

13. REGULATIONS

13.1 Overview

The Securities Commission was established pursuant to the SCA as a statutory body and is the primary regulatory authority over the regulation and development of the Malaysian capital market.

The Securities Commission ensures the effective regulation of the securities and futures markets by way of its supervision, investigative and enforcement functions. These regulatory functions are provided for under the SCA, the Securities Industry Act, the SICDA and the Futures Industry Act. The Securities Commission prosecutes undesirable trading practices including fraud, market manipulation and illegal short selling. It is also empowered to bring a civil suit against persons involved in insider trading.

A stock market may operate in Malaysia if it is a stock market of a securities exchange approved by the Minister of Finance. Before granting approval, the Minister of Finance will have to be satisfied that certain criteria as provided in the Securities Industry Act, have been complied with by the applicant. An entity may also operate a stock market in Malaysia if it is declared to be an exempt stock market by the Minister of Finance.

The general supervision of the securities industry is undertaken by the Securities Commission. Pursuant to the Securities Industry Act, SICDA and the Futures Industry Act, we are required to obtain the approval of the Securities Commission for all changes in the rules we administer except as may be exempted by the Securities Commission. Dealers and their representatives may only operate under a license granted by the Securities Commission.

The Securities Commission is empowered under the relevant laws to conduct investigations whenever it has reason to suspect that a person has committed an offence. The Securities Commission has wide powers to compel the production of books and disclosure of information relating to any dealing in securities.

13.2 LFX

The LFX is incorporated under the OCA and is primarily governed by the Labuan Offshore Securities Industry Act, 1998 ("LOSIA") as to its establishment, conduct, activity and business. The custodian of both Acts is LOFSA. Pursuant to the provisions of LOSIA, the affairs of LFX are managed by an exchange committee, comprising persons with relevant experience in financial, commercial or legal matters. The Chairman of the exchange committee and one (1) other person shall be appointed by the Minister of Finance and the rest are appointed by LOFSA. The exchange committee is responsible for overseeing the management and operations of the LFX.

13. REGULATIONS *(cont'd)*

13.3 Central Depository

Currently, Bursa Depository is an approved central depository for securities in Malaysia. The regulatory framework of the central depository is provided for in the SICDA. As stipulated in SICDA, the duties of the central depository are (i) to facilitate efficient deposit of securities, (ii) to facilitate registration of dealings in deposited securities, (iii) to ensure the safe custody of scrips and other documents representing deposited securities, (iv) to guard against falsification of any records or accounts required to be kept or maintained under the SICDA, and (v) to establish a proper and efficient system for the verification, inspection, identification and recording of all securities deposited with the central depository. The central depository may appoint ADAs (i) to facilitate the deposit of securities, (ii) to open, maintain and close securities accounts, (iii) to make entries in securities accounts, (iv) to collect such fees and charges imposed by the central depository as may be provided under its rules, and other such incidental and ancillary purposes as may be specified by the rules of the central depository.

The Securities Commission has the power to prosecute offences such as the falsification of records or accounts, furnishing of false and misleading information and destruction, concealment, mutilation and alteration of records that are required to be kept under the SICDA. The Securities Commission also has investigative powers when it believes that a person has committed an offence under the SICDA or is about to commit an act that would be an offence under the statute.

The central depository has rules which govern ADAs, ADMs, issuers and depositors.

13.4 Derivatives Industry

The Malaysian derivatives industry is governed primarily by the Futures Industry Act which regulates how business should be conducted in the futures industry. The Futures Industry Act prohibits and imposes criminal liabilities on undesirable trading practices such as, among other things, false trading, "bucketing", price manipulation of futures contract and cornering.

A futures market may only operate in Malaysia if it is a futures market of an exchange company or an exempt futures market approved by the Minister of Finance. The Minister of Finance will have to be satisfied that certain criteria as provided in the Futures Industry Act have been complied with by the applicant.

The general supervision of the futures industry is undertaken by the Securities Commission. Bursa Derivatives must obtain the Securities Commission approval for all changes in the rules governing the exchange. Furthermore, futures fund managers, futures trading advisers and their representatives may only operate under a license granted by the Securities Commission. Futures brokers may only operate under a license granted by the Securities Commission upon approval by the Minister of Finance.

13. REGULATIONS (cont'd)

In addition, the Securities Commission is empowered by the Futures Industry Act to take emergency action to maintain or restore trading on a futures market of an exchange company if it has reason to believe that an emergency exists. The Securities Commission's powers include suspension of trading on the futures market of a particular class of futures contracts, and the limitation of transactions on the futures market to the closing out of futures contracts. The Securities Commission also has investigative powers and may inspect the books, accounts and records of an exchange company, clearing house or a licensed person.

13.5 Delineation of our Duties and the Duties of the Securities Commission

Our Company has approvals from the Minister of Finance to operate as an exchange holding company and to conduct all the businesses we currently conduct through our subsidiaries. Our subsidiaries also have the requisite approvals.

In light of our demutualization exercise, we entered into a Memorandum of Understanding with the Securities Commission for the Regulation of the Malaysian Securities and Futures Markets on January 5, 2004 ("MOU"). The MOU crystallizes the parties' intention to establish a framework for co-operation and mutual understanding for the purpose of facilitating and specifying the regulatory roles and our obligations and those of the Securities Commission.

The MOU delineates our regulatory functions and those of the Securities Commission in order to further streamline the operations and processes adopted in the regulation of the securities and futures market and provide further clarity on the regulatory duties of each party. In particular, we and the Securities Commission shall regularly identify and minimize the areas of regulatory overlap and duplication and support, aid or assist each other in all our respective regulatory functions for the purpose of ensuring an orderly and fair capital market.

With regard to our proposed Listing, the MOU stipulates that we must ensure that we and our subsidiaries, Directors, officers, employees and advisers will comply with the Bursa Securities LR that are applicable to us. The Securities Commission will administer the Bursa Securities LR as they apply to us, our Directors, officers, employees and advisers. Furthermore, we will co-operate with the Securities Commission to put in place adequate systems and personnel to enable the Securities Commission to administer the Bursa Securities LR on us.

The terms of the MOU specify that a framework shall be established between the two (2) parties for the oversight regulation of our Company and our subsidiaries to ensure that we conduct our regulatory functions as required under the securities and futures laws. This oversight regulation is enhanced by a requirement that we submit to the Securities Commission an Annual Regulatory Report three (3) months after the end of each financial year, to report on the extent to which we have complied with Sections 9B and 11J of the Securities Industry Act and applicable rules during the financial year. The content of the report is to be agreed between us and the Securities Commission. Upon receiving the Annual Regulatory Report, the Securities Commission may carry out onsite regulatory audits of our operations.

