There will be no significant changes to the senior management and key personnel of Bursa Group which will adversely affect the operations of Bursa Group.
24. There will be no legal proceedings against Bursa Group which will adversely affect the activities or results of Bursa Group or give rise to any contingent liabilities which will materially affect the position or business of Bursa Group.

22. FUTURE FINANCIAL INFORMATION (cont'd)



25. Rights and obligations under all material contracts and agreements entered into in the ordinary course of business between Bursa Group and third parties will continue to be in force and will be performed on the existing terms and conditions.
26. There will be no major breakdown or disruption in information technology facilities, including the trading, clearing and depository systems of Bursa Group, material security breaches, such as computer viruses, hacking and fraud activities, industrial accidents or disputes, war, terrorist attacks, fire, extreme weather conditions, climatic diseases and other natural risks, both domestic and foreign that will adversely affect the activities and results of Bursa Group.
27. There will be no significant provision for doubtful debts and impairment losses or write-offs in respect of goodwill, investments and property, plant and equipment of Bursa Group.
28. There will be no significant changes in accounting policies from those adopted by the companies in Bursa Group for the financial period ended 30 September 2004.

22. FUTURE FINANCIAL INFORMATION (cont'd)

22.4 Directors' Analysis and Commentary on the Consolidated Profit Forecast

Our Directors have reviewed and analyzed the bases and assumptions used in arriving at the consolidated profit forecast of our group for the financial year ending December 31, 2005 and are of the opinion that the consolidated profit forecast is fair and reasonable in light of the future plans, strategies and prospects of our group as set out in Section 12.3 (Business — Strategies) and after taking into consideration the forecast, liquidity and working capital requirements of our group. The consolidated profit forecast has been prepared on bases and accounting principles consistent with those previously adopted in the preparation of audited financial statements.

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23. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT SEPTEMBER 30, 2004



17 February 2005

The Board of Directors
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50200 Kuala Lumpur

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Dear Sirs,

**BURSA MALAYSIA BERHAD (formerly known as Kuala Lumpur Stock Exchange Berhad)
("Bursa Malaysia")
PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2004**

We report on the pro forma consolidated balance sheets as set out in the accompanying appendix (which we have stamped for the purpose of identification) in the Prospectus to be dated 23 February 2005, which have been prepared for illustrative purposes only, to provide information about how the consolidated balance sheets of Bursa Malaysia and its subsidiaries ("Bursa Group") as at 30 September 2004 that has been presented might have been affected by the following:

Transactions, completed on 27 January 2005

- I) bonus issue of 1,334,000,000 new ordinary shares of RM0.50 par value each ("Shares") by way of capitalisation of retained profits of RM667,000,000 on the basis of 2,668 new Shares for every 1,000 Shares ("Bonus Issue").
- II) capital reduction whereby RM750,000,000 of the share capital was cancelled, representing approximately RM0.41 of the par value of each Share ("Capital Reduction"). The payment to shareholders will be on the date after the Initial Public Offering and Listing (as defined below).
- III) share consolidation whereby 1,834,000,000 ordinary shares of approximately RM0.09 par value each after the Capital Reduction were consolidated into 334,000,000 Shares ("Share Consolidation").

Proposals:

- IV) initial public offering of 166,000,000 new Shares, comprising 116,900,000 new Shares under the institutional offering and 49,100,000 new Shares under the retail offering, for cash ("Initial Public Offering"). Thereafter, the entire issued share capital of Bursa Malaysia comprising 500,000,000 Shares shall be listed on the Main Board of Bursa Malaysia Securities Berhad ("Listing"), and payment to shareholders pursuant to the Capital Reduction will be made.
- V) employees' share option scheme whereby up to 13% of the total issued and paid-up share capital of Bursa Malaysia will be put under options to be offered to employees ("ESOS"), subject to the Listing.

23. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT SEPTEMBER 30, 2004 (cont'd)

Bursa Malaysia Berhad
Page 2

It is the responsibility solely of the directors of Bursa Malaysia to prepare the pro forma consolidated balance sheets in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").


It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the pro forma consolidated balance sheets with the responsible officers of Bursa Group. Our work involved no independent examination of any of the underlying financial information other than our audit of the consolidated financial statements that included the audited consolidated balance sheet as at 30 September 2004, on which we reported to the directors of Bursa Malaysia as of the date of our audit report.


In our opinion:

- (a) the pro forma consolidated balance sheets have been properly compiled on the bases stated; and
- (b) within the context of the assumed dates of the Transactions and Proposals:
 - (i) such bases are consistent with the accounting policies of the Bursa; and
 - (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to the Guidelines.

The accompanying pro forma balance sheets and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned Proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully


ERNST & YOUNG
AF:0039
Chartered Accountants
Kuala Lumpur, Malaysia


Wong Kang Hwee
No. 1116/01/06(J)
Partner

23. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2004 (cont'd)

APPENDIX I

ILLUSTRATIVE PRESENTATION OF THE PROFORMA CONSOLIDATED BALANCE SHEETS
OF BURSA MALAYSIA BERHAD

	Audited as at 30.9.2004	Adjustment I	Pro forma I	Adjustment II	Pro forma II	Adjustment III	Pro forma III
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS							
Property, plant and equipment	333,468		333,468		333,468		333,468
Other investments	256,031		256,031		256,031		256,031
Staff loans receivable	41,445		41,445		41,445		41,445
Net goodwill	48,395		48,395		48,395		48,395
	<u>679,339</u>		<u>679,339</u>		<u>679,339</u>		<u>679,339</u>
CURRENT ASSETS							
Cash and bank balances	10,454		10,454		10,454		10,454
Short term deposits	731,759		731,759	498,000	459,759	195,000	654,759
				(750,000)			
				(20,000)			
Receivables	53,443		53,443		53,443		53,443
Tax recoverable	17,994		17,994		17,994		17,994
Short term investments	274,891		274,891		274,891		274,891
	<u>1,088,541</u>		<u>1,088,541</u>		<u>816,541</u>		<u>1,011,541</u>
CURRENT LIABILITIES							
Short term borrowings	220		220		220		220
Taxation	4,134		4,134		4,134		4,134
Trade payables	150,036		150,036		150,036		150,036
Sundry payables	87,370		87,370		87,370		87,370
Due to shareholders	-	750,000	750,000	(750,000)	-		-
	<u>241,760</u>		<u>991,760</u>		<u>241,760</u>		<u>241,760</u>
NET CURRENT ASSETS	846,781		96,781		574,781		769,781
	<u>1,526,120</u>		<u>776,120</u>		<u>1,254,120</u>		<u>1,449,120</u>

23. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2004 (cont'd)

APPENDIX I

ILLUSTRATIVE PRESENTATION OF THE PROFORMA CONSOLIDATED BALANCE SHEETS
OF BURSA MALAYSIA BERHAD

	Audited as at 30.9.2004	Adjustment I	Pro forma I	Adjustment II	Pro forma II	Adjustment III	Pro forma III
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REPRESENTED BY:							
Share capital	250,000	667,000 (750,000)	167,000	83,000	250,000	32,500	282,500
Share premium	-	-	-	415,000 (20,000)	395,000	162,500	557,500
Retained profits	1,175,984	(667,000)	508,984		508,984		508,984
Capital reserve	15,150		15,150		15,150		15,150
Foreign exchange reserve	(13)		(13)		(13)		(13)
Minority interests	1,441,121		691,121		1,169,121		1,364,121
	16,975		16,975		16,975		16,975
	1,458,096		708,096		1,186,096		1,381,096
Retirement benefit obligations	15,085		15,085		15,085		15,085
Deferred income	2,831		2,831		2,831		2,831
Long term borrowings	1,098		1,098		1,098		1,098
Long term liability	47,258		47,258		47,258		47,258
Deferred tax liabilities	1,752		1,752		1,752		1,752
	1,526,120		776,120		1,254,120		1,449,120
Net tangible assets * ("NTA")	1,392,726		642,726		1,120,726		1,315,726
Number of ordinary shares of RM0.50 each ('000)	500,000		334,000		500,000		565,000
NTA per share (RM)	2.79		1.92		2.24		2.33

