

OUR DIRECTORS HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION IN THIS PROSPECTUS. THEY CONFIRM, AFTER MAKING ALL REASONABLE ENQUIRIES THAT, TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE A STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING. OUR DIRECTORS ACCEPT FULL RESPONSIBILITY FOR THE PROFIT FORECAST IN THIS PROSPECTUS AND CONFIRM THAT IT HAS BEEN PREPARED BASED ON THE ASSUMPTIONS MADE.

COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD ("CIMB"), AS THE ADVISER TO OUR INITIAL PUBLIC OFFERING, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS ON THE INITIAL PUBLIC OFFERING. CIMB IS SATISFIED THAT THE PROFIT FORECAST (FOR WHICH OUR DIRECTORS ARE FULLY RESPONSIBLE), HAS BEEN INCLUDED IN THIS PROSPECTUS AFTER DUE AND CAREFUL ENQUIRY BY OUR DIRECTORS AND HAS BEEN DULY REVIEWED BY OUR REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION HAS APPROVED OUR INITIAL PUBLIC OFFERING. HOWEVER, THIS IS NOT AN INDICATION THAT THE SECURITIES COMMISSION RECOMMENDS THE INITIAL PUBLIC OFFERING. THE SECURITIES COMMISSION HAS ALSO GRANTED ITS APPROVAL-IN-PRINCIPLE FOR THE LISTING OF OUR SHARES ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES"). OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF OUR MERITS, THE MERITS OF OUR SHARES OR THE INITIAL PUBLIC OFFERING.

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THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SECURITIES COMMISSION. THIS PROSPECTUS AND THE ACCOMPANYING APPLICATION FORMS, HAVE ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SECURITIES COMMISSION ARE THE SAME. YOU MAY OBTAIN A COPY OF AN ELECTRONIC PROSPECTUS (AS DEFINED HEREINBELOW), FROM THE WEBSITE OF CIMB SECURITIES SDN. BHD. AT www.eipocimb.com.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SECURITIES COMMISSION SHALL PREVAIL.

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- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

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- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

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YOU SHOULD NOT TAKE THE AGREEMENT BY THE UNDERWRITERS TO UNDERWRITE THE INITIAL PUBLIC OFFERING AS AN INDICATION OF THE MERITS OF OUR SHARES.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE INITIAL PUBLIC OFFERING ARE SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT A PUBLIC OFFERING OF OUR SHARES BASED ON THIS PROSPECTUS OR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SHARES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OR INVITATION OF OUR SHARES TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR THE INITIAL PUBLIC OFFERING IN MALAYSIA UNDER THE LAWS OF MALAYSIA. THE ISSUE SHARES ARE OFFERED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. WE AND OUR ADVISERS HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

THE ISSUE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES OF AMERICA ("US") SECURITIES ACT OF 1933, AS AMENDED ("US SECURITIES ACT") AND SUBJECT TO CERTAIN EXEMPTIONS, MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED WITHIN THE US. THE ISSUE SHARES ARE BEING OFFERED OUTSIDE THE US IN RELIANCE ON REGULATIONS UNDER THE US SECURITIES ACT. IN ADDITION, UNTIL 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE INITIAL PUBLIC OFFERING AND THE CLOSING THEREOF, AN OFFER OR SALE OF THE SHARES WITHIN THE US BY ANY DEALER (WHETHER OR NOT PARTICIPATING IN THE INITIAL PUBLIC OFFERING) MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT.

TENTATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Events	Tentative dates
Opening of the Institutional Offering	February 17, 2005*
Opening of the Retail Offering	February 23, 2005
Closing of the Retail Offering.....	March 2, 2005
Closing of the Institutional Offering.....	March 3, 2005
Price Determination	March 3, 2005
Balloting of applications for the Issue Shares pursuant to the Retail Offering.....	March 4, 2005
Allotment of Issue Shares to successful applicants	March 11, 2005
Listing	March 18, 2005

Notes:

* *Being the date of commencement of bookbuilding.*

Our Directors and Joint Global Coordinators may mutually decide, at their absolute discretion, to extend the closing date and time for applications for the Institutional Offering and/or Retail Offering to any later date or dates. We will announce any extension of the Retail Offering in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia. If either the Institutional Offering or Retail Offering is extended, the dates for the allotment of the Issue Shares and our Listing will be extended accordingly.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” and “Bursa Malaysia” in this Prospectus are to Bursa Malaysia Berhad (*formerly known as Kuala Lumpur Stock Exchange Berhad*), references to “our group” is to our Company and our consolidated subsidiaries and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, and our consolidated subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Unless otherwise indicated, operating data in this Prospectus is given as at December 31, 2004.

In this Prospectus, references to the “Government” are to the Government of Malaysia; references to “Ringgit”, “Malaysian Ringgit”, “RM” and “sen” are to the lawful currency of Malaysia; and references to “US dollars” and “US\$” and are to the lawful currency of the United States. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding. Certain acronyms, technical terms and other abbreviations used are defined in “Definitions” appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

We refer to certain of the intermediaries in the Malaysian capital market that we regulate as “participating organizations” with respect to our Securities Exchange, “trading participants” with respect to our Derivatives Exchange and “clearing participants” with respect to the clearing functions in both our Securities Exchange and Derivatives Exchange. We refer to these parties collectively with other types of participants listed in Section 12.7 (Business - Participants) as our “participants”.

We refer to the Main Board, the Second Board and the MESDAQ Market as “markets”.

During the financial period ended December 31, 2002, we changed our financial year end from June 30 to December 31, mainly in order to:

- (i) coincide with the financial year end of other Malaysian regulators (namely the Securities Commission and Bank Negara Malaysia) and to facilitate reporting to the Securities Commission and Bank Negara Malaysia for their annual reports;
- (ii) facilitate comparison and benchmarking by investors, shareholders and other market participants with other listed exchanges, some of whom have December 31 as their financial year end; and
- (iii) start our new financial year upon the completion of our demutualization exercise.

We have included two (2) sections in the Prospectus that discuss our historical consolidated financial results, being Section 9 (Selected Historical Financial Data) and Section 10 (Management’s Discussion and Analysis of Financial Condition and Results of Operations).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION (cont'd)

Section 9 has been included in compliance with the requirements of the Securities Commission and has been presented based on our actual historical financial periods/years. Therefore, Section 9 contains our audited consolidated financial results for each of the three (3) years ended June 30, 1999, 2000 and 2001, 18 months ended December 31, 2002, year ended December 31, 2003 and the nine (9) months ended September 30, 2004. Shortly before our listing, we will announce our unaudited consolidated financial results for the three (3) months period and year ended December 31, 2004. These results, which were subject to a limited review by our auditors are provisional and are included in this Prospectus for convenience only. We have included in Section 9 our unaudited consolidated financial results for the three (3) months ended December 31, 2004, in place of the profit estimate for the year ended December 31, 2004, since this Prospectus is issued after December 31, 2004.

Section 10 is a discussion of our more recent results over comparable periods of time. Therefore, we have included in this section our unaudited consolidated financial results for each of the two (2) years ended December 31, 2001 and 2002 and the nine (9) months ended September 30, 2003, in addition to our audited consolidated financial results for the year ended December 31, 2003 and nine (9) months ended September 30, 2004. Our unaudited consolidated financial results for each of the two (2) years ended December 31, 2001 and 2002 and the nine (9) months ended September 30, 2003 have been prepared from our financial records. They have been prepared only to facilitate our discussion and analysis of our financial condition and results included in this Prospectus.

All references to dates and times are references to date and times in Malaysia.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Ministry of Finance and the Securities Commission. We believe that the statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industry in which we operate. However, neither ourselves nor our advisers have verified these figures.