13. REGULATIONS (cont'd)

The Securities Commission has issued Guidance on the regulatory role of our Company which sets out the manner in which our Company and our subsidiaries shall fulfill our regulatory obligations and functions under the securities laws and include the arrangements contemplated under Section 11J of the Securities Industry Act. The Guidance encompasses the following areas:

- (i) oversight by the Securities Commission of our performance of our regulatory role;
- (ii) our role in relation to the registration, appointment and approval of market participants;
- (iii) our role in relation to the monitoring, supervision and regulation of the activities of market participants in the securities and futures markets operated by our subsidiary exchanges;
- (iv) our role in matters pertaining to surveillance and enforcement;
- (v) our role in relation to listing-related matters; and
- (vi) fees and charges.

While the Guidance is obligatory in nature, the Securities Commission, in a letter dated December 8, 2004, indicated that they are amenable to considering alternative arrangements if we encounter any difficulty in complying with the Guidance.

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14. INFORMATION ON SUBSIDIARIES

14.1 Bursa Securities

Our wholly-owned subsidiary, Bursa Securities was incorporated in Malaysia under the Companies Act on December 4, 2003 as a public limited company under the name of Malaysia Securities Exchange Berhad, which was subsequently changed to its present name on April 16, 2004. The principal activity of Bursa Securities is to provide, operate and maintain a securities exchange. See Section 12.5.1 (Business — Exchange Business — Securities Exchange). Bursa Securities commenced its business on January 5, 2004 upon the vesting of the securities exchange business by Bursa Malaysia to Bursa Securities.

Bursa Securities' authorized share capital is currently RM50,500,000 divided into 50,000,000 ordinary shares of par value RM1.00 each and 50,000,000 redeemable convertible preference shares of par value RM0.01 each. As at the date hereof, the issued and paid-up share capital is RM25,250,000 comprising 25,000,000 ordinary shares of RM1.00 each and 25,000,000 redeemable convertible preference shares of RM0.01 each. We hold all the redeemable convertible preference shares in Bursa Securities. The changes in the issued and paid-up share capital of Bursa Securities since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value RM</u>	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital RM</u>
<i>Ordinary shares</i>				
04.12.2003	2	1.00	Cash	2
31.12.2003	24,999,998	1.00	Cash	25,000,000
<i>Preference shares</i>				
31.12.2003	25,000,000	0.01	Cash	250,000

Save as described above, as at the date hereof, Bursa Securities does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Bursa Securities does not have any subsidiaries or associated companies.

14.2 Bursa Derivatives

Our wholly-owned subsidiary, Bursa Derivatives was incorporated in Malaysia under the Companies Act on April 17, 1993 as a public limited company under the name of The Kuala Lumpur Options and Financial Futures Exchange Bhd.. On May 31, 2001, it changed its name to Malaysia Derivatives Exchange Berhad and subsequently to its present name on April 15, 2004. The principal activity of Bursa Derivatives is to provide, operate and maintain a futures and options exchange. See Section 12.5.2 (Business — Exchange Business — Derivatives Exchange). Bursa Derivatives commenced its business on December 15, 1995.

14. INFORMATION ON SUBSIDIARIES (cont'd)

Bursa Derivatives' authorized share capital is currently RM100,000,000 divided into 99,997,000 ordinary shares of RM1.00 each, 1,000 non-cumulative "A" preference shares of RM1.00 each, 1,000 non-cumulative "B" preference shares of RM1.00 each and 1,000 non-cumulative "C" preference shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM50,000,078 comprising 50,000,000 ordinary shares of RM1.00 each, 40 non-cumulative "A" preference shares of RM1.00 each, 16 non-cumulative "B" preference shares of RM1.00 each, and 22 non-cumulative "C" preference shares of RM1.00 each. The equity financial participants, non-equity financial participants and commodity participants hold the "A", "B" and "C" preference shares respectively.

The changes in the issued and paid-up share capital of Bursa Derivatives since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value RM</u>	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital RM</u>
<i>Ordinary shares</i>				
17.04.1993	4	1.00	Cash	4
08.02.1995	15,000,000	1.00	Cash	15,000,004
25.07.1995	4,999,996	1.00	Cash	20,000,000
23.09.1999	20,000,000	1.00	Otherwise than cash	40,000,000
08.05.2001	(28,573,292)	1.00	Capital Reduction	11,426,708
31.12.2003	38,573,292	1.00	Cash	50,000,000
<i>"A" preference shares</i>				
15.12.1995	14	1.00	Cash	14
18.12.1995	2	1.00	Cash	16
26.12.1995	1	1.00	Cash	17
29.12.1995	23	1.00	Cash	40
<i>"B" preference shares</i>				
27.06.2001	16	1.00	Otherwise than cash	16
<i>"C" preference shares</i>				
27.06.2001	15	1.00	Otherwise than cash	15
14.09.2001	1	1.00	Cash	16
21.12.2001	2	1.00	Cash	18
29.04.2002	2	1.00	Cash	20
29.08.2002	1	1.00	Cash	21
24.03.2003	1	1.00	Cash	22

As at the date hereof, Bursa Derivatives does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Bursa Derivatives does not have any associated companies. As at the date hereof, Monetary Exchange and COMMEX are wholly-owned subsidiaries of Bursa Derivatives.

14. INFORMATION ON SUBSIDIARIES (cont'd)

14.3 Bursa Securities Clearing

Our wholly-owned subsidiary, Bursa Securities Clearing was incorporated in Malaysia under the Companies Act on November 12, 1983 as a private limited company under the name of Securities Clearing Automated Network Services Sdn. Bhd., which was subsequently changed to its present name on May 14, 2004. The principal activity of Bursa Securities Clearing is to provide, operate and maintain a clearing house for the securities exchange. See Section 12.10.1 (Business — Clearing and Settlement — Bursa Securities Clearing). Bursa Securities Clearing commenced its business on January 9, 1984.

Bursa Securities Clearing's authorized share capital is currently RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM300,000,000 comprising 300,000,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Bursa Securities Clearing since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value</u>	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital</u>
		<u>RM</u>		<u>RM</u>
12.11.1983	5	1.00	Cash	5
01.09.1984	1,769,995	1.00	Otherwise than cash	1,770,000
17.11.1997	298,230,000	1.00	Otherwise than cash	300,000,000

As at the date hereof, Bursa Securities Clearing does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Bursa Securities Clearing does not have any associated companies. As at the date hereof, Bursa Derivatives Clearing is a wholly-owned subsidiary of Bursa Securities Clearing.