* exclude intangible assets

23. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT SEPTEMBER 30, 2004 (cont'd)

**NOTES TO THE PRO FORMA CONSOLIDATED BALANCE SHEETS
OF BURSA MALAYSIA BERHAD**

1. The pro forma consolidated balance sheets have been prepared for illustrative purposes only to show the effects on the audited consolidated balance sheet of Bursa Malaysia Berhad (formerly known as Kuala Lumpur Stock Exchange Berhad) ("Bursa Malaysia") as at 30 September 2004 of the transactions stated in Note 2 ("Transactions") and proposals stated in Notes 3 and 4 ("Proposals") below had the Transactions and Proposals been implemented and completed on that date. The pro forma consolidated balance sheets have been prepared based on the accounting policies and bases consistent with those adopted by Bursa Malaysia in the preparation of the audited consolidated financial statements for the period ended 30 September 2004.
2. **Adjustment column I** reflects :
 - (i) the bonus issue of 1,334,000,000 new ordinary shares of RM0.50 each ("Shares") to be credited as fully paid-up by way of capitalisation of retained profits of RM667,000,000, on the basis of 2,668 new Shares for every 1,000 Shares ("Bonus Issue");
 - (ii) the capital reduction under Section 64 of the Companies Act, 1965 of the enlarged share capital of Bursa Malaysia after the Bonus Issue by the cancellation of RM750,000,000 therefrom representing approximately RM0.41 of the par value of each Share, resulting in a credit of RM750,000,000 due to shareholders ("Capital Reduction"); and
 - (iii) consolidation of the 1,834,000,000 ordinary shares of approximately RM0.09 par value each in Bursa Malaysia after the Capital Reduction into 334,000,000 Shares ("Share Consolidation").
3. **Adjustment column II** reflects the issue of 166,000,000 new Shares comprising 116,900,000 new Shares under the institutional offering and 49,100,000 new Shares under the retail offering, for a total cash consideration of RM498,000,000 ("Initial Public Offering"). The calculations of the proceeds arising from the Initial Public Offering is based on an indicative institutional price of RM3.00 per Share for the institutional offering and the retail price of RM3.00 per Share for the retail offering. Thereafter, the entire issued share capital of the Bursa comprising 500,000,000 Shares shall be listed on the Main Board of Bursa Malaysia Securities Berhad ("Listing"), and payment to shareholders amounting to RM750,000,000 pursuant to the Capital Reduction will be made. Share issue and listing expenses of RM20,000,000 will be charged to the share premium account. The remainder of the proceeds will be utilised as working capital.
4. **Adjustment column III** reflects the full exercise of options over 13% of the total issued and paid-up share capital of Bursa Malaysia after the Listing (65,000,000 Shares) at an illustrative issue price of RM3.00 per Share under the employees' share option scheme ("ESOS").

23. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT SEPTEMBER 30, 2004 (cont'd)

5. The effects of the above Transactions and Proposals on the share capital and share premium account are summarised as follows:

	Share capital RM'000	Share premium RM'000
As at 30 September 2004	250,000	-
Bonus Issue	667,000	-
Capital Reduction and Share Consolidation	(750,000)	-
Pro forma I	167,000	-
Initial Public Offering	83,000	415,000
Share Issue and Listing expenses	-	(20,000)
Pro forma II	250,000	395,000
ESOS	32,500	162,500
Pro forma III	282,500	557,500

24. DIRECTORS' REPORT



Registered Office:
 9th Floor, Exchange Square,
 Bukit Kewangan
 50200 Kuala Lumpur
 February 17, 2005

The Shareholders of Bursa Malaysia Berhad

Dear Sir/Madam

On behalf of the Directors of Bursa Malaysia Berhad ("Bursa Malaysia"), I report after due inquiry that during the period from September 30, 2004 (being the date to which the last audited financial statements of Bursa Malaysia and its subsidiaries ("Group") have been made up) to February 17, 2005 (being a date not earlier than fourteen (14) days before the issue of this Prospectus):

- (i) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited financial statements of the Group which have adversely affected the trading or the values of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in Section 10.9.2 (Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Contingent Liabilities — Contingent Liabilities), no contingent liabilities have arisen by reason of any guarantees or indemnities given Bursa Malaysia or any of its subsidiaries;
- (v) as far as the Directors are aware, there have been, no default or known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings; and
- (vi) since the last audited financial statements of the companies comprising the Group, save for the bonus issue and capital reduction exercise as detailed in Section 20 (Listing Scheme and Capital Reduction) which was implemented on January 27, 2005 and have resulted in a change to the Group's published reserves, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group. The proforma effects of the capital reduction are set out in Section 23 (Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets as at September 30, 2004).

Yours faithfully

For and on behalf of the Board of Directors of
BURSA MALAYSIA BERHAD

Yusli bin Mohamed Yusoff
 Chief Executive Officer and Executive Director

Bursa Malaysia Berhad 30632-P
 (Formerly known as Kuala Lumpur Stock Exchange Berhad)

6th Floor, Exchange Square | Tel : 03-2034 7000, 03-2732 4999 (GL)
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25. DRAFT ESOS BYE-LAWS

1. NAME OF SCHEME

This Scheme shall be called the “Bursa Malaysia Berhad Employees’ Share Option Scheme”.

2. DEFINITIONS AND INTERPRETATION

2.1 In these Bye-Laws, the following terms and expressions shall have the following meanings:

Act	- Companies Act, 1965
Approved Transfer	- Transfer of securities for a reason approved by Bursa Depository and carried out in accordance with the Rules of Bursa Depository
Available Balance	- Unissued share capital of the Company which is available for Offer subject to the Maximum Limit and after deducting all Shares under Options which have been granted
Board	- Board of Directors of the Company
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd (<i>formerly known as Malaysian Central Depository Sdn Bhd</i>)
Bursa Securities	- Bursa Malaysia Securities Berhad (<i>formerly known as Malaysia Securities Exchange Berhad</i>)
Bye-Laws	- Rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with Bye-Law 21)
CDS	- Central Depository System
CDS Account	- Account established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
Company	- Bursa Malaysia Berhad (<i>formerly known as Kuala Lumpur Stock Exchange Berhad</i>)
Date of Expiry	- Last day of the Duration of the Scheme
Date of Offer	- Date on which an Offer is made by the Option Committee to an Eligible Participant
Director	- Natural person who holds a directorship in any company in the Group

25. DRAFT ESOS BYE-LAWS (cont'd)

Duration of the Scheme	- Period of five (5) years from Effective Date subject to early termination in accordance with Bye-Law 18.5
Effective Date	- Date as defined in Bye-Law 18.1
Eligible Participant	- Employee or Executive Director who meets the criteria of eligibility for participation in the Scheme as set out in Bye-Law 4.1
Entitlement Date	- Date as at the close of business on which shareholders' names must appear on the Company's Record of Depositors and/or Register of Members in order to be entitled to any dividend, right, allotment or other distributions
Executive Director	- Natural person who holds a directorship in an executive capacity and is involved in the day to day management in any company in the Group and is on the payroll of the Group
Grantee	- Eligible Participant who has accepted an Offer in the manner provided in Bye-Law 6
Group	- Company and its subsidiaries as defined in Section 5 of the Act
Listing Requirements	- Listing Requirements of Bursa Securities that are applicable to companies listed on the Main Board of Bursa Securities
Maximum Limit	- 13% of the issued and paid-up ordinary share capital of the Company at the point of an Offer
Market Day	- Day on which Bursa Securities is open for trading in securities
Offer	- Written offer made by the Option Committee to an Eligible Participant in the manner provided in Bye-Law 5
Option	- Right of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance by the Grantee of an Offer in the manner provided in Bye-Law 6
Option Committee	- Committee comprising Directors and/or senior management personnel appointed by the Board to administer the Scheme
Option Period	- Period commencing from the date an Offer is accepted by a Grantee and expiring on the Date of Expiry
RM and sen	- Ringgit Malaysia and sen respectively