We and our advisers do not make any representation as to the correctness, accuracy or completeness of such data. You should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections, including the Ministry of Finance's projections, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. You should not place undue reliance on the third-party projections, including the Ministry of Finance's projections cited in this Prospectus.

The information on our websites, or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) plans and objectives of our Management for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 4 (Risk Factors) and Section 10 (Management's Discussion and Analysis of Financial Condition and Results of Operations). We cannot give any assurance that the forward-looking statements made in this Prospectus will be realized. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

ADA.....	Authorized Depository Agent
ADM	Authorized Direct Member
Admission	Admission of our Shares to the Official List of the Main Board of Bursa Securities
Articles of Association.....	Articles of Association of our Company
ATM	Automated Teller Machine
Authorized Financial Institution	Authorized financial institution participating in the Internet Share Application, with respect to payments for the Issue Shares. Presently, Malayan Banking Berhad is the sole Authorized Financial Institution
Bursa Depository	Bursa Malaysia Depository Sdn. Bhd. (165570-W) <i>(formerly known as Malaysian Central Depository Sdn. Bhd.)</i>
Bursa Depository (N).....	Bursa Malaysia Depository Nominees Sdn. Bhd. (240297-W) <i>(formerly known as Malaysian Central Depository Nominees Sdn. Bhd.)</i>
Bursa Derivatives.....	Bursa Malaysia Derivatives Bhd. (261937-H) <i>(formerly known as Malaysia Derivatives Exchange Berhad)</i>
Bursa Derivatives Clearing	Bursa Malaysia Derivatives Clearing Berhad (358677-D) <i>(formerly known as Malaysian Derivatives Clearing House Berhad)</i>
Bursa Information	Bursa Malaysia Information Sdn. Bhd. (152961-H) <i>(formerly known as KLSE Information Services Sdn. Bhd.)</i>
Bursa IT	Bursa Malaysia IT Sdn. Bhd. (213411-K) <i>(formerly known as KLSE Technology Sdn. Bhd.)</i>
Bursa Malaysia	Company
Bursa Property	Bursa Malaysia Property Sdn. Bhd. (147792-H) <i>(formerly known as KLSE Property Management Sdn. Bhd.)</i>
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W) <i>(formerly known as Malaysia Securities Exchange Berhad)</i>

DEFINITIONS *(cont'd)*

Bursa Securities Clearing.....	Bursa Malaysia Securities Clearing Sdn. Bhd. (109716-D) <i>(formerly known as Securities Clearing Automated Network Services Sdn. Bhd.)</i>
Bursa Securities LR	Listing requirements of Bursa Securities
CAGR	Compounded annual growth rate
Capital Reduction	Reduction of share capital under Section 64 of the Companies Act by the cancellation of RM750.0 million from the issued and paid-up share capital of our Company resulting in a credit of RM750.0 million which is reflected as a liability in our books of account, which was completed on January 27, 2005
CDS.....	Central depository system
CIMB	Commerce International Merchant Bankers Berhad (18417-M)
CMDF	Capital Market Development Fund
CMP	Capital Market Masterplan issued by the Securities Commission in 2001
COMDEX	Commodity and Monetary Exchange of Malaysia (60226-D)
Companies Act.....	Companies Act, 1965
Company.....	Bursa Malaysia Berhad (30632-P) <i>(formerly known as Kuala Lumpur Stock Exchange Berhad)</i>
CTP	Common Trading Platform
Demutualization Act.....	Demutualisation (Kuala Lumpur Stock Exchange) Act, 2003
Derivatives Exchange	Derivatives exchange operated by Bursa Derivatives
Directors.....	Directors of our Company
EAF	Electronic Access Facilities
EAFPA.....	Electronic Access Facilities with Permitted Activities
EBIT.....	Earnings before interest and tax
EBITDA.....	Earnings before interest, tax, depreciation and amortization

DEFINITIONS (*cont'd*)

Electronic Prospectus.....	Copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application	Application for the Issue Shares through a Participating Financial Institution's ATM
Entitled Shareholders.....	Our shareholders who have been allocated 332 Issue Shares for every 1,000 Shares held on January 26, 2005 under the Initial Public Offering, being the shareholders who received their Shares pursuant to their positions as remisers
EPF.....	Employees Provident Fund
EPS.....	Earnings per Share
ESOS.....	Bursa Malaysia Employees' Share Option Scheme which will be effective prior to our Listing
FCPO	Crude Palm Oil Futures
FIC	Foreign Investment Committee
Final Retail Price	Price per Issue Share payable by investors under the Retail Offering, being the lower of (i) the Retail Price; and (ii) 97.0 per cent. of the Institutional Price, subject to rounding adjustments
FPKO	Crude Palm Kernel Oil Futures
Futures Industry Act	Futures Industry Act, 1993
Initial Public Offering.....	Offering of 166,000,000 Issue Shares, comprising the Institutional Offering and the Retail Offering
Institutional Offering	Offering of 116,900,000 Issue Shares, subject to re-allocation, outside the United States, to selected Malaysian and foreign investors in reliance on Regulation S under the US Securities Act
Institutional Price.....	Price per Issue Share for the Institutional Offering
Internet Participating Financial Institution ..	Participating organization participating in the Internet Share Application. Presently, CIMB Securities Sdn. Bhd. is the sole Internet Participating Financial Institution
Internet Share Application	Application for the Issue Shares through iTrade@CIMB (an online share trading service provided by CIMB Securities Sdn. Bhd.)

DEFINITIONS (*cont'd*)

ISS.....	Institutional Settlement Services
Issue Share(s)	New Share(s) being offered in the Initial Public Offering
Issuing House.....	Malaysian Issuing House Sdn. Bhd. (258345-X)
IT.....	Information technology
Joint Global Coordinators or Joint Lead Managers of Joint Bookrunners	CIMB and UBS
KLCI.....	Kuala Lumpur Composite Index
KLOFFE INFO.....	KLOFFE Information Systems Sdn. Bhd. (319465-T)
LFX.....	Labuan International Financial Exchange Inc. (LL 02032)
Listing	Listing of and quotation for our Shares on the Main Board of Bursa Securities
Listing Scheme.....	Members' scheme of arrangement and Initial Public Offering in conjunction with our Listing
LOFSA.....	Labuan Offshore Financial Services Authority
Market Day	Day on which any of our Securities Exchange, Derivatives Exchange and/or Offshore Exchange, is open for trading
MASB	Malaysian Accounting Standards Board
MI.....	Minority interests
MITI.....	Ministry of International Trade and Industry
MOF Inc.....	Minister of Finance, Incorporated (MOFIACT 3751957)
Monetary Exchange	Malaysia Monetary Exchange Berhad (247161-A)
NTA.....	Net tangible assets
OCA.....	Offshore Companies Act, 1990
Offshore Exchange.....	Offshore financial exchange in Labuan, Malaysia operated by LFX
Option	Right to subscribe for new Shares granted under the ESOS
Participating Financial Institutions	Participating financial institutions for Electronic Share Application
PAT.....	Profit after taxation

DEFINITIONS (*cont'd*)

PBT	Profit before taxation
PE Multiple	Price earnings multiple
Retail Offering	Offering of 49,100,000 Issue Shares, subject to re-allocation, to be offered to (i) our eligible employees, Directors and persons who have contributed to our success; (ii) Entitled Shareholders; and (iii) Malaysian citizens, companies, societies, co-operatives and institutions
Retail Price.....	RM3.00 per Issue Share, being the initial price payable by investors under the Retail Offering
SCA.....	Securities Commission Act, 1993
SCORE.....	System on Computerized Order Routing and Execution
Securities Commission Guidelines	Policies and Guidelines on Issue/Offer of Securities issued by the Securities Commission
Securities Exchange.....	Securities exchange operated by Bursa Securities
Securities Industry Act.....	Securities Industry Act, 1983
SGX-ST	Singapore Exchange Securities Trading Limited
Share(s)	Ordinary share(s) of par value RM0.50 each in our Company
SICDA.....	Securities Industry (Central Depositories) Act, 1991
Turnover Velocity	Measurement of the total market value of securities traded on an exchange over a specified period divided by the average total market value of securities listed on the exchange at the beginning and the end of the same period
UBS	UBS AG, acting through its business group, UBS Investment Bank
Underwriters	Underwriters for the Retail Offering, being CIMB, Hwang-DBS Securities Berhad, Mayban Securities Sdn. Bhd., OSK Securities Berhad and RHB Securities Sdn. Bhd.
United States or US.....	United States of America, its territories and possessions, any state of the United States and the District of Columbia
US Securities Act.....	United States Securities Act of 1933
VSS	Voluntary separation scheme

1. INTRODUCTION

This Prospectus is dated February 23, 2005.