14.4 Bursa Derivatives Clearing

Bursa Derivatives Clearing, a wholly-owned subsidiary of Bursa Securities Clearing, was incorporated in Malaysia under the Companies Act on September 9, 1995 as a public limited company under the name of Malaysian Derivatives Clearing House Bhd. which was subsequently changed to its present name on May 14, 2004. The principal activity of Bursa Derivatives Clearing is to provide, operate and maintain a clearing house for the futures and options exchange. See Section 12.10.2 (Business — Clearing and Settlement — Bursa Derivatives Clearing). Bursa Derivatives Clearing commenced its business on December 11, 1995.

14. INFORMATION ON SUBSIDIARIES (cont'd)

Bursa Derivatives Clearing's authorized share capital is currently RM25,000,000 divided into 20,000,000 ordinary shares of par value RM1.00 each and 5,000,000 redeemable preference shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Bursa Derivatives Clearing since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value</u> <u>RM</u>	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital</u> <u>RM</u>
<i>Ordinary shares</i>				
09.09.1995	2	1.00	Cash	2
03.11.1995	999,998	1.00	Cash	1,000,000
01.12.1997	7,000,000	1.00	Cash	8,000,000
31.12.2003	12,000,000	1.00	Cash	20,000,000
<i>Preference shares</i>				
03.11.1995	4,000,000	1.00	Cash	4,000,000
07.05.1997	2,000,000	1.00	Cash	6,000,000
01.12.1997	(6,000,000)	1.00	Otherwise than cash	-

As at the date hereof, Bursa Derivatives Clearing does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Bursa Derivatives Clearing does not have any subsidiaries or associated companies.

14.5 Bursa Depository

Bursa Depository was incorporated in Malaysia under the Companies Act on October 26, 1987 as a private limited company under the name of KLSE Corporate Services Sdn. Bhd.. On April 16, 1990, it changed its name to Malaysian Central Depository Sdn. Bhd. and subsequently it changed to its present name on May 28, 2004. The principal activity of Bursa Depository is to provide, operate and maintain a central depository for securities listed on the securities exchange. See Section 12.11 (Business — Bursa Depository). Bursa Depository commenced its business on October 23, 1992.

14. INFORMATION ON SUBSIDIARIES (cont'd)

Bursa Depository's authorized share capital is currently RM50,000,000 divided into 50,000,000 ordinary shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Bursa Depository since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value</u> RM	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital</u> RM
<i>Ordinary Shares</i>				
26.10.1987	2	1.00	Cash	2
01.06.1990	199,998	1.00	Cash	200,000
26.07.1990	100,000	1.00	Cash	300,000
15.01.1991	200,000	1.00	Otherwise than cash	500,000
23.05.1991	800,000	1.00	Cash	1,300,000
23.05.1991	700,000	1.00	Otherwise than cash	2,000,000
01.10.1992	3,000,000	1.00	Cash	5,000,000
30.01.1995	4,500,000	1.00	Cash	9,500,000
30.01.1995	5,500,000	1.00	Otherwise than cash	15,000,000
01.04.1995	2,250,000	1.00	Cash	17,250,000
01.04.1995	2,750,000	1.00	Otherwise than cash	20,000,000
01.12.1997	5,000,000	1.00	Otherwise than cash	25,000,000
<i>Preference shares</i>				
01.04.1995	2,250,000	1.00	Cash	2,250,000
01.04.1995	2,750,000	1.00	Otherwise than cash	5,000,000
28.06.2000	(5,000,000)	1.00	Cash	-

As at the date hereof, Bursa Depository is 75.0 per cent. held by us. The remaining 25.0 per cent. is held by ABM-MCD Holdings Sdn. Bhd.. As at the date hereof, Bursa Depository does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Bursa Depository does not have any associated companies. As at the date hereof, Bursa Depository (N) is a wholly-owned subsidiary of Bursa Depository.

14.6 Bursa Depository (N)

Bursa Depository (N), a wholly-owned subsidiary of Bursa Depository, was incorporated in Malaysia under the Companies Act on May 15, 1992 as a private limited company under the name of Malaysian Central Depository Nominees Sdn. Bhd., which was subsequently changed to its present name on May 14, 2004. The principal activities of Bursa Depository (N) are to act as a nominee for Bursa Depository and receive securities on deposit or for safe-custody or management. Bursa Depository (N) commenced its business on October 23, 1992.

Bursa Depository (N)'s authorized share capital is currently RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM2.00 comprising two (2) ordinary shares of RM1.00 each. There have been no changes in the issued and paid-up share capital of Bursa Depository (N) since its incorporation.

As at the date hereof, Bursa Depository (N) does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Bursa Depository (N) does not have any subsidiaries or associated companies.

14. INFORMATION ON SUBSIDIARIES (cont'd)

14.7 Bursa Information

Our wholly-owned subsidiary, Bursa Information was incorporated in Malaysia under the Companies Act on May 2, 1986 as a private limited company under the name of KLSE-Bernamea Real-Time Information Services Sdn. Bhd.. On February 28, 2003, it changed its name to KLSE Information Services Sdn. Bhd. and subsequently it changed to its present name on May 14, 2004. The principal activity of Bursa Information is to provide and disseminate prices and other information relating to securities quoted on exchanges within the group. See Section 12.15 (Business — Information Services). Bursa Information commenced its business on May 2, 1986.

Bursa Information's authorized share capital is currently RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM250,002 comprising 250,002 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Bursa Information since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value</u> RM	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital</u> RM
02.05.1986	2	1.00	Cash	2
08.09.1986	250,000	1.00	Cash	250,002

As at the date hereof, Bursa Information does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Bursa Information does not have any subsidiaries or associated companies.

14.8 Bursa IT

Our wholly-owned subsidiary, Bursa IT was incorporated in Malaysia under the Companies Act on March 7, 1991 as a private limited company under the name of KLOFFE Sdn. Bhd.. On July 8, 1993, it changed its name to KLOFFE Capital Sdn. Bhd.. On May 8, 2002, it changed its name to KLSE Technology Sdn. Bhd. and subsequently it changed to its present name on May 14, 2004. The principal activity of Bursa IT is to provide information and communications technology services. Bursa IT commenced its business on September 27, 2002.

Bursa IT's authorized share capital is currently RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM39,998,002 comprising 39,998,002 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Bursa IT since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value</u> RM	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital</u> RM
07.03.1991	2	1.00	Cash	2
02.05.1991	900,000	1.00	Cash	900,002
04.09.1992	450,000	1.00	Cash	1,350,002
18.01.1993	900,000	1.00	Cash	2,250,002
26.07.1993	2,250,000	1.00	Cash	4,500,002
16.08.1994	14,373,000	1.00	Cash	18,873,002
16.09.1994	1,125,000	1.00	Cash	19,998,002
24.09.1999	20,000,000	1.00	Otherwise than in cash	39,998,002

14. INFORMATION ON SUBSIDIARIES (cont'd)

As at the date hereof, Bursa IT does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Bursa IT does not have any subsidiaries or associated companies.