25. DRAFT ESOS BYE-LAWS (cont'd)

- | | | |
|---------------------------|---|--|
| SC | - | Securities Commission |
| Scheme | - | Scheme for the grant of Options to Eligible Participants to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the "Bursa Malaysia Berhad Employees' Share Option Scheme" |
| Selling Flexibility | - | Arrangement under which Selling Shareholder will allocate a certain quantum of Shares held by Selling Shareholder to facilitate the immediate selling by the Grantee who has exercised his Option in accordance with the Selling Flexibility Terms |
| Selling Flexibility Terms | - | Terms and conditions of the Selling Flexibility as prescribed by Selling Shareholder which will be furnished to the Grantee with the Offer |
| Selling Shareholder | - | Minister of Finance, Inc, a shareholder of the Company |
| Shares | - | Ordinary shares of RM0.50 each in the Company |
| Subscription Price | - | Price at which a Grantee shall be entitled to subscribe for each Share upon the exercise of the Option as calculated in accordance with Bye-Law 9 and as may be adjusted in accordance with Bye-Law 13 |
- 2.2 Headings are for ease of reference only and do not affect the meaning of a Bye-Law.
- 2.3 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes include any consolidations, replacements or revisions of the same and any subordinate legislation made from time to time under the provision and any listing requirement, policy and/or guideline of the SC, Bursa Securities and/or other relevant authorities.
- 2.4 Words importing the masculine gender shall include the feminine and neuter genders and all such words shall be construed interchangeably in that manner.
- 2.5 Words importing the singular meaning shall include the plural meaning and vice versa where the context so admits.
- 2.6 Any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee shall, subject always to the directions (if any) to the contrary of the Board, be exercised at the Option Committee's sole and absolute discretion and the Option Committee shall not be under any obligation to give any reason thereof except as may be required by the relevant authorities.
- 2.7 If an event occurs on a stipulated day, which is not a Market Day, then the stipulated day will be taken to be the Market Day after that day.

25. DRAFT ESOS BYE-LAWS (cont'd)

3. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME, MAXIMUM ENTITLEMENT AND BASIS OF ALLOTMENT

- 3.1 The aggregate number of Shares available for the grant of Options under the Scheme (including Shares that have been issued under the Scheme) shall not exceed the Maximum Limit during the Duration of the Scheme, and further, the following shall be complied with:
- (a) Not more than 50% of the Shares available under the Scheme shall be allocated, in aggregate, to Executive Director and senior management of the Group with the balance of the Shares available under the Scheme to be allocated to the remainder of the Eligible Participants. For the purpose of this Bye-Law, the "senior management" shall be determined by the Option Committee upon the commencement of the Scheme;
 - (b) Not more than 10% of the Shares available under the Scheme shall be allocated to any individual Eligible Participant, who, either singly or collectively through persons connected with him/her (as defined under the Listing Requirements) holds 20% or more in the issued and paid-up capital of the Company; and
 - (c) The Option Committee may at its sole and absolute discretion and pursuant to Bye-Law 20 introduce additional categories of Eligible Participants which it shall deem necessary to introduce during the Duration of the Scheme.
- 3.2 Notwithstanding Bye-Law 3.1 and any other Bye-Laws, in the event the maximum number of new Shares comprised in the Options (including Shares that have been issued under the Scheme) exceeds the Maximum Limit during the Duration of the Scheme either as a result of the Company purchasing its own Shares, or undertaking any other corporate proposals and thereby resulting in the total number of Shares to be issued under the Scheme exceeding the Maximum Limit, the Options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable in accordance with these Bye-Laws. However, in such a situation, the Option Committee shall not make any further Offers until such time that the number of Shares under the subsisting Options (including Shares that have been issued under the Scheme) falls below the then Maximum Limit.
- 3.3 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options, which may be exercisable, in whole or in part, from time to time, throughout the Duration of the Scheme.
- 3.4 In determining the number of Shares under Options to be offered to an Eligible Participant under the Scheme, the seniority of the Eligible Participant and his performance in the Group as at the Date of Offer shall, amongst other matters, be taken into consideration, subject to the provisions of the Listing Requirements with respect to allocations.

25. DRAFT ESOS BYE-LAWS (cont'd)

4. ELIGIBILITY

4.1 Subject to the discretion of the Option Committee, any employee or Executive Director of the Group shall be eligible to be considered for the offer of Options under the Scheme, if, as at the Date of Offer, the employee or Executive Director:

- (a) has attained at least 18 years of age;
- (b) is in the full time employment (including contract employees) and payroll of at least one (1) company within the Group; and
- (c) falls within such other categories and criteria that the Option Committee may from time to time at its absolute discretion determine,

provided always that employees and Directors of subsidiaries of the Company which are dormant shall not be eligible to be considered for the Scheme.

4.2 The Option Committee has the discretion not to make further additional Offers regardless of the amount of the Available Balance.

4.3 Eligibility under the Scheme does not confer on an Eligible Participant a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Participant does not acquire or has any rights over or in connection with the Options or the Shares comprised herein unless an Offer has been made by the Option Committee to the Eligible Participant and the Eligible Participant has accepted the Offer in accordance with the terms of the Offer and the Scheme.

5. OFFER

5.1 The Option Committee may at its discretion at any time within the Duration of the Scheme and from time to time make Offers to any Eligible Participant.

5.2 The Option Committee shall state the following particulars in the Offer:

- (a) The number of Shares under Options that are being offered to the Eligible Participant;
- (b) The Option Period;
- (c) The Subscription Price;
- (d) The Offer Period as defined in Bye-Law 5.3; and
- (e) Any other information deemed necessary by the Option Committee.

5.3 An Offer shall be valid for a period of 14 days from the Date of Offer or such longer period as may be determined by the Option Committee at its sole and absolute discretion ("**Offer Period**"). If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon the expiry of the Offer Period.

25. DRAFT ESOS BYE-LAWS (cont'd)

- 5.4 No Offer shall be made to any Executive Director unless such Offer and the respective allotment of Shares have previously been approved by the shareholders of the Company in general meeting, unless such approval is no longer required under the Listing Requirements and/or the Memorandum and Articles of Association of the Company.
- 5.5 The actual number of Shares under Options which may be offered to an Eligible Participant shall be at the sole and absolute discretion of the Option Committee and shall not be less than one hundred (100) Shares and shall be in the multiples of one hundred (100) Shares (or in any other denomination as may be prescribed by Bursa Securities as a board lot).
- 5.6 Without prejudice to Bye-Law 20, in the event of an error on the part of the Company in stating any of the particulars referred to in Bye-Law 5.2, the following provisions shall apply:
- (a) Within one (1) month after discovery of the error, the Company shall issue a supplemental Offer, stating the correct particulars referred to in Bye-Law 5.2;
 - (b) In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental Offer shall remain as the Subscription Price as per the original Offer; and
 - (c) In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental Offer shall be the Subscription Price applicable and take effect as if it were issued on the date of the original Offer, save and except with respect to any Option which have already been exercised as at the date of issue of the supplemental Offer.
- 5.7 Subject to the discretion of the Option Committee, the Offer shall lapse and be null and void in the event of death of the Eligible Participant or the Eligible Participant ceasing to be employed by any company in the Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Participant in the manner as set out in Bye-Law 6.

6. ACCEPTANCE

- 6.1 An Offer shall be accepted by an Eligible Participant within the Offer Period by written notice to the Company in the form prescribed by the Option Committee from time to time accompanied by a payment to the Company of a non-refundable consideration of RM1.00 only for the acceptance of the Offer.
- 6.2 The Option Committee shall within 30 days of acceptance of the Offer by the Eligible Participant issue to the Grantee a certificate of Option in such form as may be determined by the Option Committee from time to time stating, amongst other matters, the number of Shares granted under the Option, the Subscription Price and the Option Period.