We have registered a copy of this Prospectus with the Securities Commission. We have also lodged a copy of this Prospectus, together with the application forms with the Registrar of Companies and neither the Securities Commission nor the Registrar of Companies takes any responsibility for their contents.

We have received the Securities Commission's approval-in-principle on February 16, 2005 pursuant to the Securities Commission's capacity as the listing authority for our Listing, Admission and permission to deal in and for the listing of and quotation for our entire share capital, including the Issue Shares, which are the subject of this Prospectus. Our Shares will be admitted to the Official List of the Main Board of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository (a subsidiary of our Company) that all CDS accounts of the successful applicants have been duly credited and notices of allotment will be despatched to all successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities (a subsidiary of our Company) has prescribed our Shares as a prescribed security. Therefore, we will deposit the Issue Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Pursuant to the Bursa Securities LR, at least 25.0 per cent. of our issued and paid-up share capital must be in the hands of public shareholders and a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon completion of the Initial Public Offering. We expect to meet the public shareholding requirement at the point of Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications.

You should rely only on the information contained in this Prospectus. We or our advisers have not authorized anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation of an offer to buy any Issue Share in any jurisdiction and in any circumstance in which such an offer or invitation is not authorized or lawful or to any person to whom it is unlawful to make such an offer or invitation.

You should rely on your own evaluation to assess the merits and risks of the Initial Public Offering and an investment in us. In considering the investment, if you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. CORPORATE DIRECTORY

DIRECTORS

Name	Address	Occupation	Nationality
Tun Mohamed Dzaiddin bin Haji Abdullah (Chairman, Non-Executive Director and Public Interest Director)	No. 72, Jalan Athinahapan 1 Taman Tun Dr. Ismail 60000 Kuala Lumpur	Company Director	Malaysian
Yusli bin Mohamed Yusoff (Chief Executive Officer and Executive Director)	No. 5, Jalan Temenggong 12/6 Seksyen 12 40100 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Dato' Abdul Latif bin Abdullah (Non-Executive Director and Public Interest Director)	No. 25, Jalan SS 19/4 47500 Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
Datuk Azman bin Abdul Rashid (Non-Executive Director and Public Interest Director)	No. 48, Jalan P11 A1/1 Precint 11 62300 Putrajaya	Company Director	Malaysian
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego (Non-Executive Director and Public Interest Director)	No. 22, Kampung Kuala Putatan 1 Dumpil, Putatan 88200 Penampang Sabah	Company Director	Malaysian
Datin Paduka Siti Sa'diah binti Sheikh Bakir (Independent Non-Executive Director)	Anjung Puteri, No. 3 Lorong San Ah Wing Off Jalan Gurney 54000 Kuala Lumpur	Company Director	Malaysian
Dato' Abdul Wahid bin Omar (Independent Non-Executive Director)	Lot 5653, Batu 13¼ Jalan Cheras 43000 Kajang Selangor Darul Ehsan	Company Director	Malaysian
Dr. Thillainathan a/l Ramasamy (Independent Non-Executive Director)	No. 81, Lorong Zaaba Taman Tun Dr. Ismail 60000 Kuala Lumpur	Company Director	Malaysian
Izham bin Yusoff (Independent Non-Executive Director)	No. 48, Jalan SS 3/43 Taman Universiti 47300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Peter Leong Tuck Leng (Non-Independent Non-Executive Director)	No. 83, Lorong Buluh Perindu 2 Taman SA Damansara Heights 59000 Kuala Lumpur	Company Director	Malaysian
Dato' Seri Hwang Sing Lue (Non-Independent Non-Executive Director)	No. 8, Bell Road 10350 Georgetown Pulau Pinang	Company Director	Malaysian
Cheah Tek Kuang (Non-Independent Non-Executive Director)	No. 1, Jalan Setiabakti 10 Bukit Damansara 50490 Kuala Lumpur	Company Director	Malaysian

2. CORPORATE DIRECTORY (*cont'd*)**AUDIT COMMITTEE**

Name	Designation	Directorship
Dato' Abdul Wahid bin Omar	Chairman	Independent Non-Executive Director
Datuk Azman bin Abdul Rashid	Member	Non-Executive, Public Interest Director
Datin Paduka Siti Sa'diah binti Sheikh Bakir	Member	Independent Non-Executive Director
Dr. Thillainathan a/l Ramasamy	Member	Independent Non-Executive Director
Cheah Tek Kuang	Member	Non-Independent Non-Executive Director

COMPANY SECRETARY : Yong Hazadurah binti Md Hashim
(LS No. 006674)
13, Jalan Impian Indah 2
Saujana Impian, Kajang
43000 Selangor

REGISTERED/MANAGEMENT OFFICE : 9th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Tel. no.: 03-2034 7000

Website: www.bursamalaysia.com
E-mail address: enquiries@bursamalaysia.com

REGISTRAR : Tenaga Koperat Sdn. Bhd. (118401-V)
20th Floor, Plaza Permata
(formerly known as IGB Plaza)
Jalan Kampar, off Jalan Tun Razak
50400 Kuala Lumpur
Tel. no.: 03-4041 6522

AUDITORS AND REPORTING ACCOUNTANTS : Ernst & Young (AF0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel no.: 03-2087 7000

PRINCIPAL BANKERS : Malayan Banking Berhad (3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel no.: 03-2070 8833

Southern Bank Berhad (5303-W)
Menara Southern Bank
83, Medan Setia 1
Plaza Damansara
Bukit Damansara
50772 Kuala Lumpur
Tel no.: 03-2163 7000

2. CORPORATE DIRECTORY (*cont'd*)**LEGAL ADVISERS FOR THE INITIAL PUBLIC OFFERING** : *To our Company as to Malaysian law and for the Initial Public Offering*

Kadir, Andri & Partners
8th Floor, Menara Safuan
80, Jalan Ampang
50450 Kuala Lumpur
Tel no.: 03-2078 2888

To our Company as to English Law
Clifford Chance Wong Pte Ltd
16, Collyer Quay #10-00
Hitachi Tower
Singapore 049318
Tel no.: +65-6416 8000

To the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers as to English Law
Linklaters Allen & Gledhill Pte Ltd
One Marina Boulevard # 28-00
Singapore 018989
Tel no.: +65-6890 7300

ADVISER, MANAGING UNDERWRITER AND BOOKRUNNER FOR OFFERING TO MALAYSIAN INVESTORS :

Commerce International Merchant Bankers Berhad (18417-M)
7th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel no.: 03-2084 8888

JOINT GLOBAL COORDINATORS, JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS FOR OFFERING TO INTERNATIONAL INVESTORS :