14.9 Bursa Property

Our wholly-owned subsidiary, Bursa Property was incorporated in Malaysia under the Companies Act on November 27, 1985 as a private limited company under the name of KLSE Realty Sdn. Bhd.. On June 7, 2001, it changed its name to KLSE Property Management Sdn. Bhd. and subsequently it changed to its present name on May 14, 2004. The principal activity of Bursa Property is to provide building management and security services. Bursa Property commenced its business on November 27, 1985.

Bursa Property's authorized share capital is currently RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Bursa Property since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value</u>	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital</u>
		RM		RM
27.11.1985	2	1.00	Cash	2
26.07.2000	999,998	1.00	Cash	1,000,000

As at the date hereof, Bursa Property does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Bursa Property does not have any subsidiaries or associated companies.

14.10 LFX

Our wholly-owned subsidiary, LFX was incorporated in Malaysia under the OCA on July 30, 1999 under its present name. The principal activity of LFX is to provide, operate and maintain an offshore financial exchange. See Section 12.5.3 (Business — Exchange Business — Offshore Exchange). LFX commenced its business on July 30, 1999.

LFX's authorized share capital is currently US\$10,000,000 divided into 10,000,000 ordinary shares of par value US\$1.00 each. As at the date hereof, the issued and paid-up share capital is US\$5,500,000 comprising 5,500,000 ordinary shares of US\$1.00 each. The changes in the issued and paid-up share capital of LFX since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value</u>	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital</u>
		US\$		US\$
30.07.1999	100,000	1.00	Cash	100,000
08.02.2001	900,000	1.00	Cash	1,000,000
29.06.2001	1,000,000	1.00	Cash	2,000,000
31.12.2001	1,000,000	1.00	Cash	3,000,000
31.10.2003	2,500,000	1.00	Cash	5,500,000

14. INFORMATION ON SUBSIDIARIES (cont'd)

As at the date hereof, LFX does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, LFX does not have any subsidiaries or associated companies.

14.11 KLOFFE INFO

KLOFFE INFO, a wholly-owned subsidiary of Bursa IT, was incorporated in Malaysia under the Companies Act on October 11, 1994 as a private limited company under its present name. KLOFFE INFO has not commenced operations since its incorporation.

KLOFFE INFO's authorized share capital is currently RM100,000 divided into 100,000 ordinary shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM2.00 comprising two (2) ordinary shares of RM1.00 each. There have been no changes in the issued and paid-up share capital of KLOFFE INFO since its incorporation.

As at the date hereof, KLOFFE INFO does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, KLOFFE INFO does not have any subsidiaries or associated companies.

14.12 Monetary Exchange

Monetary Exchange, a wholly-owned subsidiary of Bursa Derivatives was incorporated in Malaysia under the Companies Act on August 19, 1992 as a private limited company under the name of Kuala Lumpur Futures Market Sdn. Bhd., which was subsequently changed to its present name pursuant to its conversion to a public company on July 19, 1995. The principal activities of Monetary Exchange consist of setting up, organizing and administrating a market for the purpose of trading and investing in interest rates and currency futures and options. On December 7, 1998, Monetary Exchange transferred its exchange operations to its then holding company, COMMEX, and has since remained dormant.

Monetary Exchange's authorized share capital is currently RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each. As at the date hereof, the issued and paid-up share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Monetary Exchange since its incorporation are provided below:

<u>Date of allotment</u>	<u>No. of shares issued</u>	<u>Par value</u>	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital</u>
		<u>RM</u>		<u>RM</u>
19.08.1992	2	1.00	Cash	2
30.08.1994	100,000	1.00	Cash	100,002
12.04.1995	199,998	1.00	Cash	300,000
24.04.1995	700,000	1.00	Cash	1,000,000

As at the date hereof, Monetary Exchange does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, Monetary Exchange does not have any subsidiaries or associated companies.

14. INFORMATION ON SUBSIDIARIES (cont'd)

14.13 COMMEX

COMMEX, a wholly-owned subsidiary of Bursa Derivatives was incorporated in Malaysia under the Companies Act on July 14, 1980 as a company limited by guarantee under the name of The Kuala Lumpur Commodity Exchange, which was subsequently changed to its present name on October 21, 1998. The principal activities of COMMEX consist of (i) providing, regulating and maintaining facilities for conducting the business of a commodity exchange in Malaysia; and (ii) setting up, organizing and administering an interest rate and currency futures and options market in Malaysia. On June 11, 2001, COMMEX transferred all of its assets and liabilities to Bursa Derivatives and has since remained dormant. As at the date hereof, COMMEX does not have any share capital, outstanding warrants, options, convertibles or uncalled capital. In addition, COMMEX does not have any subsidiaries or associated companies.

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15. MANAGEMENT

15.1 Board of Directors

Within the limits set by our Articles of Association, the Board of Directors is responsible for the governance and management of our Company and our group, including the maintenance of fair and orderly markets and efficient clearing and depository operations, and the financial health of our group. Under our Articles of Association, we must have at least two (2) directors and our Board of Directors must at all times comprise Directors in the following proportions:

- (i) at least one third of our Directors shall be Public Interest Directors. Their appointment will be by the Minister of Finance, in consultation with the Securities Commission;
- (ii) at least one third of our Directors shall be Independent Directors, being Directors who are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in our best interests. Their appointment shall be subject to the concurrence of the Securities Commission; and
- (iii) the remainder of our Directors shall be appointed with the concurrence of the Securities Commission.

In addition, the Chairman of our Board of Directors shall be appointed, from among the Public Interest Directors, by the Minister of Finance, in consultation with the Securities Commission. As at the date of this Prospectus, our Board of Directors consists of four (4) Public Interest Directors, four (4) Independent Directors and four (4) other Directors.

In accordance with the Securities Industry Act and our Articles of Association, our Public Interest Directors shall retire after a maximum term of three (3) years but are eligible for re-appointment. Under our Articles of Association one third of the Directors (other than Public Interest Directors) are subject to retirement at each annual general meeting of shareholders but are eligible for re-appointment. The Directors to retire in each year are those who have been in office longest. At present, each of our Public Interest Directors have been appointed for a two (2) year term.