25. DRAFT ESOS BYE-LAWS (cont'd)

- 6.3 The Company shall keep and maintain at its own expense a register of Grantees and shall enter therein the name, address and maximum entitlement of Shares of each Grantee and the number of Options granted, the number of Options exercised, the Date of Offer and the Subscription Price, in respect of each Grantee.
- 6.4 At the time of the acceptance of the Offer, the Eligible Participant must elect to participate or not to participate in the Selling Flexibility. If the Eligible Participant had elected to participate in the Selling Flexibility, then for the duration of the availability of the Selling Flexibility, all Options shall be exercised in the manner prescribed in the Selling Flexibility Terms. If the Eligible Participant had elected not to participate in the Selling Flexibility, then the Eligible Participant shall not be entitled to exercise any Option under the Selling Flexibility.

7. NON-TRANSFERABILITY

- 7.1 An Option is personal to the Grantee and subject to Bye-Laws 12.2 and 12.3, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company in the Group.
- 7.2 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under Bye-Law 12.3. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

8. EXERCISE OF OPTIONS

- 8.1 Subject to Bye-Laws 8.5, 12.2, 12.3, 14 and 15, a Grantee shall be allowed to exercise the Options granted to him in full or in part during the Option Period in such manner and subject to such conditions as stipulated in the Offer, or such other period that may be stipulated by the Option Committee, during his lifetime whilst he is in the employment of any company in the Group. The Grantee may exercise all or any part of the rights under Options in whole or in part, provided that any partial exercise of an Option shall be in multiples of one hundred (100) Shares or the minimum board lot as prescribed by Bursa Securities from time to time.
- 8.2 Subject to Bye-Law 8.1, the Grantee shall notify the Company in writing of his intention to exercise an Option in such form as the Option Committee may prescribe or approve or in such manner as may be provided under the Selling Flexibility Terms, if applicable, ("**Notice of Exercise**") during the Option Period in respect of all or part of the new Shares comprised in the Option. Any partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Shares, if any, which he is entitled to subscribe for under the Option.
- 8.3 If the Grantee has elected not to participate in the Selling Flexibility or if the Selling Flexibility has been terminated, every Notice of Exercise shall be accompanied by a remittance for the full amount of subscription monies in such form and/or currency of payment that is lawful and permitted by the Company, computed based on the Subscription Price and the number of Shares subscribed in respect of which the Notice of Exercise is given.

25. DRAFT ESOS BYE-LAWS (cont'd)

- 8.4 If the Grantee had elected to participate in the Selling Flexibility and the Selling Flexibility had not been terminated, a remittance for the full amount of subscription monies in such form and/or currency of payment that is lawful and permitted by the Company, computed based on the Subscription Price and the number of Shares subscribed ("**Company's Proceeds**") in respect of the Notice of Exercise is given shall be paid by the nominee company ("**Nominee**") to the Company within five (5) Market Days from the date the Notice of Exercise is received by the Company. The Nominee shall also release the remaining proceeds (net of transaction costs and Company Proceeds) to the Grantee. If any of the Shares cannot be sold by the end of the exercise date, such Shares shall be deemed not exercised by the Grantee, and accordingly, shall be exercisable by the Grantee at a later date.
- 8.5 The Option Committee may, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new Shares and/or such percentage of the total new Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the Option Committee in its discretion including amending/varying any terms and conditions imposed earlier.
- 8.6 The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time.
- 8.7 Any failure to comply with the procedures specified by the Option Committee or to provide information required by the Company shall result in the Notice of Exercise being rejected at the discretion of the Option Committee. The Option Committee shall inform the Grantee of the rejection of the Notice of Exercise within 14 Market Days from the date of rejection thereof and the Grantee shall then be deemed not to have exercised the Option.
- 8.8 The Company shall endeavour to allot such new Shares to the Grantee, despatch the notice of allotment to the Grantee and make an application for the quotation of the new Shares within ten (10) Market Days (or such other period as may be prescribed by Bursa Securities or any other relevant authorities) from the receipt by the Company of the Notice of Exercise and remittance from the Grantee in an acceptable form, subject to the provisions of the Company's Articles of Association. The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS account of the Grantee. No physical share certificate will be issued to the Grantee.
- 8.9 The Company, the Board and the Option Committee shall not under any circumstance be held liable to any person for any cost, loss, expense, damage or liability whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring the relevant authorities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Notice of Exercise of the Options or for any errors in any Offer.
- 8.10 Every Option shall be subject to the condition that no new Share shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

25. DRAFT ESOS BYE-LAWS (cont'd)

- 8.11 Notwithstanding anything to the contrary of the Bye-Laws thereof, the Option Committee shall have the right at its discretion to suspend the right of any Grantee who is being subjected to a disciplinary proceeding as provided for in the Group's standard terms of employment where provisions of disciplinary proceedings are contained (whether or not such disciplinary proceeding may give rise to a dismissal or termination of service of such Grantee) and notice to that effect has been duly served on him from exercising his Options pending the outcome of such disciplinary proceeding. The right of suspension herein, may be exercised by the Option Committee with such terms and conditions as the Option Committee shall deem appropriate having regard to the nature of charges made or brought against such Grantee provided always that in the event such Grantee is subsequently not found to be guilty of the charges which gave rise to such disciplinary proceeding, the Option Committee shall reinstate the rights of such Grantee to exercise his Option.

9. SUBSCRIPTION PRICE

The Subscription Price of each Share comprised in any Option shall, subject always to Bye-Law 13, be as follows:

- (a) In respect of any Offer which is made in conjunction with the Company's listing on the Main Board of Bursa Securities, the initial public offer price to the Malaysian public; and
- (b) In respect of any Offer which is made subsequent to the Company's listing on the Main Board of Bursa Securities, the weighted average market price of the Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten percent (10%) at the Option Committee's discretion, provided that the Subscription Price shall in no event be less than the par value of the Shares.

10. RIGHTS ATTACHING TO SHARES AND RETENTION PERIOD

- 10.1 The new Shares to be allotted upon the exercise of any Option shall, upon allotment and issue, rank pari passu in all respects with the existing issued and paid-up Shares, except that the new Shares will not entitle their holders to any dividend, right, allotment and/or any other distributions, the Entitlement Date of which is prior to the date of allotment of the said Shares. The new Shares will be subject to all the provisions of the Articles of Association of the Company.
- 10.2 The Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer.

11. RIGHTS OF A GRANTEE

The Options shall not carry any right to vote at any general meeting of the Company. A Grantee shall not be entitled to any dividend, right, allotment or other entitlements on his unexercised Options.

25. DRAFT ESOS BYE-LAWS (*cont'd*)**12. TERMINATION OF EMPLOYMENT**

12.1 Save as otherwise expressly provided, an Option which has not been exercised by the Grantee shall lapse and become null and void and be of no further force and effect in any of the following circumstances:

- (a) in the event of the Grantee intending to cease as an employee of any company within the Group by resignation from employment by the Grantee, upon the date of the notice of resignation;
- (b) in the event of the Grantee ceasing to be an employee of any company within the Group due to termination of employment by the employer of the Grantee, upon the expiry of the notice of termination;
- (c) in the event of the Grantee ceasing to be an employee of any company within the Group for any reason other than as stated in paragraphs (a) or (b), upon the last day of the Grantee's employment or such other date as determined by the Option Committee
- (d) in the event of the bankruptcy of the Grantee, upon the date the Grantee is declared a bankrupt;
- (e) in the event where the Grantee is currently employed by a subsidiary of the Company and subject to Bye-Law 15.1, upon that subsidiary ceasing for any reason to be a subsidiary of the Company;
- (f) on the winding-up or liquidation of the Company; or
- (g) for any other circumstances as may be determined by the Option Committee from time to time.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company from any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Options ceasing to be valid.

12.2 Notwithstanding Bye-Law 12.1, the Option Committee, may at its discretion, allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment of the Grantee occurs as a result of the following:

- (a) Retirement on attaining the normal retirement age of 55 years;
- (b) Retirement before attaining the normal retirement age and with the consent of the employer's company within the Group;
- (c) Ill-health, injury, physical or mental disability;
- (d) Redundancy;

25. DRAFT ESOS BYE-LAWS (cont'd)

- (e) Transfer to any company outside the Group at the direction of the Company; or
 - (f) Any other circumstances acceptable to the Option Committee in its exercise of discretion.
- 12.3 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any Option which is unexercised, such Option may be exercised by the personal or legal representative of the deceased Grantee within the Option Period subject to the approval of the Option Committee. The proportion exercisable is at the discretion of the Option Committee.