Commerce International Merchant Bankers Berhad (18417-M)
7th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel no.: 03-2084 8888

UBS Investment Bank
52/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong
Tel no.: +852-2971 8888

CO-MANAGERS FOR INSTITUTIONAL OFFERING :

For offering to Malaysian investors
AmMerchant Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel no.: 03-2078 2633

For offering to international investors
CLSA Singapore Pte Ltd
9 Raffles Place #19-20/21
Republic Plaza II
Singapore 048619
Tel no.: 65 6416 7888

2. CORPORATE DIRECTORY (cont'd)

- UNDERWRITERS** : Commerce International Merchant Bankers Berhad (18417-M)
7th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel no.: 03-2084 8888
- Hwang-DBS Securities Berhad (14389-U)
Suite 12-01, 12th Floor
Menara Keck Seng
203, Jalan Bukit Bintang
55100 Kuala Lumpur
Tel no.: 03-2143 7888
- Mayban Securities Sdn. Bhd. (165630-M)
Level 8, MaybanLife Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel no.: 03-2297 8691
- OSK Securities Berhad (14152-V)
19th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel no.: 03-2164 7941
- RHB Securities Sdn. Bhd. (95060-A)
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel no.: 03-9285 2233
- ISSUING HOUSE** : Malaysian Issuing House Sdn. Bhd. (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel no. : 03-2693 2175
- LISTING SOUGHT** : Main Board of Bursa Securities

3. SUMMARY

This section is only a summary of the salient information about us and the Initial Public Offering and is extracted from the full text of this Prospectus. You should read and understand this section together with the whole Prospectus before you decide whether to invest in us.

3.1 Overview

We operate a fully integrated exchange, offering a complete range of exchange-related services, including trading, clearing, settlement and depository services. We also provide information services related to the Malaysian securities market.

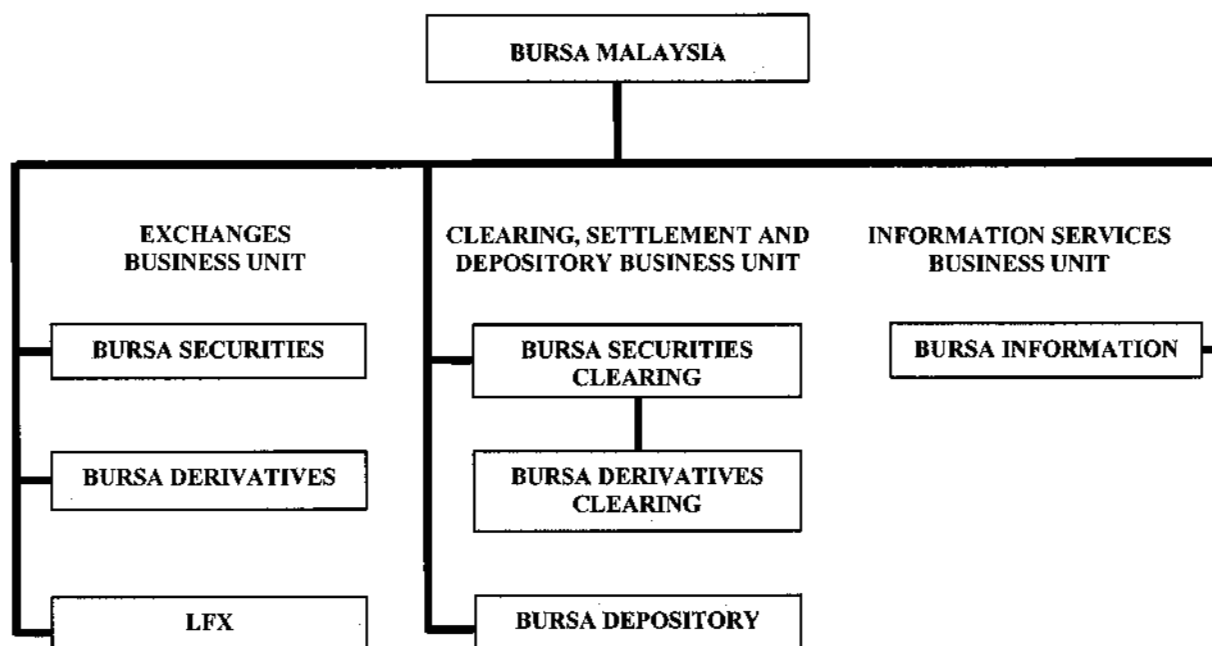
Our group comprises an exchange holding company and various subsidiaries which own and operate our various businesses. We operate our businesses through the following three (3) business units:

- (i) *Exchanges business unit.* Our exchanges business unit comprises our three (3) exchanges.
 - (a) *Securities Exchange.* The markets which make up our Securities Exchange are our Main Board, Second Board and MESDAQ Market. This exchange is operated by Bursa Securities.
 - (b) *Derivatives Exchange.* Our Derivatives Exchange offers futures and options contracts covering financial, equity and commodity-related instruments. This exchange is operated by Bursa Derivatives.
 - (c) *Offshore Exchange.* Our Offshore Exchange is an international offshore financial exchange based in Labuan, Malaysia's international offshore financial center. This exchange is operated by LFX.
- (ii) *Clearing, settlement and depository business unit.* We offer clearing, settlement and depository services through Bursa Securities Clearing (our clearing house for our Securities Exchange), Bursa Derivatives Clearing (our clearing house for our Derivatives Exchange) and Bursa Depository (the central depository for securities listed on our Securities Exchange).
- (iii) *Information services business unit.* We, through Bursa Information, compile and disseminate comprehensive market information, both real time and historical, and develop and market information products and services.

See Section 12 (Business) for detailed information on what we do.

3. SUMMARY (cont'd)

The following chart illustrates the corporate structure of our core businesses:

**Notes:**

- (1) All the companies in the business units are our wholly-owned subsidiaries except for Bursa Depository. We own 75.0 per cent. of the issued and paid-up share capital of Bursa Depository. The remaining 25.0 per cent. of Bursa Depository is owned by ABM-MCD Holdings Sdn. Bhd., a company controlled by the Association of Banks in, Malaysia.
- (2) In addition to the subsidiaries named above, we have two (2) other wholly-owned operating subsidiaries, namely Bursa Property, Bursa IT, and one (1) other operating subsidiary, namely Bursa Depository (N), that carry out activities that support our core businesses.
- (3) Our dormant companies, KLOFFE INFO, Monetary Exchange and COMMEX, have not been included in the chart.

As at the date of this Prospectus, we do not have any associated company. The table below sets out the list of our subsidiaries and their principal activities. All of our subsidiaries are wholly-owned except for Bursa Depository, which is 75.0 per cent. owned.

Subsidiaries	Principal activities
Bursa Securities	Provide, operate and maintain a securities exchange
Bursa Derivatives	Provide, operate and maintain a futures and options exchange
Bursa Securities Clearing	Provide, operate and maintain a clearing house for the securities exchange
Bursa Derivatives Clearing	Provide, operate and maintain a clearing house for the futures and options exchange
Bursa Depository	Provide, operate and maintain a central depository for securities listed on the securities exchange
Bursa Depository (N)	Act as a nominee for Bursa Depository and receive securities on deposit or for safe-custody or management
Bursa Information	Provide and disseminate prices and other information relating to securities quoted on exchanges within the group

3. SUMMARY (cont'd)

Subsidiaries	Principal activities
Bursa IT	Provide information and communications technology services
Bursa Property	Provide building management and security services
LFX	Provide, operate and maintain an offshore financial exchange
KLOFFE INFO	Dormant
Monetary Exchange	Dormant
COMMEX ⁽¹⁾	Dormant

Note:

(1) *COMMEX is a company limited by guarantee.*

See Section 14 (Information on Subsidiaries) for detailed information on our subsidiaries.