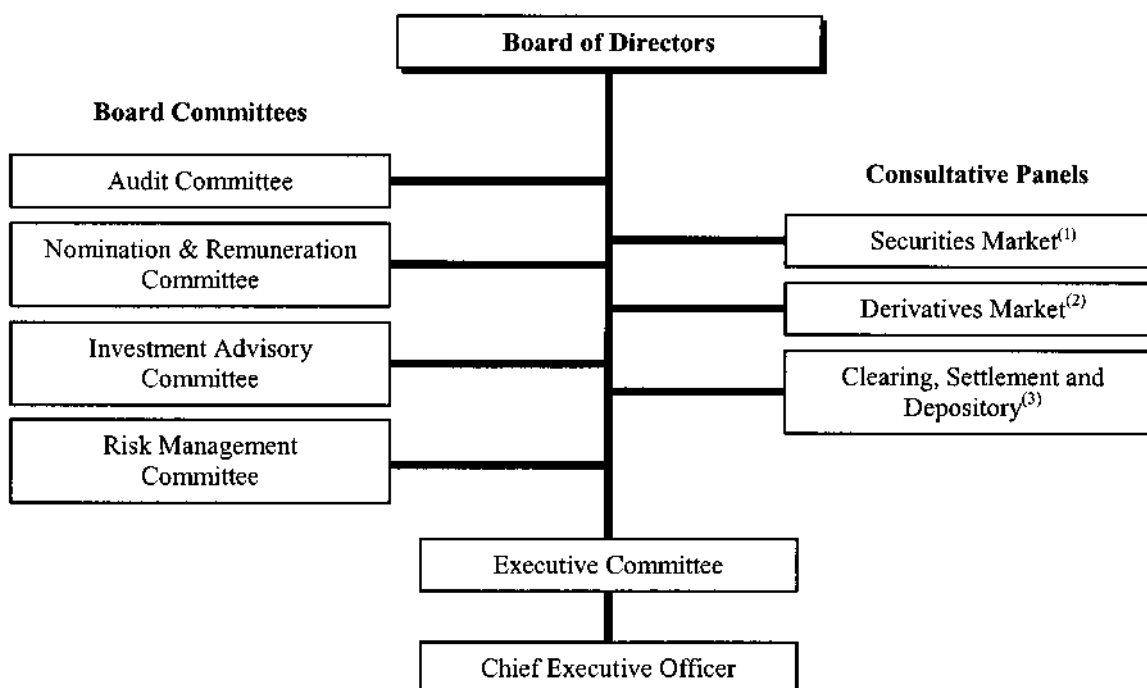
The members of our Board of Directors, all of whom are Malaysians, as at the date of this Prospectus are set forth below:

<u>Name</u>	<u>Age</u>	<u>Date of Appointment</u>	<u>Designation</u>
Tun Mohamed Dzaidin bin Haji Abdullah	68	March 1, 2004	Chairman, Non-Executive Director and Public Interest Director
Yusli bin Mohamed Yusoff	46	March 1, 2004	Chief Executive Officer and Executive Director
Dato' Abdul Latif bin Abdullah	55	April 1, 2004	Non-Executive Director and Public Interest Director
Datuk Azman bin Abdul Rashid	57	July 23, 2004	Non-Executive Director and Public Interest Director
Datuk Haji Faysal bin Datuk Yusof Hamdain Diego	43	June 9, 2004	Non-Executive Director and Public Interest Director
Datin Paduka Siti Sa'diah binti Sheikh Bakir	53	April 10, 2004	Independent Non-Executive Director
Dato' Abdul Wahid bin Omar	41	April 10, 2004	Independent Non-Executive Director
Dr. Thillainathan a/l Ramasamy	61	April 10, 2004	Independent Non-Executive Director
Izham bin Yusoff	38	April 10, 2004	Independent Non-Executive Director
Peter Leong Tuck Leng	48	April 10, 2004	Non-Independent Non-Executive Director

15. MANAGEMENT (cont'd)

Name	Age	Date of Appointment	Designation
Dato' Seri Hwang Sing Lue	76	April 10, 2004	Non-Independent Non-Executive Director
Cheah Tek Kuang	58	April 10, 2004	Non-Independent Non-Executive Director

The following chart sets forth our current internal management reporting structure:



Notes:

- (1) Responsible for advising our Board of Directors on matters relating to the securities industry that affect us.
- (2) Responsible for advising our Board of Directors on matters relating to the derivatives industry that affect us.
- (3) Responsible for advising our Board of Directors on matters relating to clearing, settlement, depository and custody functions that affect us.

To help ensure the effective discharge of its functions, our Board of Directors has adopted a set of corporate governance guidelines which set out the following responsibilities:

- (i) to review and approve the annual corporate plan of our Company and our group, which includes the overall corporate strategy, marketing plan, human resources plan, IT plan, financial plan, budget, regulations plan and risk management plan;
- (ii) to oversee the conduct of our Company and our group's businesses, and to evaluate whether the businesses are being properly managed;
- (iii) to identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- (iv) to manage succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing senior management;

15. MANAGEMENT (cont'd)

- (v) to develop and implement an investor relations program or shareholder communications policy for our Company and our group;
- (vi) to review the adequacy and integrity of our Company's and our group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines (including Bursa Securities LR, securities laws, and the Companies Act);
- (vii) to review and approve our financial statements;
- (viii) to review and approve our Audit Committee Report at the end of each financial year;
- (ix) to review and approve our Annual Regulatory Report; and
- (x) to prepare a corporate governance statement in compliance with the Malaysian Code of Corporate Governance and an internal control statement for the Annual Report.

15.1.1 Biographies of Directors

Tun Mohamed Dzaiddin bin Haji Abdullah was appointed as our Chairman, Non-Executive Director and Public Interest Director by the Minister of Finance on March 1, 2004. He was the former Chief Justice of Malaysia and has held various significant positions within the Malaysian judiciary for more than 20 years. After his secondary education, he proceeded to England in 1962 to read law at the Inns of Court, London. He was called to the English Bar as a Barrister of the Middle Temple in June 1966. In January 1967, he was admitted as an advocate and solicitor of the High Court of Malaya. He was a practicing lawyer for 16 years before his elevation to the Malaysian Bench. He was a High Court Judge from 1982 to 1992, Supreme Court Judge from 1992 to 1996 and Federal Court Judge from 1996 to 2000. Tun Dzaiddin was appointed the 9th Chief Justice of Malaysia in 2000, becoming the first head of the Malaysian judiciary appointed from the ranks of practising lawyers. He was awarded several State and Federal awards, culminating with the conferment by Seri Paduka Baginda Yang DiPertuan Agong of the Most Esteemed Order of Seri Setia Mahkota Malaysia which carries the title 'Tun'. Tun Dzaiddin is currently Chairman of the Tun Mohamad Suffian Foundation, a legal consultant at Skrine, Advocates and Solicitors, Chairman of Deutsche Bank (Malaysia) Bhd., Chairman of the Advisory Council, Business Ethics Institute of Malaysia and Chairman of the Royal Commission To Enhance The Operation and Management of the Royal Malaysian Police.