13. ALTERATIONS OF CAPITAL

13.1 Subject to Bye-Law 13.4, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of rights issues, bonus issues, capital reduction (inclusive of Capital Distribution), subdivision or consolidation of capital howsoever taking place:

- (a) the Subscription Price; and/or
- (b) the number of Shares comprised in the Option so far as unexercised;

may be adjusted in such manner as the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the Option Committee, confirm in writing to be, in their opinion, fair and reasonable and in accordance with the provisions in the Bye-Laws.

13.2 The following provisions shall apply in relation to an adjustment, which is made pursuant to Bye-Law 13.1:

- (a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen;
- (b) In determining a Grantee's entitlement to subscribe for Shares, any fractional entitlement will be dealt with by the Option Committee at its absolute discretion;
- (c) If any adjustment to the Subscription Price shall result in the new Shares to be issued on the exercise of the Option being issued at a discount to the par value of the new Shares, the adjusted Subscription Price payable shall be the par value of the new Shares;
- (d) Upon any adjustment being made pursuant to this Bye-Law, the Option Committee shall notify the Grantee (or his legal representative where the Grantee is deceased) in writing within 30 days from the date of receipt of the letter of the external auditors of the Company on the adjusted Subscription Price and/or the adjusted number of Shares comprised in the Option so far as unexercised; and
- (e) Such adjustments should ensure that the capital outlay to be incurred by a participant in exercising his Options remains unaffected.

25. DRAFT ESOS BYE-LAWS (cont'd)

Provided that Bye-Law 13.2(e) shall not apply to a Capital Distribution to shareholders whether or not on a reduction of capital (but excluding any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets). In such instance, the adjustments would ensure the Grantee the same proportion of the issued and paid-up share capital of the Company as that to which he was entitled prior to such alterations.

- 13.3 "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions of assets or by way of issue of Shares or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts pertaining to any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless the aggregate dividends declared or provided for the financial year is less than five percent (5%) of the five (5)-day weighted average market price of the Shares immediately prior to the declaration of the dividend.
- 13.4 Bye-Law 13.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (a) An issue of Shares pursuant to the exercise of Options or further Options to Eligible Participants under the Scheme;
 - (b) An issue of securities as consideration for an acquisition;
 - (c) An issue of securities as a private placement;
 - (d) An issue of securities as a special issue required by any relevant governmental authority to comply with the policy of the Government of Malaysia on capital participation in companies;
 - (e) A restricted issue of securities,
 - (f) An issue of Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants and convertible loan stocks; or
 - (g) A purchase by the Company of its own Shares pursuant to Section 67A of the Act.
- 13.5 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, Bye-Law 13.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which Bye-Law 13.1 is applicable, but Bye-Law 13.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company as described in Bye-Law 13.4.

25. DRAFT ESOS BYE-LAWS (cont'd)

- 13.6 An adjustment pursuant to Bye-Law 13.1 shall be made according to the following terms:
- (a) In the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue;
 - (b) In the case of a consolidation or subdivision of Shares or reduction of capital, on the Market Day immediately following the day such consolidation, subdivision or reduction is completed; or
 - (c) Such other Market Day as deemed appropriate by the Option Committee.
- 13.7 In the event of a dispute in respect of any adjustment, the Grantee can appeal to the Board and the decision of the Board shall be final and binding in all respects.
- 13.8 Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the number of new Shares in favour of all the Grantees, but it is decided that no adjustment will be made, such decision must be made known to all the Grantees within 14 days from the date such decision has been finalised.

14. TAKEOVER AND COMPULSORY ACQUISITION

- 14.1 In the event of a take-over offer being made for the Shares pursuant to the Malaysian Code on Take-Overs and Mergers 1998, as amended from time to time, the Board shall use its best endeavours to procure that such a take-over offer be extended to any Share that may be issued pursuant to the exercise of the Options.
- 14.2 In the event of the offeror of the take-over offer becoming entitled or bound to exercise rights of compulsory acquisition of the Shares under the provisions of the Securities Commission Act, 1993 and gives notice to the Company that it intends to exercise such rights on a specific date ("**Specific Date**"), a Grantee will be entitled to exercise all or any part of his Option from the date of service of the said notice to the Company until and inclusive of the Specific Date provided that this is within the Option Period. In the foregoing circumstance, any Option to the extent unexercised by or on the Specific Date shall automatically lapse after the Specific Date.
- 14.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in Bye-Law 8.1 shall not apply in respect of Bye-Laws 14.1 and 14.2.

25. DRAFT ESOS BYE-LAWS (*cont'd*)**15. DIVESTMENT FROM GROUP**

15.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:

- (a) Shall be entitled to continue to hold and to exercise all the Options held by him within a period of three (3) months from the date of completion of such divestment or the Option Period, whichever expires first, and in accordance with Bye-Law 8. In this instance, the limits on the exercise of Options stipulated in Bye-Law 8.1 shall not apply. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the relevant period; and
- (b) Shall no longer be eligible to participate for any Offer as from the date of completion of such divestment.

15.2 For the purposes of Bye-Law 15.1, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

16. TRANSFER FROM OTHER COMPANIES TO THE GROUP

In the event that:

- (a) an employee or an Executive Director who was employed in a company not within the Group and is subsequently transferred from such company to any company within the Group; or
- (b) an employee or an Executive Director who was in the employment of a company which subsequently becomes a subsidiary of the Company as a result of a restructuring or acquisition or otherwise involving the Company and/or any company within the Group;

(the first mentioned company in each of Bye-Laws 16(a) and 16(b) is hereinafter referred to as the "**Previous Company**"), such an employee of the Previous Company ("**Affected Participant**") will, if the Affected Participant satisfies all the conditions of these Bye-Laws, be eligible to be considered for an Offer for the remaining Duration of the Scheme and subject to all the terms and conditions of these Bye-Laws at the sole and absolute discretion of the Option Committee, the Affected Participant shall also be entitled to continue to exercise all such unexercised option(s) which were granted to him under the employees' share option scheme (if any) in which he was participating (the "**Previous ESOS**") whilst the Affected Participant was in the employment of the Previous Company in accordance with the Bye-Laws of such Previous ESOS but he shall not, upon such transfer or restructuring or acquisition, as the case may be, be eligible to participate for further option of such Previous ESOS. Where the Affected Participant accepts further option under the Previous ESOS after the transfer or restructuring or acquisition, as the case may be, of the Affected Participant and/or Previous Company to the Group, such Affected Participant shall not be entitled to be considered for an Offer.

25. DRAFT ESOS BYE-LAWS (*cont'd*)**17. WINDING UP**

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

18. DURATION AND TERMINATION OF SCHEME

18.1 The effective date for the implementation of the Scheme ("**Effective Date**") shall be the date of full compliance with all relevant requirements of the Listing Requirements including the following:

- (a) submission of the final copy of these Bye-Laws to Bursa Securities or any other relevant authority pursuant to Paragraph 6.30F of the Listing Requirements;
- (b) receipt of approval-in-principle for the listing of Shares to be issued under the Scheme from the SC;
- (c) procurement of shareholders' approval for the Scheme;
- (d) receipt of approval of any other relevant authorities, where applicable; and
- (e) fulfilment of all conditions attached to the above approvals, if any.

18.2 The Scheme shall come into force on the Effective Date and shall be for a duration of five (5) years from the Effective Date. The Scheme shall expire at 5.00 p.m. on the Date of Expiry.

18.3 Offers can only be made during the Duration of the Scheme.

18.4 Notwithstanding anything to the contrary, all unexercised Options shall lapse at 5.00 p.m. on the Date of Expiry.

18.5 Notwithstanding Bye-Law 18.2, the Scheme may be terminated by the Company during the continuance of the five (5)-year period as provided herein **PROVIDED ALWAYS THAT** prior to the termination of the Scheme, the following conditions must have been satisfied by the Company:

- (a) the approval of the Company's shareholders by ordinary resolution at a general meeting has been obtained; and
- (b) the written consents from all Grantees who have yet to exercise their Options, either in part or in whole, have been obtained.