3.2 Competitive Strengths

We believe our principal strengths are as follows:

- (i) *Strong correlation to the performance of the Malaysian economy and securities markets.* We believe that we are the listing venue of choice for Malaysian companies. The wide range of companies listed on our Securities Exchange represents all key economic sectors of Malaysia. We believe that our growth is strongly correlated to the growth of these companies, which in turn is correlated to the overall growth of the Malaysian economy.
- (ii) *Capital market policy conducive to growth.* We believe that the Government is committed to enhancing the Malaysian capital markets, and as a result we benefit from a regulatory environment that is conducive to growth. Among the steps taken by the Government to strengthen the capital markets were the introduction of the CMP and the introduction of other measures to enhance liquidity and investor participation, and foreign participation in the stockbroking and asset management industries.
- (iii) *Fully integrated exchange with diversified sources of revenue.* We operate as a one-stop center for the trading, clearing and settlement of listed securities on our Securities Exchange and Derivatives Exchange. We have a clearing house for each of our Securities Exchange and Derivatives Exchange designed to clear and settle their respective trades. As a result of our business model, we have diversified sources of revenue. In particular, we have a combination of revenue from recurring fees (such as listing fees, subscribers' fees for information services and depository fees) and from trading activities on our exchanges, such as clearing fees (which are less predictable).
- (iv) *Financial strength.* Our strong financial position gives us the flexibility to pursue strategic initiatives and growth options that allow us to enhance our competitive positioning whilst maintaining the stability of our exchanges' operations. In addition, our cash flows from operations and existing cash resources allow us to undertake capital management initiatives that are intended to maximize returns to shareholders.

3. SUMMARY (cont'd)

- (v) *Niche markets.* We have certain niche markets where we are well-placed to capitalize on our strengths, namely in the plantations sector and Islamic investment products. See Section 12.2 (Business — Competitive Strengths) for detailed information on our strengths.

3.3 Strategies

Our key objectives are to maintain and leverage on our existing strengths, grow and improve our business, and ultimately create value for our shareholders. Our key strategies to achieve these objectives are as follows:

- (i) *Increase the Turnover Velocity of our markets.* We intend to undertake initiatives to increase the Turnover Velocity of our markets by increasing participation from existing market participants on our exchanges as well as attracting new market participants, maximizing the new revenue opportunities that are available to us as a result of the new CTP infrastructure, and entering into strategic alliances that facilitate greater activity on our exchanges.
- (a) *Increasing participation in our exchanges.* In conjunction with the Government's efforts to develop the Malaysian capital markets, we intend to continue to focus on increasing participation on our exchanges from three (3) groups of market participants: listed companies and companies seeking listings, intermediaries such as participating organizations and trading participants, and institutional and retail investors.
- (b) *Maximize new opportunities arising from implementation of the CTP.* In addition to increasing our product offerings, we believe that the CTP implementation will also provide us with other new opportunities to increase Turnover Velocity.
- (c) *Enter into alliances with strategic partners.* We intend to enter into alliances and trading links with suitable strategic and business partners to increase our Turnover Velocity.
- (ii) *Increase and improve our product and service offerings.* We intend to introduce new products and services that enhance our revenue growth in the future, and increase the attractiveness of our exchanges to a broader range of market participants. We intend to increase the number of equities and derivatives products offered. We also intend to capitalize on our position in niche markets.
- (iii) *Improve efficiency of our businesses and achieve economies of scale in our operations.* We intend to continue to pursue opportunities to improve the efficiency of our businesses and achieve economies of scale across our operations. We are currently re-engineering our business processes and functions and will continue to do so where necessary.
- (iv) *Focus on capital management.* We will actively seek to optimize our capital structure and maximize returns to shareholders.

3. SUMMARY *(cont'd)*

See Section 12.3 (Business — Strategies) for detailed information on our strategies.

3.4 History

The first formal securities business organization in Malaysia was the Singapore Stockbrokers' Association, established in 1930. It was re-registered as the Malayan Stockbrokers' Association in 1937. In 1960, our predecessor, the Malayan Stock Exchange was established and the public trading of shares commenced in Malaya. The board system with trading rooms in Singapore and Kuala Lumpur, linked by direct telephone lines into a single market with the same shares listed at a single set of prices on both boards, was established in 1961.

In 1964, the Stock Exchange of Malaysia was established. With the secession of Singapore from Malaysia in 1965, the Stock Exchange of Malaysia became known as the Stock Exchange of Malaysia and Singapore. In 1973, currency interchangeability between Malaysia and Singapore ceased, and the Stock Exchange of Malaysia and Singapore was divided into The Kuala Lumpur Stock Exchange Bhd. ("KLSEB") and The Stock Exchange of Singapore ("SES"). The Kuala Lumpur Stock Exchange which was incorporated on December 14, 1976 as a company limited by guarantee, took over the operations of KLSEB in the same year.

We were demutualized pursuant to the Demutualization Act and converted into a public company limited by shares on January 5, 2004. We were then known as Kuala Lumpur Stock Exchange Berhad pursuant to the demutualization. Upon the conversion, we vested and transferred our securities exchange business to our new wholly-owned subsidiary, Bursa Securities, and became an exchange holding company and were renamed Bursa Malaysia Berhad on April 14, 2004.

See Section 12.4 (Business — History) for detailed information on our history.

3. SUMMARY (cont'd)

3.5 Financial Information

3.5.1 Consolidated Income Statement

You should read the summary of our financial data regarding our business for the past three (3) financial years ended June 30, 1999 to 2001, 18 months ended December 31, 2002, year ended December 31, 2003 and the nine (9) months ended September 30, 2004 that we have presented below together with our audited consolidated financial statements and related notes thereto, Section 10 (Management's Discussion and Analysis of Financial Condition and Results of Operations), Section 9.1 (Selected Historical Financial Data — Income Statement Data) and Section 21 (Accountants' Report).

	Year ended		18 months		Year	Nine (9)
	June 30,		ended		ended	months ended
	1999	2000	2001	2002	December 31,	September 30,
	RM 000	RM 000	RM 000	RM 000	2003	2004
Operating revenue	227,177	378,819	168,188	221,956	201,499	167,317
Other income	147,204	86,210	56,713	105,456	81,354	52,168
Total revenue	374,381	465,029	224,901	327,412	282,853	219,485
EBITDA	216,633	329,209	93,898	70,919	117,125	53,449
Depreciation	(69,046)	(52,711)	(36,364)	(37,415)	(18,467)	(11,427)
Amortization of intangibles	(1,004)	(528)	(370)	(2,549)	(2,921)	(2,206)
EBIT	146,583	275,970	57,164	30,955	95,737	39,816
Finance costs	(2,654)	(2,190)	(1,125)	(302)	(187)	(112)
Surplus/PBT⁽¹⁾	143,929	273,780	56,039	30,653	95,550	39,704
Taxation	(474)	(85,328)	(18,755)	(23,351)	(29,710)	(21,225)
Surplus/PAT	143,455	188,452	37,284	7,302	65,840	18,479
MI	(3,512)	(8,203)	(1,062)	(4,530)	(5,476)	(2,578)
Surplus/PAT after MI⁽²⁾	139,943	180,249	36,222	2,772	60,364	15,901
No. of Shares used to calculate basic EPS (000) ⁽³⁾	500,000	500,000	500,000	500,000	500,000	500,000
Net basic EPS (sen)	27.99	36.05	7.24	0.55	12.07	3.18

Notes:

- (1) Following our demutualization on January 5, 2004, we commenced using the term "profit" in place of "surplus".
- (2) There were no exceptional and extraordinary items during the years/periods under review.
- (3) We did not have a share capital prior to our demutualization on January 5, 2004. For the purpose of presenting our EPS, we have assumed a proforma number of Shares in issue of 500,000,000 Shares throughout the years/periods under review.
- (4) The above figures include the following adjustments to the financial statements for the respective years:
 - reclassifications to conform with the presentation adopted for the latest audited financial statements;
 - under/over provision of taxation adjusted to the respective years;
 - change in accounting policies, in respect of deferred tax and goodwill, adjusted for retrospectively; and
 - adjustment for elimination of tax credit on inter-company dividends.
 See Section 21 (Accountants' Report) for detailed information on the reclassifications and adjustments.