15. MANAGEMENT (*cont'd*)

Yusli bin Mohamed Yusoff was appointed as our Chief Executive Officer by the Minister of Finance on March 1, 2004, and he was elected as our Executive Director on April 10, 2004. He began his career in London with Peat Marwick Mitchell & Co in 1982, where he remained until 1986, holding the position of Audit Senior before joining Hugin Sweda Plc where he held the position of Chief Accountant until 1990. His career in Malaysia includes key positions in prominent corporations such as Faber Group Bhd. as Group Financial Controller from April 1992 to December 1992, TIME Engineering Bhd. as Chief Operating Officer from January 1993 to December 1993, Renong Bhd. as Chief Operating Officer/Director from January 1994 to March 1995, Shahpadu Corporation Bhd. as Group Managing Director from April 1995 to October 1996, Sime Merchant Bankers Bhd. as Chief General Manager from November 1996 to May 1998 and Intria Bhd. as Executive Vice Chairman and Metacorp Bhd. as Managing Director from June 1998 to December 1999. Prior to his appointment as our Chief Executive Officer, he was the Chief Executive Director of CIMB Securities Sdn. Bhd. from January 2000 to January 2004. He also served as the Chairman of the Association of Stockbroking Companies Malaysia from 2003 to 2004. He presently sits on the Board of Directors of CMDF and is an executive committee member of the Financial Reporting Foundation/Malaysian Accounting Standards Board. He is also the President of Victoria Institution Old Boys' Association. He graduated with a degree in economics from the University of Essex (United Kingdom) in 1981, and is a member of the Institute of Chartered Accountants, England & Wales.

Dato' Abdul Latif bin Abdullah was appointed as a Non-Executive Director and Public Interest Director by the Minister of Finance on April 1, 2004. He joined PNSL Holdings Bhd. in 1982, where he remained until 1992, holding the position of Director/General Manager before joining Mitsui OSK Lines (M) Sdn. Bhd. in 1992. He is the Executive Chairman of Mitsui OSK Lines (M) Sdn. Bhd. since 2004 and has also been the Director of Penang Port Sdn. Bhd. since 1999 and became Chairman in 2004. In addition, he holds directorship positions in Kumpulan Wang Pusat Perdagangan Laut, Lembaga Dius Api Semenanjung Malaysia and various other private and public listed companies. He graduated with a Bachelor of Arts (International Relations) from the University Malaya in 1975, and obtained his Master of Science (Marine Law & Policy) from the University of Wales, Institute of Science & Technology (UWIST), UK in 1981. He is a member of the Chartered Institute of Logistics & Transportation (United Kingdom).

Datuk Azman bin Abdul Rashid was appointed as a Non-Executive Director and Public Interest Director by the Minister of Finance on July 23, 2004. He began his career as Assistant Secretary in the Prime Minister's Department in 1972, where he remained until 1977, before serving as Principal Assistant Director in the Agricultural Policy Section, Ministry of Agriculture Malaysia from 1977 to 1980. He became the Deputy State Secretary and Director of the State Planning Unit, Malacca from 1983 to 1986, District Officer of Kuantan from 1986 to 1992, General Manager of Jengka Regional Development Authority from 1992 to 1997, Deputy State Secretary and Director of the State Planning Unit, Pahang in 1997 and the Federal Development Officer in Kelantan under the Implementation Coordination Unit, Prime Minister's Department from 1997 to 2000. He was appointed as the Federal Secretary for Sarawak in 2000 before becoming the Secretary General in the Ministry of Rural & Regional Development from 2002 to July 22, 2004. He graduated with a Bachelor of Economics from University Malaya in 1972 and received his Masters degree in Agriculture Development from the University of Ghent, Belgium in 1983.

15. MANAGEMENT (cont'd)

Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego was appointed as a Non-Executive Director and Public Interest Director by the Minister of Finance on June 9, 2004. He has been the Treasurer of the Dewan Perniagaan Melayu Malaysia (Sabah) since 1997. He has been the Executive Chairman of Arus Sutera Sdn. Bhd. since 1997, the Director of Associated Concrete Products (Sabah) Sdn. Bhd. since 1998 and the Director of Perkasa Trading Sdn. Bhd. since 1996. He graduated with a Bachelor of Economics from York University, Toronto, Ontario, Canada in 1987.

Datin Paduka Siti Sa'diah binti Sheikh Bakir was elected as an Independent Non-Executive Director on April 10, 2004. She began her career with Johor Corporation in 1974 and became directly involved with Johor Corporation's Healthcare Division in 1978, before joining KPJ Sdn. Bhd. as its Chief Executive from 1989 to 2002. She has been the Managing Director of KPJ Healthcare Berhad since 1993. She is also currently the Chairman of Johor Specialist Hospital Sdn. Bhd., Puteri Specialist Hospital Sdn. Bhd., Damansara Specialist Hospital Sdn. Bhd., Pusat Pakar Tawakal Sdn. Bhd. and Medical Centre (Johore) Sdn. Bhd.. She also sits as a Director in other companies within the Johor Corporation group of companies, such as Kulim (M) Berhad, Puteri Hotel Sdn. Bhd. and JMF Asset Management Sdn. Bhd., as well as Klinik Waqaf An-Nur Berhad, a non-governmental organization dedicated to the provision of healthcare services to the less fortunate. In addition, she has also been a Board member of MATRADE since 1999, Chairman of the Audit Committee of MATRADE since 2003, a member of the National Productivity Corporation's Consultative Panel on Healthcare since 2001, and a member of the National Patient Safety Council, Ministry of Health since 2003. She graduated with a Bachelor of Economics from the University of Malaya in 1974.

Dato' Abdul Wahid bin Omar was elected as an Independent Non-Executive Director on April 10, 2004 by our shareholders. He has been the Group Chief Executive Officer of Telekom Malaysia since July 1, 2004. He was previously the Managing Director and Chief Executive Officer of United Engineers (Malaysia) Berhad ("UEM") from October 1, 2001 to June 30, 2004. During his tenure at UEM group of companies, he also served on the Boards of Directors of UEM World Berhad, PLUS Expressways Berhad, UEM Builders Berhad, Pharmaniaga Berhad and certain subsidiaries of UEM. Prior to working for the UEM group of companies, he served as Director, Group Corporate Services of Amanah Capital Group. He was also the Chairman of Amanah Short Deposits Bhd. from 1999 to 2001 and Director of Alliance Merchant Bank Bhd. from 1999 to 2001. He has also been a member of the Lembaga Tabung Haji Investment Panel since September 2001. He is a member of the Association of Chartered Certified Accountants (United Kingdom) and the Malaysian Institute of Accountants.