25. DRAFT ESOS BYE-LAWS (cont'd)

In this event, the following provisions shall apply:

- (a) No further Offers shall be made by the Option Committee from the date the last of the above conditions have been satisfied (“**Termination Date**”);
- (b) All Offers which have yet to be accepted by Eligible Participants shall automatically lapse on the Termination Date and be null and void; and
- (c) All outstanding Options which have yet to be exercised by Grantees shall be automatically terminated on the Termination Date.

19. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employees' share option scheme after the Date of Expiry or Termination Date. Where this Scheme has been renewed (subject to the approval of the relevant authorities), the new scheme may be established upon expiry of the renewed current Scheme.

20. ADMINISTRATION

- 20.1 The Scheme shall, subject to these Bye-Laws be administered by the Option Committee in such manner as it shall, in its discretion, think fit, in the best interest of the Company. The Option Committee shall comprise of such persons as shall be appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board.
- 20.2 Without limiting the generality of Bye-Law 20.1, the Option Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in Offers, execute all documents and enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part or any of its powers and duties relating to the administration of the Scheme as it may in its discretion consider to be necessary or desirable for giving full effect to the Scheme. In addition to administration matters, the Option Committee may impose restrictions and/or make policies relating to, amongst others, the granting and exercising of Options by the Grantees.
- 20.3 The Board shall have power at any time and from time to time to rescind the appointment of any person in the Option Committee and appoint new members to the Option Committee as it shall deem fit.
- 20.4 The Board shall have power at any time and from time to time to assume and/or exercise or execute any of the powers and authorities conferred upon the Option Committee pursuant to these Bye-Laws.

25. DRAFT ESOS BYE-LAWS (cont'd)

21. AMENDMENT

The Option Committee may at any time and from time to time recommend to the Board any addition or amendment to or deletion of these Bye-Laws as it shall, in its discretion, think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these Bye-Laws upon such recommendation PROVIDED THAT no addition or amendment to or deletion of these Bye-Laws shall be made which will:

- (a) Prejudice any right then accrued to any Grantee without the prior consent or sanction of that Grantee;
- (b) Prejudice any right of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting;
- (c) Alter to the benefit of the Grantee with respect to Bye-Laws 3.1, 4.1, 6.1, 9, 10.1, 10.2, 13.2 and 18.2 without the prior approval of the Company's shareholders in a general meeting.

22. INSPECTION OF ACCOUNTS

All Grantees are entitled to inspect the latest audited accounts of the Company at the Registered Office of the Company during normal business hours.

23. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Participant any special right or privilege over the Eligible Participant's terms and conditions of employment in the Group under which the Eligible Participant is employed nor any rights additional to any compensation for damages that the Eligible Participant may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Employee.

24. NO COMPENSATION FOR TERMINATION

No Eligible Participant shall be entitled to any compensation for damages arising from the termination of any Options or termination of this Scheme pursuant to the provisions of these Bye-Laws. Notwithstanding any provision of these Bye-Laws:

- (a) this Scheme shall not form part of any contract of employment between the Company or any company of the Group and any employee or Executive Director of any company of the Group. The rights of any employee or Executive Director under the terms of his office and/or employment with any company of the Group shall not be affected by his participation in the Scheme, nor shall such participation or the Offer or consideration for the Offer afford such employee or Executive Director any additional right to compensation or damages in consequence of the termination of such office or employment for any reason;

25. DRAFT ESOS BYE-LAWS (cont'd)

- (b) this Scheme shall not confer on any person any legal or equitable right or other rights under any other theory of law (other than those constituting the Options themselves) against the Company or any company of the Group directly or indirectly or give rise to any cause of action at law or in equity or under any other theory of law against any company of the Group;
- (c) no Grantee or his representatives shall bring any claim, action or proceeding against any company of the Group, the Option Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these Bye-Laws; and
- (d) the sole right of a Grantee or representative pursuant to any valid claim hereunder shall be limited to the right of the Grantee or his representative to be re-instated to his position had the breach not occurred AND any company within the Group, the Option Committee or any other party shall in no event be liable to the Grantee or representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation on lost profits or savings, directly or indirectly arising from the breach or performance of these Bye-Laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the Option Committee or any other party has been advised of the possibility of such damage and even if the limited remedy provided for is found to fail of essential purpose.

25. DISPUTES

Any dispute arising hereunder shall be referred to the decision of the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the Option Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these Bye-Laws.

26. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of Options, shall be borne by the Company.

27. ARTICLES OF ASSOCIATION

In the event of a conflict between any of the provisions of these Bye-Laws and the Articles of Association of the Company, the Articles of Association shall prevail.

25. DRAFT ESOS BYE-LAWS (cont'd)

28. TAX

All taxes (including income tax), if any, arising from the exercise of any Option shall be borne by the Grantee.

29. NOTICE

29.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Participant or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Participant or the Grantee at the last address known to the Company as being his address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is given by hand to the Eligible Participant or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Participant or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Participant or the Grantee shall be communicated in writing to the Company and the Option Committee.

29.2 Any certificate, notification or other notice required to be given to the Company or the Option Committee shall be properly given if sent by registered post or delivered by hand to the Company at its business address at Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur or at any other business address which may be notified in writing by the Option Committee from time to time.

30. SEVERABILITY

Any term, condition, stipulation or provision in these Bye-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation, provision herein contained.

25. DRAFT ESOS BYE-LAWS (*cont'd*)

31. GOVERNING LAW AND JURISDICTION

- 31.1 These Bye-Laws shall be governed and construed in accordance with the laws of Malaysia and the Eligible Participants and/or Grantees shall submit to the exclusive jurisdictions of the Courts of the States of Malaya in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these Bye-Laws.
- 31.2 Any proceeding or action shall be instituted or taken in Malaysia and the Eligible Participant and/or Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non conveniens or any other grounds.

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26. ADDITIONAL INFORMATION

26.1 Material Contracts

Save as disclosed below, we have not entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the two (2) years preceding January 31, 2005, being the latest practicable date prior to the registration of this Prospectus with the Securities Commission:

- (i) On April 7, 2003, our Company entered into a sale and purchase agreement with Ambilan Tradisi Sdn. Bhd. whereby our Company agreed to purchase 20.0 per cent. of the issued and paid-up capital of Bursa Depository for a total cash consideration of RM10.0 million. This transaction has been completed.
- (ii) On August 1, 2003, our Company entered into a sale and purchase agreement with Kinta Ceria Sdn. Bhd. ("Kinta Ceria"), whereby our Company agreed to sell a piece of land in Bandar Ipoh, Daerah Kinta in the State of Perak Darul Ridzuan of which Bursa Malaysia is the registered proprietor for a cash consideration of approximately RM5.0 million. The full purchase price for this land was paid to our solicitors on January 31, 2005 and we are currently in the process of transferring the ownership of the land to Kinta Ceria.
- (iii) On November 5, 2003, our Company entered into a sale and purchase agreement with Symphony House Berhad whereby our Company sold its entire shareholding in Malaysian Share Registration Services Sdn. Bhd. for a total cash consideration of RM6.0 million. This transaction has been completed.
- (iv) On May 14, 2004, our Company entered into a sale and purchase agreement with Abdullah bin Naib whereby our Company sold its entire shareholding in Bursa Malaysia Training Sdn. Bhd. (*formerly known as KLSE Training Sdn. Bhd.*) for a total cash consideration of approximately RM0.9 million. This transaction has been completed.

We have entered into an underwriting agreement dated February 15, 2005 with respect to the Initial Public Offering. Please see Section 19.2.2 (Details of the Initial Public Offering — The Initial Public Offering — The Retail Offering) for further details on the underwriting.