Our consolidated financial statements above have been reported by our auditors without any qualification for the financial years/periods under review.

3. SUMMARY (cont'd)

The following table summarizes financial data regarding our business for the three (3) months ended December 31, 2004 and year ended December 31, 2004 and should be read together with our unaudited condensed consolidated financial statements and related notes in Section 9.2 (Selected Historical Financial Data — Reporting Accountants' Limited Review Report and Our Unaudited Condensed Consolidated Financial Statements for the Three (3) Months Ended December 31, 2004).

	Unaudited	
	Three (3) months ended December 31, 2004	Year ended December 31, 2004
	RM 000	RM 000
Operating revenue	51,069	218,386
Other income	16,000	68,168
Total revenue	67,069	286,554
EBITDA	29,289	82,738
Depreciation	(4,734)	(16,161)
Amortization of intangibles	(735)	(2,941)
EBIT	23,820	63,636
Finance costs	(42)	(154)
PBT	23,778	63,482
Taxation	(3,965)	(25,190)
PAT	19,813	38,292
MI	(639)	(3,217)
PAT after MI	19,174	35,075

3. SUMMARY (cont'd)

3.5.2 Proforma Consolidated Balance Sheets

We have prepared our proforma consolidated balance sheets below for illustrative purposes only, based on our audited consolidated balance sheet as at September 30, 2004 to show the effects of our Listing Scheme and the use of proceeds arising from the Initial Public Offering and ESOS on the assumptions that the transactions were completed and all Options were exercised on September 30, 2004. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the full set of the proforma consolidated balance sheets set out in Section 23 (Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets as at September 30, 2004).

	As at September 30, 2004	After the Capital Reduction	After the Initial Public Offering	After the exercise of the Options granted pursuant to the ESOS ⁽¹⁾
	RM 000	RM 000	RM 000	RM 000
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
Current assets	1,088,541	1,088,541	816,541	1,011,541
Current liabilities	241,760	991,760	241,760	241,760
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>
Represented by:				
Share capital	250,000	167,000	250,000	282,500
Share premium	-	-	395,000 ⁽²⁾	557,500
Retained profits	1,175,984	508,984	508,984	508,984
Capital reserve	15,150	15,150	15,150	15,150
Foreign exchange reserve	(13)	(13)	(13)	(13)
	<u>1,441,121</u>	<u>691,121</u>	<u>1,169,121</u>	<u>1,364,121</u>
MI	16,975	16,975	16,975	16,975
	<u>1,458,096</u>	<u>708,096</u>	<u>1,186,096</u>	<u>1,381,096</u>
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
	<u>1,526,120</u>	<u>776,120</u>	<u>1,254,120</u>	<u>1,449,120</u>
Number of Shares (000)	500,000	334,000	500,000	565,000
NTA (RM 000)	1,392,726	642,726	1,120,726	1,315,726
NTA per share (RM)	2.79	1.92	2.24	2.33

Notes:

(1) Assuming all options over 13% of our total issued and paid-up share capital after the Listing (65,000,000 Shares) are exercised at the Retail Price.

(2) After deducting estimated listing expenses of approximately RM20.0 million.

3. SUMMARY (cont'd)

3.5.3 Capitalization

The following table sets forth our consolidated, short-term debt, long-term debt and shareholders' equity as at September 30, 2004 and as adjusted to reflect the Capital Reduction and our Initial Public Offering.

	As at September 30, 2004	As adjusted ⁽¹⁾	As adjusted ⁽²⁾
	Actual		
	RM millions	RM millions	RM millions
Short-term borrowings ⁽³⁾	0.2	0.2	0.2
Long-term borrowings ⁽³⁾	1.1	1.1	1.1
Shareholders' equity	1,441.1	691.1	1,169.1
Total capitalization	1,442.4	692.4	1,170.4

Notes:

- (1) Adjusted to reflect the members' scheme of arrangement as described in Section 20.1 (Listing Scheme and Capital Reduction – Members' Scheme of Arrangement).
- (2) Adjusted to reflect the following:
- (i) Initial Public Offering and assuming all the Issue Shares are subscribed at RM3.00 (Retail Price) per Issue Share; and
- (ii) payment of RM750.0 million to our shareholders who are shareholders prior to the Initial Public Offering pursuant to the members' scheme of arrangement as described in Section 20.1 (Listing Scheme and Capital Reduction – Members' Scheme of Arrangement).
- (3) Borrowings of our group relate to amounts payable to the Government and comprise two (2) interest-free loans of RM0.7 million and RM1.5 million. Each loan is repayable in ten (10) equal instalments which commenced on November 2000.

See Section 6 (Capitalization) for further information on our capitalization.

The Listing Scheme will result in changes in our capitalization and cash position. See Section 18.1 (Description of Share Capital — Shares), Section 20 (Listing Scheme and Capital Reduction) and Section 23 (Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets as at September 30, 2004) for further details. As at January 31, 2005, our share capital is as follows:

	RM
Authorized:	
2,000,000,000 Shares	<u>1,000,000,000</u>
Issued and fully paid-up:	
334,000,000 Shares	167,000,000
166,000,000 Shares to be issued pursuant to the Initial Public Offering	<u>83,000,000</u>
	<u>250,000,000</u>

3. SUMMARY (cont'd)

We only have one (1) class of shares, namely ordinary shares of RM0.50 each, all of which rank equally with one another. The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up including as to voting rights and rights to all dividends and distributions the entitlement date of which is subsequent to the date of their allotment. Accordingly, as the allotment of the Issue Shares will occur after the implementation of the distribution of capital pursuant to the Capital Reduction, investors who are allotted the Issue Shares will not be entitled to participate in the Capital Reduction. See Section 18 (Description of Share Capital), Section 19.1 (Details of the Initial Public Offering — Status of the Issue Shares) and Section 20.2 (Listing Scheme and Capital Reduction — Initial Public Offering).

3.5.4 Future Financial Information

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

<u>Financial year ending December 31,</u>	<u>Forecast 2005</u>
	<u>RM millions</u>
Operating revenue.....	239.7
Other income.....	32.5
Total revenue.....	<u>272.2</u>
EBITDA.....	<u>98.1</u>
PBT.....	95.9
Taxation.....	(31.6)
PAT.....	<u>64.3</u>
MI.....	<u>(4.0)</u>
PAT after MI.....	<u>60.3</u>
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 (Future Financial Information) for detailed information on our consolidated profit forecast, together with the assumptions on which our consolidated profit forecast has been prepared.

3. SUMMARY (cont'd)

3.6 Dividend Policy

We have not declared or paid any dividends since our conversion from a company limited by guarantee to a company limited by shares on January 5, 2004. Going forward, our ability to pay dividends or make other distributions to our shareholders is subject to our having profits and excess funds which are not required to be retained to fund our operations, other obligations or business plans and may in the future be subject to restrictions contained in future loan agreements which limit the payment of dividends without the prior written consent of our lenders. As we are a holding company, our ability to pay dividends is also subject to receipt of funds from our subsidiaries.