15. MANAGEMENT (cont'd)

Dr. Thillainathan a/l Ramasamy was elected as an Independent Non-Executive Director on April 10, 2004 by our shareholders. He was an Associate Professor of University Malaya from 1977 to 1979. He has approximately ten (10) years of experience in the banking industry having served as General Manager of the Arab Malaysian Merchant Bank, General Manager and Joint Managing Director of Bank Pusat Kerjasama Bhd. as well as General Manager and Chief Executive Officer of Bank Buruh (Malaysia) Bhd. In addition, he has served on various national task forces, advisory panels and consultative councils including the National Economic Panel from 1982 to 1987, the Anti-Recession Task Force from 1986 to 1987, Task Force on Capital Market Development from 1988 to 1991, Investment Panel of the EPF from 1988 to 2001, National Economic Consultative Council in 1990 and the Majlis Perundingan Ekonomi Negara Kedua from 1999 to 2000. He has been the Chief Operating Officer and Executive Director of Genting Bhd. since November 26, 2002 and January 15, 2003, respectively. He also currently sits on the board of various companies of the Genting Group and Petronas Dagangan Bhd. He graduated with a Bachelor of Arts Degree in Economics from University Malaya in 1968, and received his Master and Doctorate of Economics from the London School of Economics, United Kingdom in 1970 and 1976, respectively. He was the President of the Malaysian Economic Association from 1996 to 2002.

Izham bin Yusoff was elected as an Independent Non-Executive Director on April 10, 2004 by our shareholders. He began his career with Citibank NA in Miami as Assistant Business Planning & Analysis Manager from January 1992 to June 1992 before joining Procter & Gamble in Singapore as Financial Analysis Manager, Corporate from July 1992 to September 1995. He then joined Citibank Bhd. in Malaysia as Financial Controller from October 1995 to November 1996. He was the Corporate Strategy Manager with Maxis Bhd. from December 1996 to December 1997, Special Assistant to the Managing Director of EON Bhd. from January 1998 to July 2002 and Managing Director of Amanah Raya Bhd. from August 2002 to June 30, 2004. He has been the Chief Executive Officer of KUB Malaysia Berhad since July 1, 2004. He graduated with a Bachelor in Accounting from University of Miami, US in 1990 and a Master of Business Administration (Accounting & International Business) from the University of Miami in 1991.

Peter Leong Tuck Leng was elected as a Non-Independent Non-Executive Director on April 10, 2004 by our shareholders. He has more than 23 years of experience in the securities industry, having served as a member of the Exchanges' Listing Committee since 2002, Membership Committee from 2001 to 2003 and Budget & Investment Committee from 2002 to 2003. He is the current Chairman of the Association of Stockbroking Companies Malaysia and is the Executive Director as well as the Chief Executive Officer of EONCAP Securities Sdn. Bhd. (formerly known as Leong & Company Sdn. Bhd.). He graduated with a Bachelor Degree in Applied Economics in 1981 and received his Master of Economics from the London School of Economics in 1982.

15. MANAGEMENT (cont'd)

Dato' Seri Hwang Sing Lue was elected as a Non-Independent Non-Executive Director on April 10, 2004 by our shareholders. He is the founder of Hwang-DBS Securities Berhad and has over 30 years of experience in the securities industry. Since August 1995, he has held the position of Executive Chairman of Hwang-DBS (Malaysia) Berhad, a company listed under the Finance Sector of the Main Board of Bursa Securities. In addition to his directorships on the Board of Hwang-DBS group of companies and our Company, Dato' Seri Hwang has also been a Committee Member of the Association of Stockbroking Companies of Malaysia since November 2002. He is also actively involved in the rubber industry, holding the position of a Board Member of the Malaysian Rubber Board, an Arbitrator of the Panel of Malaysian Rubber Exchange of Arbitrators and the President of the Federation of Rubber Trade Associations of Malaysia.

Cheah Tek Kuang, was elected as a Non-Independent Non-Executive Director on April 10, 2004 by our shareholders. He began his career with the Malaysian Industrial Development Authority from October 1970 to October 1978. His experience in the securities and derivatives markets includes serving on the Board of Directors of Kuala Lumpur Commodity Exchange from 1994 to 2000 and the Malaysian Exchange of Securities Dealing and Automated Quotation Bhd. from 2000 to 2002. He was conferred Justice of Peace by Duli Yang Maha Mulia Sultan of Selangor in 1999 and is a Fellow of the Institute of Bankers Malaysia. He has been with AmMerchant Bank Bhd. since 1978 and was appointed its Chief Executive Officer and Managing Director in 1994, before becoming its Group Managing Director in 2002. On January 1, 2005, he was appointed as Group Managing Director of AMMB Holdings Bhd.. He currently sits on the boards of other companies within the AMMB Holdings Bhd. group. He graduated with a Bachelor of Economics from University Malaya in 1970.

15.1.2 Directors' Shareholding

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 the date of this Prospectus:

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	-	-

15. MANAGEMENT (cont'd)

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	%
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 Hwang 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.

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 in the extraordinary general meeting held on December 11, 2004. See Section 25 (Draft ESOS Bye-Laws) for the terms of the ESOS. The exercise of the Options over the majority of the Shares under the ESOS are restricted, to be released based on, among other things, the performance of the grantees during the tenure of the Options.

15.1.3 Directorships and substantial shareholdings in all other public corporations for the past two (2) years

The directorships and substantial shareholdings of our Directors in other companies which are public or publicly listed, held in the two (2) years preceding January 31, 2005, being the latest practicable date prior to the registration of this Prospectus with the Securities Commission are set forth below.

Names	Name of Company	Nature of Interest	Substantial shareholdings			
			Direct		Indirect	
			Number of shares	Percentage of issued shares	Number of shares	Percentage of issued shares
Tun Mohamed Dzaidin bin Haji Abdullah	Deutsche Bank (Malaysia) Berhad	Directorship	-	-	-	-
Dato' Abdul Latif bin Abdullah	Ekowood International Berhad	Directorship	-	-	-	-
	Efficient E-Solutions Bhd. Tamco Corporate Holdings Berhad	Directorship	-	-	-	-
Datin Paduka Siti Sa'diah binti Sheikh Bakir	KPJ Healthcare Berhad	Directorship	-	-	-	-
	Pengurusan Klinik Waqaf An-Nur Berhad	Directorship	-	-	-	-
	PT Selasih Husada Pratama (resigned on January 1, 2005)	Directorship	-	-	-	-
	PT Khasanah Putera Jakarta, Medica	Directorship	-	-	-	-