26.2 Material Agreements

Save as disclosed below, we have not entered into any material agreements which are still subsisting as at January 31, 2005, being the latest practicable date prior to the registration of this Prospectus with the Securities Commission:

- (i) On November 1, 1994, COMDEX and the Government entered into a supplementary agreement ("Supplementary Agreement") to two (2) interest-free principal loan agreements dated November 1, 1980 (varied by a supplemental agreement dated January 24, 1987) and October 9, 1984 for the sum of approximately RM0.7 million and RM1.5 million (together, the "Principal Loans"), respectively. The total amount under these Principal Loans is approximately RM2.2 million. The purpose of these Principal Loans are to, among other things, finance the relocation of our office to a new premises. Pursuant to the Supplementary Agreement, the repayment of the total amount has been rescheduled into ten (10) annual installments of RM0.2 million due on November 30 of each year commencing in 2000 and expiring in 2009.

26. ADDITIONAL INFORMATION (*cont'd*)

- (ii) On December 9, 1994, Bursa IT entered into a software license agreement with Deutsche Börse AG whereby Bursa IT was granted a non-transferable and non-exclusive right to use the DTB Software solely for the operation of our Derivatives Exchange. The license fee for the grant of the DTB Software license is Deutsche Marks 7.5 million. The agreement does not have a specified term and shall remain in effect unless terminated in accordance with the terms of the agreement.
- (iii) By way of two (2) separate lease agreements both dated October 1, 1996, our Company has leased from the Federal Lands Commissioner, two (2) separate pieces of land occupying a total land area of approximately 4.13 acres at Bukit Kewangan, Kuala Lumpur. The total rental payment for both pieces of land for the lease duration of 99 years is approximately RM53.3 million. One (1) piece of land, upon which our main building (Exchange Square) is located, measures 1.75 acres. This piece of land incurs an annual rental payment of approximately RM0.2 million. The lease commenced on April 15, 1993 and will expire on April 14, 2092. The other piece of land upon which our annexe building (Exchange Square Annexe) is located measures 2.38 acres and incurs an annual rental payment of approximately RM0.3 million. The lease commenced on March 1, 1996 and will expire on February 28, 2095.
- (iv) By way of an Investment Management Agreement dated August 23, 2000, a supplementary agreement dated January 14, 2003 and letters dated December 18, 2003 and January 8, 2004, Amanah SSCM Asset Management Sdn. Bhd. was appointed as fund manager to our investment portfolio and manages a total sum of RM35.0 million under our investment portfolio.
- (v) By way of an Investment Management Agreement dated August 24, 2000, a supplementary agreement dated January 14, 2003 and letters dated December 18, 2003 and January 7, 2004, Commerce Asset Fund Managers Sdn. Bhd. ("CAFM") was appointed as fund manager to our investment portfolio and manages a total sum of RM120.0 million under our investment portfolio.
- (vi) By way of an Investment Management Agreement dated August 28, 2000 and a supplementary agreement dated January 2, 2004, Alliance Capital Asset Management Sdn. Bhd. (then known as Bumiputera Merchant Bankers Berhad) was appointed as fund manager to our investment portfolio and manages a total sum of RM40.0 million under our investment portfolio.
- (vii) By way of an Investment Management Agreement dated October 29, 2001 and a supplementary agreement dated January 2, 2004, AmInvestment Management Sdn. Bhd. (then known as AMMB Asset Management Sendirian Berhad) was appointed as fund manager to our investment portfolio and manages a total sum of RM55.0 million under our investment portfolio.

26. ADDITIONAL INFORMATION (cont'd)

- (viii) On May 8, 2002, we, the Securities Commission and Malaysian Exchange of Securities Dealing and Automated Quotation Bhd. ("MESDAQ") entered into a settlement agreement for repayment of a series of five (5) interest-free loans granted by the Securities Commission to MESDAQ amounting to RM28.0 million ("SC Loan"). Pursuant to this agreement the repayment of the outstanding balance of RM17.0 million shall be paid by us on behalf of MESDAQ. Payment terms in this agreement stipulate that repayment of RM3.5 million shall be effected to the Securities Commission or any other party as instructed to the Securities Commission within 21 days of a letter requesting payment. This amount has been paid and the balance principal amount of RM13.5 million is to be paid to the Securities Commission in one (1) bullet payment three (3) calendar years from the date of completion of the merger between us and MESDAQ (i.e. March 14, 2002) or upon our Listing, whichever is the earlier.
- (ix) On May 30, 2003, Bursa Property entered into an agreement for cleaning services with Dataran Harta Sdn. Bhd. for Exchange Square and Exchange Square Annexe, Bukit Kewangan, Kuala Lumpur. The duration of this agreement is for two (2) years commencing May 1, 2003 and ending April 30, 2005. The consideration for internal cleaning work on Exchange Square and Exchange Square Annexe is RM48,000 per month (amounting to approximately RM1.2 million over a period of two (2) years) and a sum of RM53,000 per annum for extensive cleaning of external walls and glazing (amounting to RM106,000 over a period of two (2) years).
- (x) On December 31, 2003, we, as licensee and AtosEuronext entered into a core products software license agreement whereby AtosEuronext grants us a perpetual non-exclusive and non-transferable licence to use the licensed software for application systems and facilities in relation to securities, options and contracts for derivatives that will be traded on our markets. In consideration for the grant of the software license, we shall pay AtosEuronext a license fee of US dollar equivalent of RM16.0 million at payment milestones stipulated in this agreement.
- (xi) By way of a Hardware and Software Procurement Agreement dated March 29, 2004, Formis Computer Services Sdn. Bhd. ("Formis") agreed to provide us with equipment software and documentation and the requisite professional services for a total project implementation fee of approximately RM3.9 million. The commencement date of this agreement was January 13, 2004. This agreement will continue to be in force until the expiration of the warranty period unless terminated earlier pursuant to the terms and conditions of this agreement. Pursuant to this agreement, the warranty period is defined as being 12 months from the date on which we issue to Formis the acceptance certificate if the system passes all stipulated acceptance tests.
- (xii) On March 31, 2004, we entered into a Project Implementation Agreement for the CTP with AtosEuronext. Pursuant to this agreement, the objective is to build, develop and customize the CTP required for our business and activities, utilize products owned by AtosEuronext which are driven and architected around AtosEuronext's system, network and technology. The CTP is to be integrated and operating within our existing system, IT and technology network infrastructure and facilities. In consideration for the development, customization, installation, delivery, and/or commissioning of the CTP by AtosEuronext and the performance by AtosEuronext of the scope of work and services as set out in this agreement, we shall pay to AtosEuronext a total of US\$5.4 million in accordance with the payment schedule as set out in this agreement.

26. ADDITIONAL INFORMATION (cont'd)

- (xiii) On May 21, 2004, we and Symphony Global Technologies Sdn. Bhd. ("Symphony") entered into a custom built solution agreement to develop and implement a computerized risk-based monitoring system known as the Automated Risk Management and Decision-Making Analysis (ARMADA) in accordance with the project plan set out in the agreement. The total project implementation cost is valued at approximately RM3.9 million. This agreement commenced on September 22, 2003 and shall continue until the expiration of the equipment warranty period or the software warranty period whichever is the later.

The equipment warranty period is defined as the warranty period specified by the manufacturer from the date of delivery of the relevant equipment and the software warranty period is defined as the period of 12 months as specified in the acceptance certificate.