Our Directors have considered the general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. The actual dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors. We may, by ordinary resolution of the shareholders, declare dividends at a general meeting, but no dividend shall exceed the amount recommended by our Board of Directors. See Section 18.8 (Description of Share Capital — Dividends). The current dividend policy is as follows:

- (i) we expect to declare and pay dividends of not less than 75.0 per cent. of our PAT after MI for the year ending December 31, 2005. Based on our forecast PAT after MI of RM60.3 million, our net dividend pay-out will be not less than RM0.09 per Share. Based on our corporate tax rate of 28%, the correspond gross dividend pay-out will be not less than RM0.12 per Share. Assuming that we declare and pay out 75.0 per cent. of our forecast PAT after MI, the net dividend cover would be 1.33 times. The approximate net dividend yield is 3.0 per cent based on the Retail Price. Accordingly, based on the gross dividend pay-out per Share, the gross divided yield is 4.0 per cent. See Section 4.3.1 (Risk Factors — Other Risks — Our actual results may vary significantly from the profit forecast set forth herein) and Section 22 (Future Financial Information); and
- (ii) we expect to declare and pay annual dividends of not less than 75.0 per cent. of our PAT after MI in respect of any year thereafter.

In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account various factors including:

- (i) the level of our cash, marketable financial assets and level of indebtedness;
- (ii) required and expected interest expense, cash flows, our profits and return on equity and retained earnings;
- (iii) our expected results of operations; and
- (iv) our projected levels of capital expenditure and other investment plans.

See Section 7 (Dividend Policy) for detailed information on our dividend policy.

3. SUMMARY (cont'd)

3.7 Liquidity and Capital Resources

We are of the opinion that, after taking into consideration the funds generated from our existing operations and banking facilities currently available to us, the capital to be paid out pursuant to the Capital Reduction and proceeds from the Initial Public Offering, we have sufficient working capital for a period of 12 months from January 31, 2005 (being the latest practicable date prior to the registration of this Prospectus with the Securities Commission) to meet our existing needs and foreseeable requirements.

See Section 10.7 (Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources) for detailed information on our liquidity and capital resources.

3.8 Capital Commitments

As at December 31, 2004, we had known capital commitments as set forth below:

	<u>As at December 31, 2004</u>
	RM millions
Approved and contracted for.....	29.1
Approved but not contracted for	33.1
Total.....	<u>62.2</u>

See Section 10.9.1 (Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Contingent Liabilities – Capital Commitments) for detailed information on our capital commitments.

3.9 Contingent Liabilities

As at September 30, 2004 and December 31, 2004, we had the following contingent liabilities which have not been provided for in our audited consolidated financial statements as at September 30, 2004 and our unaudited consolidated financial statements for December 31, 2004:

	RM 000
Amount due in respect of leased line charges	<u>3,700.0</u>

See Section 10.9.2 (Management's Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations and Contingent Liabilities – Contingent Liabilities) for detailed information on our contingent liabilities.

3. SUMMARY *(cont'd)*

3.10 Intellectual Property

As our business is heavily dependent on IT, we rely on a large number of licensed software. Among these, the key licenses we rely on include non-exclusive and non-transferable licenses to use AtosEuronext's software for the CTP, the Deutsche Terminbörse Software ("DTB Software") (used for the development of our existing derivatives trading system) and the Theoretical Intermarket Margin System ("TIMS") software for margining purposes. We also hold non-transferable, non-exclusive and perpetual licenses for various other software used for, among other things, our clearing and settlement system. We further rely on a combination of trademarks, servicemarks, copyright protection and contractual restrictions to establish and protect our brand names and logos, and our intellectual property works eligible for copyright.

See Section 12.21 (Business — Intellectual Property) for detailed information on the intellectual property that we use.

3.11 Legal Proceedings

As at January 31, 2005, being the latest practicable date prior to the registration of this Prospectus with the Securities Commission, our Management does not know of any pending or threatened proceeding that is likely to have material adverse effect on our financial condition, results of operations, business or prospects. Our Management is also not aware of any fact likely to give rise to such proceedings.

See Section 12.24 (Business — Legal Proceedings) for detailed information on our position with regards to legal proceedings.

3.12 Use of Proceeds

The net proceeds (being gross proceeds from the Initial Public Offering after deducting the expenses relating to the Initial Public Offering) from the Initial Public Offering will partially restore our balance sheet after the Capital Reduction and be utilized for working capital purposes.

See Section 5 (Use of Proceeds) for detailed information of the Use of Proceeds.

3. SUMMARY (cont'd)

3.13 Information on the Initial Public Offering

Initial Public Offering: Offering of 166,000,000 Issue Shares, comprising the Institutional Offering and the Retail Offering (each as detailed below), all of which are being offered by us.

The minimum subscription to be raised from the Initial Public Offering is RM400.0 million. Completion of the Institutional Offering and the Retail Offering are inter-conditional. If the Retail Offering and the Institutional Offering are not completed, monies paid in respect of any application for Issue Shares will be returned to applicants without interest.

Institutional Offering: 116,900,000 Issue Shares, subject to reallocation, are available for application by selected Malaysian and foreign investors in reliance on Regulation S under the US Securities Act, of which 30.0 per cent. will be allocated to Bumiputera investors on a best efforts basis.

Retail Offering: 49,100,000 Issue Shares, subject to reallocation, to be offered to (i) our eligible employees, Directors and persons who have contributed to our success (other than Entitled Shareholders); (ii) Entitled Shareholders; and (iii) Malaysian citizens, companies, societies, co-operatives and institutions (of which at least 30.0 per cent. is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions).

Clawback and Reallocation: The allocation of Issue Shares between and within the Retail Offering and Institutional Offering is subject to adjustment. For instance, in the event of over-application in the Retail Offering, and an under-application in the Institutional Offering, Issue Shares may be clawed back from the Institutional Offering and reallocated to the Retail Offering. If there is an under-application in the Retail Offering and there is an over-application in the Institutional Offering, Issue Shares in the Retail Offering may be clawed back from the Retail Offering and reallocated to the Institutional Offering. The clawback and reallocation shall not apply in the event of over-application in both the Retail Offering and the Institutional Offering.

Any such reallocation is subject to the agreement of our Company and the Joint Lead Managers.

Price per Share for the Institutional Offering: The price per Share for the Institutional Offering, to be determined via a bookbuilding process on best efforts basis and as agreed between the Joint Global Coordinators and us.

3. SUMMARY (cont'd)

Price per Share for the Retail Offering:

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date, which is expected to be on or about March 3, 2005, and will be the lower of (i) the Retail Price of RM3.00 and (ii) 97.0 per cent. of the Institutional Price, subject to rounding adjustments. In the event that the Final Retail Price is lower than the Retail Price, a refund of the difference will be made without any interest thereon.

See Section 19 (Details of the Initial Public Offering) for detailed information of the Initial Public Offering.

3.14 Substantial Shareholders

The table below sets forth our substantial shareholders' interest (both Malaysian entities) in Shares before and after the Initial Public Offering (excluding the effects of the ESOS) based on our Register of Members as at January 31, 2005:

Name	Before the Initial Public Offering				After the Initial Public Offering			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
MOF Inc	100,200,000	30.00	-	-	100,200,000	20.04	-	-
CMDF	100,200,001	30.00	-	-	100,200,001	20.04	-	-

See Section 16 (Substantial Shareholders) for detailed information on our substantial shareholders.

3. SUMMARY (cont'd)

3.15 Directors and Key Management Personnel

3.15.1 Directors

The table below sets forth our Directors and their interests in our Shares before and after the Initial Public Offering (excluding the effects of the ESOS) based on our Register of Directors' Shareholdings as at January 31, 2005:

Name	Nationality	Before the Initial Public Offering				After the Initial Public Offering ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Tun Mohamed Dzaiddin bin Haji Abdullah	Malaysian	-	-	-	-	200,000	0.04	-	-
Yusli bin Mohamed Yusoff	Malaysian	-	-	-	-	250,000	0.05	-	-
Dato' Abdul Latif bin Abdullah	Malaysian	-	-	-	-	100,000	0.02	-	-
Datuk Azman bin Abdul Rashid	Malaysian	-	-	-	-	100,000	0.02	-	-
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	Malaysian	-	-	-	-	100,000	0.02	-	-
Datin Paduka Siti Sa'diah binti Sheikh Bakir	Malaysian	-	-	-	-	100,000	0.02	-	-
Dato' Abdul Wahid bin Omar	Malaysian	-	-	-	-	100,000	0.02	-	-
Dr. Thillainathan a/l Ramasamy	Malaysian	-	-	-	-	100,000	0.02	-	-
Izham bin Yusoff	Malaysian	-	-	-	-	100,000	0.02	-	-
Peter Leong Tuck Leng	Malaysian	-	-	-	-	100,000	0.02	-	-
Dato' Seri Iiwang Sing Lue	Malaysian	-	-	6,072,727 ⁽¹⁾	1.82	100,000	0.02	6,072,727 ⁽¹⁾	1.21
Cheah Tek Kuang	Malaysian	-	-	-	-	100,000	0.02	-	-

Notes:

(1) Deemed interest by virtue of his interest in Hwang - DBS Securities Berhad pursuant to Section 6A of the Companies Act.

(2) Assuming full subscription of the Issue Shares offered to our Directors under the Retail Offering.

See Section 15.1 (Management — Board of Directors) for more detailed information on our existing Directors.

We intend to offer Options over 6,000,000 Shares to our Chief Executive Officer, Yusli bin Mohamed Yusoff under the ESOS subject to our Listing. Our shareholders have approved the grant of Options over up to 6,000,000 Shares to our Chief Executive Officer at our extraordinary general meeting held on December 11, 2004. See Section 25 (Draft ESOS Bye-Laws) for the terms of the ESOS.

3. SUMMARY (cont'd)

3.15.2 Key Management Personnel

The table below sets forth our key management personnel together with their interests in our Shares before and after the Initial Public Offering (excluding the effects of the ESOS) based on their shareholding as at January 31, 2005:

Name	Nationality	Position	Before the Initial Public Offering				After the Initial Public Offering ⁽¹⁾			
			Direct		Indirect		Direct		Indirect	
			No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Yusli bin Mohamed Yusoff	Malaysian	Chief Executive Officer	-	-	-	-	250,000	0.05	-	-
Md Nor bin Ahmad	Malaysian	Chief Regulatory Officer	-	-	-	-	200,000	0.04	-	-
Khairussaleh bin Ramli	Malaysian	Chief Financial Officer	-	-	-	-	175,000	0.04	-	-
Mohd Ridzal bin Mohd Sheriff	Malaysian	Head, Group Business Development	-	-	-	-	150,000	0.03	-	-
Fathi Ridzuan bin Ahmad Fauzi	Malaysian	Head, Exchanges	-	-	-	-	175,000	0.04	-	-
Cheah Sin Keat	Malaysian	Head, Clearing, Settlement and Depository	-	-	-	-	150,000	0.03	-	-
Raghib Singh Bhart	Malaysian	Head, Information Services	-	-	-	-	150,000	0.03	-	-
Ravindran Navaratnam	Malaysian	Chief Information Officer, Strategic	-	-	-	-	150,000	0.03	-	-
Yew Kim Keong	Malaysian	Chief Information Officer, Operations	-	-	-	-	200,000	0.04	-	-
Ahmad Tajuddin bin Abdul Carrim	Malaysian	Head, Group Human Resource and Administration	-	-	-	-	150,000	0.03	-	-
Devanesan Evanson	Malaysian	Head, Group Internal Audit and Risk Management	-	-	-	-	150,000	0.03	-	-
Selvarany Rasiah	Malaysian	Chief Legal Officer	-	-	-	-	200,000	0.04	-	-

Note:

(1) Assuming full subscription of the Issue Shares offered to our eligible employees and Directors under the Retail Offering.

We intend to grant Options over 13,794,000 Shares to our key management personnel other than Yusli bin Mohamed Yusoff, whose Options are already set out on Section 3.15.1 above, under the ESOS subject to our Listing. See Section 15.2 (Management — Key Management Personnel) for the detailed information on our key management personnel.

3. SUMMARY (cont'd)

3.16 Risk Factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations below. The following is only a summary of the risks and investment considerations and is not an exhaustive list of challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares. See Section 4 (Risk Factors) for detailed information on the risks in investing in our Company.

3.16.1 Risks relating to our Business

- (i) We depend on economic and market factors that are outside of our control;
- (ii) We are dependent on the economy of Malaysia;
- (iii) Changes in foreign exchange controls may have an adverse effect on the Malaysian economy and our business;
- (iv) Changes in the fixed exchange rate between the Ringgit and the US dollar may have an adverse effect on the Malaysian economy and our business;
- (v) We have only recently converted to a for-profit enterprise and we are dependent on our ability to implement our plans and strategies and manage change;
- (vi) We are heavily dependent on IT and delays, malfunctions, or failures with respect thereto could adversely affect us;
- (vii) There are risks associated with the implementation of our CTP;
- (viii) We are subject to extensive regulation;
- (ix) Many of the changes that we plan to implement are subject to the approval of the Securities Commission and other relevant regulatory bodies;
- (x) Our operations and operating results could be adversely affected by changes in Government policies;
- (xi) The conditions of our various businesses' approvals could be varied, modified or revoked at any time;
- (xii) We have statutory obligations to act in the best interests of the public, which may not always be in the best interests of our shareholders;
- (xiii) The Minister of Finance or the Securities Commission may take actions which may not be in the best interests of our shareholders;
- (xiv) We may be unable to grow into new product lines and businesses;
- (xv) We may face increased competition in the future;

3. SUMMARY *(cont'd)*

- (xvi) There can be no assurance that we will be successful in implementing our strategy to increase the Turnover Velocity of our markets;
- (xvii) Our efforts to grow our information business may not succeed;
- (xviii) We are exposed to the risk of default by clearing participants and our rights in an insolvency of a clearing participant may be subject to insolvency laws;
- (xix) We rely on the continued employment and performance of key management personnel;
- (xx) We may be exposed to the risk of claims by parties affected by our regulatory decisions;
- (xxi) Political and social developments may adversely affect us; and
- (xxii) Breakout of fire, severe disruption in electricity supply and other emergencies may adversely affect us.

3.16.2 Risks Relating to our Shares

- (i) The Securities Industry Act contains provisions that restrict ownership of our Shares;
- (ii) The Guidelines on Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests issued by the FIC contain provisions that limit ownership of our Shares by foreigners and require a minimum level of Bumiputera ownership;
- (iii) There has been no prior trading market for our Shares within or outside Malaysia and a market for our Shares may not develop;
- (iv) The market price of our Shares may be volatile, which could cause the value of your investment in us to decline;
- (v) Investors in the Initial Public Offering will suffer immediate dilution in the book value of their investment;
- (vi) The sale or the possible sale of a substantial number of our Shares in the public market following this Initial Public Offering could adversely affect the price of our Shares;
- (vii) There may be a delay or failure in our Listing; and
- (viii) We may not be able to pay dividends to our shareholders.

3.16.3 Other Risks

- (i) Our actual results may vary significantly from the profit forecast in this Prospectus; and
- (ii) Our unaudited consolidated financial statements as at and for the years ended December 31, 2001 and 2002 may not accurately reflect what our results of operations or financial condition would have been had we had such financial year end during such periods.