- (xiv) On September 1, 2004, we entered into a WinSCORE System Enhancement Agreement with CSA MSC Sdn. Bhd. ("CSA") where CSA would undertake to develop and implement an Enhanced Development Software for our WinSCORE front end trading system and to provide support services in relation thereto. The total service fee amounts to approximately RM1.1 million and a total estimated packaged software cost amounts to approximately RM0.8 million. The duration of this agreement is for a period from February 13, 2004 until the expiration of the warranty period. Warranty period is defined as 12 months from the date of completion of the mock run. Mock run is defined as the test conducted in the production environment as part of the acceptance test to verify the readiness of the enhanced development software.
- (xv) On September 6, 2004, we entered into an Enterprise Centralized Backup Management Solution Agreement with EDS (M) Sdn. Bhd. ("EDS"), whereby EDS is contracted to undertake supply, delivery, installation, testing, commissioning and handing over of the enterprise centralized backup management solution to cater to the requirements of the CTP in accordance with the project plan as set out in this agreement. The total fee payable for implementation of the project is RM0.3 million and the total fee payable for procurement of the products is approximately RM2.6 million. The duration of the contract is from August 2, 2004 until the expiration of the warranty period which is defined as a period of 13 months commencing from the delivery date of the equipment under this agreement.
- (xvi) On September 13, 2004, we entered into a Hardware and Software Agreement with Formis, whereby Formis agreed to provide equipment, software and services and professional services as described in this agreement to carry out the stipulated project. The duration of this agreement is from June 14, 2004 until the expiration of the warranty period or the termination of this agreement in accordance with its terms. Warranty period is defined in the agreement as 12 months from the date on which we issue the final certificate of acceptance. The total project implementation fee is stated as RM22.2 million. Pursuant to two (2) supplementary agreements dated October 29, 2004 and November 18, 2004, additional and/or replacement software and hardware were acquired for a total sum of RM0.9 million.

26. ADDITIONAL INFORMATION (cont'd)

- (xvii) On October 7, 2004 we entered into a Network Equipment Procurement Agreement with Continuous Network Advisers Sdn. Bhd. ("CNA"), whereby CNA has agreed to provide us with equipment, software and documentation and professional services as set out in this agreement for a total implementation fee of RM7.7 million. This agreement commenced on April 15, 2004 and continues in force until the expiration of the warranty period, unless terminated earlier pursuant to the terms and conditions of this agreement. Pursuant to this agreement, the warranty period is 12 months from the acceptance date. The acceptance date is the date on which we issue to CNA the final acceptance certificates if the system passes all acceptance tests.
- (xviii) On October 11, 2004 we entered into a Hardware and Software Procurement Agreement with Computer Systems Advisers (M) Berhad ("CSA(M)"), whereby CSA(M) has agreed to provide equipment, software and documentation and professional services as set out in the agreement for a total implementation fee of RM4.4 million. This agreement commenced on May 20, 2004 and continues in force until the expiration of the warranty period, unless terminated earlier pursuant to the terms and conditions of this agreement. Pursuant to this agreement, the warranty period is 12 months from the acceptance date. The acceptance date is the date on which we issue to CSA(M) the final acceptance certificates if the system passes all acceptance tests.
- (xix) On January 18, 2005, we entered into an implementation of SAP software agreement with Hewlett-Packard (M) Sdn. Bhd., whereby we engaged Hewlett-Packard to study, install, configure, customize, test and commission a financial, human resource and administration system utilizing the mySAP Enterprise Resource Planning software licensed from SAP Malaysia Sdn. Bhd.. We agreed to pay Hewlett-Packard the sum of RM1.4 million in accordance with the payment schedule in this agreement. This agreement commenced on January 14, 2005 and will continue in force until the expiration of the warranty period of the agreement unless earlier terminated in accordance with the terms of this agreement.

26.3 Declaration by the Advisers

CIMB Securities Sdn. Bhd., (a wholly-owned subsidiary of CIMB) holds 3,036,364 Shares, representing 0.6 per cent. equity interest as at January 31, 2005. As a result, CIMB will benefit from the Listing. Nonetheless, the position of CIMB will be no different from those of our other existing shareholders. In addition, CIMB, its holding company, CIMB Berhad and certain subsidiaries of CIMB Berhad are regulated by us pursuant to their activities and positions as, among other things, participating organization, clearing participant and listed entity.

CAFM, which is CIMB's sister company through CIMB Berhad, manages our funds. By way of an Investment Management Agreement dated August 24, 2000 which was supplemented by another agreement dated January 14, 2003 and subsequent letters, CAFM was appointed as fund manager of our investment portfolio and manages a total sum of RM120.0 million under our investment portfolio. CIMB does not believe that this fund management relationship will give rise to any material conflict of interests in view of the remoteness of the relationship between CAFM and CIMB, who operate independently of each other and their objectives are aligned towards our interest in their respective capacities.

26. ADDITIONAL INFORMATION (cont'd)

Kadir, Andri & Partners has been appointed our Malaysian legal counsel. Kadir Kassim is the managing partner of Kadir, Andri & Partners. He is also a director of LFX. He was, until April 1, 2004, a committee member and inaugural board member and, by virtue of that appointment, was a board member of Bursa Securities Clearing. Presently, he is not on our Board of Directors and Kadir, Andri & Partners believes that Kadir Kassim's position in LFX does not give rise to any potential conflict of interests in Kadir, Andri & Partners discharging its role as our Malaysian legal counsel for the Initial Public Offering. In addition, Kadir Kassim is entitled to subscribe for 20,000 Issue Shares under the Retail Offering, as a person who has contributed to our success.

Clifford Chance Wong Pte Ltd has acted as advisers for UBS and other companies controlled by or associated with UBS in other transactions.

Save as disclosed above, our advisers, namely, CIMB, UBS, Kadir, Andri & Partners, Clifford Chance Wong Pte Ltd and Messrs Ernst & Young declare that they are not aware of any conflict of interests situations existing or potential, with respect to their capacities to us for the Initial Public Offering. The abovenamed advisers are paid professional fees for their respective services.

26.4 Consents

The Registrar, Principal Bankers, Legal Advisers, Adviser, Managing Underwriter, Bookrunner, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Co-Managers, Underwriters and Issuing House have, before the issue of this Prospectus, given and have not subsequently withdrawn their written consents to the inclusion in this Prospectus of their names in the manner and form in which such names appear.

The Auditors and Reporting Accountants have, before the issue of this Prospectus, given and not subsequently withdrawn their written consents to the inclusion in this Prospectus of its name, Accountants' Report, limited review report on the consolidated financial statements for the three (3) month ended December 31, 2004 and letters relating to the consolidated profit forecast for the financial year ending December 31, 2005 and proforma consolidated balance sheets as at September 30, 2004 in the manner and form in which they are contained in this Prospectus.

26.5 Documents Available for Inspection

Copies of the following documents may be inspected at our registered office during office hours for a period of 12 months from the date of this Prospectus:

- (i) Our Memorandum and Articles of Association;
- (ii) Our audited accounts for the nine (9) months ended September 30, 2004, year ended December 31, 2003, 18 months ended December 31, 2002 and three (3) years ended June 30, 2001, 2000 and 1999;

26. ADDITIONAL INFORMATION (*cont'd*)

- (iii) The audited accounts of Bursa Securities for the one (1) month ended December 31, 2003;
- (iv) The audited accounts of Bursa Derivatives, Bursa Securities Clearing, Bursa Derivatives Clearing, Bursa Depository, Bursa Depository (N), Bursa Information, Bursa IT, Bursa Property, KLOFFE INFO, Monetary Exchange and COMMEX for the year ended December 31, 2003, 18 months ended December 31, 2002 and three (3) years ended June 30, 2001, 2000 and 1999;
- (v) The audited accounts of LFX, Inc. for the year ended December 31, 2003, 18 months ended December 31, 2002, year ended June 30, 2001 and period ended June 30, 2000;
- (vi) Our unaudited accounts for the nine (9) months ended September 30, 2003 and two (2) years ended December 31, 2002 and 2001;
- (vii) The Reporting Accountants' letters relating to the consolidated profit forecast for the financial year ending December 31, 2005 and proforma consolidated balance sheets as at September 30, 2004 as included in this Prospectus;
- (viii) The Accountants' Report and Directors' Report as included in this Prospectus;
- (ix) The Reporting Accountants' limited review report and our unaudited condensed consolidated financial statements for the three (3) month ended 31 December 2004 as included in this Prospectus;
- (x) Our material contracts and material agreement referred to in Section 26.1 (Additional Information — Material Contracts) and Section 26.2 (Additional Information — Material Agreements) respectively of this Prospectus;
- (xi) Our service agreement contracts with Tun Mohamed Dzaidin bin Haji Abdullah and Yusli bin Mohamed Yusoff;
- (xii) The letters of consent referred to in Section 26.4 (Additional Information — Consents) of this Prospectus; and
- (xiii) Our management accounts for the financial year ended December 31, 2004.