15. MANAGEMENT (cont'd)

Names	Name of Company	Nature of interest	Substantial shareholdings			
			Direct		Indirect	
			Number of shares	Percentage of issued shares	Number of shares	Percentage of issued shares
Dato' Abdul Wahid bin Omar	PT Khidmat Perawatan Jasa Medika	Directorship	-	-	-	-
	Kulim (M) Berhad	Directorship	-	-	-	-
	Telekom Malaysia Berhad	Directorship	-	-	-	-
	VADS Berhad	Directorship	-	-	-	-
	Celcom (Malaysia) Berhad	Directorship	-	-	-	-
	UEM Builders Berhad (resigned on June 30, 2004)	Directorship	-	-	-	-
	Pharmaniaga Berhad (resigned on June 30, 2004)	Directorship	-	-	-	-
	Projek Penyelenggaraan Lebuhraya Berhad (resigned on June 30, 2004)	Directorship	-	-	-	-
	PLUS Expressways Berhad (resigned on June 30, 2004)	Directorship	-	-	-	-
	United Engineers (Malaysia) Berhad (resigned on June 30, 2004)	Directorship	-	-	-	-
	Linkedua (Malaysia) Berhad (resigned on June 30, 2004)	Directorship	-	-	-	-
	Projek Lebuhraya Utara-Selatan Berhad (resigned on June 30, 2004)	Directorship	-	-	-	-
	UEM World Berhad (resigned on June 30, 2004)	Directorship	-	-	-	-
	Dr. Thillainathan a/l Ramasamy	Genting Berhad	Directorship	-	-	-
Petronas Dagangan Berhad		Directorship	-	-	-	-
Genting Sanyen Power (Labuan) Limited		Directorship	-	-	-	-
Genting Sanyen Utilities Limited		Directorship	-	-	-	-
Genting (Labuan) Limited		Directorship	-	-	-	-
Genting International Paper Holdings Ltd		Directorship	-	-	-	-
Genting International Paper Manufactures Ltd		Directorship	-	-	-	-
Genting Overseas Investments Ltd		Directorship	-	-	-	-
Genting Oil & Gas (China) Limited		Directorship	-	-	-	-
Genting Oil & Gas Limited		Directorship	-	-	-	-
Genting Power (M) Limited		Directorship	-	-	-	-
Genting Power (Swiss) GmbH		Directorship	-	-	-	-
Genting Power (India) Limited		Directorship	-	-	-	-
Genting Power Holdings Limited		Directorship	-	-	-	-
Genting Power International Limited		Directorship	-	-	-	-
Sorona Limited		Directorship	-	-	-	-
Laila Limited		Directorship	-	-	-	-
Logan Lock Limited		Directorship	-	-	-	-
WEB Energy Limited		Directorship	-	-	-	-
RWB (Labuan) Limited		Directorship	-	-	-	-
RWB International (Labuan) Limited	Directorship	-	-	-	-	

15. MANAGEMENT (cont'd)

Names	Name of Company	Nature of interest	Substantial shareholdings			
			Direct		Indirect	
			Number of shares	Percentage of issued shares	Number of shares	Percentage of issued shares
Izham bin Yusoff	Prime Venture (Labuan) Limited	Directorship	-	-	-	-
	Resorts World (Labuan) Limited	Directorship	-	-	-	-
	GHR Risk Management (Labuan) Limited	Directorship	-	-	-	-
	Prime Holdings (Labuan) Limited	Directorship	-	-	-	-
	KUB Malaysia Berhad	Directorship	-	-	-	-
	Computer Forms (Malaysia) Berhad	Directorship	-	-	-	-
	KUB Development Berhad	Directorship	-	-	-	-
	Amanah Raya Berhad (resigned on July 1, 2004)	Directorship	-	-	-	-
Dato' Seri Hwang Sing Lue	Hwang-DBS (Malaysia) Berhad	Directorship/ Substantial shareholding	10,864,119	4.15	68,182,000 ⁽¹⁾	26.02
	Hwang-DBS Securities Berhad	Directorship/ Substantial shareholding	-	-	250,000,000 ⁽²⁾	100.00
	Hwang-DBS Unit Trust Berhad	Directorship/ Substantial shareholding	-	-	5,300,000 ⁽²⁾	53.00
	Amluck Enterprises Ltd	Directorship/ Substantial shareholding	150,000	33.33	-	-
	Equity and Property Investment Corporation Limited	Directorship/ Substantial shareholding	-	-	13,463,536 ⁽³⁾	24.64
Cheah Tek Kuang	AmMerchant Bank Berhad	Directorship	-	-	-	-
	AMMB Holdings Berhad	Directorship	-	-	-	-
	AmBank Berhad	Directorship	-	-	-	-
	AMFB Holdings Berhad	Directorship	-	-	-	-
	AmFinance Berhad	Directorship	-	-	-	-
	AmInvestment Group Berhad	Directorship	-	-	-	-

Notes:

⁽¹⁾ Deemed interest through Hwang Enterprises Sdn. Bhd., Ladies' Own Sdn. Bhd. and Pensin Investment Pte. Ltd..

⁽²⁾ Deemed interest through Hwang-DBS (Malaysia) Berhad.

⁽³⁾ Deemed interest through Itarki Pty Ltd and Ladies' Own Sdn. Bhd..

15. MANAGEMENT (*cont'd*)

15.1.4 Audit Committee

Our present Audit Committee was constituted on April 30, 2004 and its members are appointed annually by our Board of Directors. It is responsible for reviewing reports from internal and external auditors, evaluating existing policies, establishing audit quality and ensuring compliance with our Company's and our group's policies. Our Audit Committee is also responsible for ensuring that proper processes and procedures are in place to comply with all laws, regulations and rules established by all relevant regulatory bodies, and reviews any related party transactions and conflict of interest situations that may arise. Our Audit Committee currently comprises the following members:

Name	Position	Date of Appointment on Audit Committee	Directorship
Dato' Abdul Wahid bin Omar	Chairman	May 12, 2004	Independent Non-Executive Director
Datuk Azman bin Abdul Rashid	Member	July 23, 2004	Non-Executive Director and Public Interest Director
Datin Paduka Siti Sa'diah binti Sheikh Bakir	Member	May 12, 2004	Independent Non-Executive Director
Dr. Thillainathan a/l Ramasamy	Member	May 12, 2004	Independent Non-Executive Director
Cheah Tek Kuang	Member	May 12, 2004	Non-Independent Non-Executive Director

15.1.5 Nomination and Remuneration Committee

Our present Nomination and Remuneration Committee was established on April 13, 2004 and its members are appointed annually by our Board of Directors. It is primarily responsible for recommending candidates for appointments to our Board of Directors, board committees, consultative panels, regulatory committees and key management positions, and also recommends and negotiates the compensation packages for these appointments. Our Nomination and Remuneration Committee is also responsible for establishing performance criteria to evaluate the performance of each member of our Board of Directors and our Chief Executive Officer, and reviewing their respective performances. Members of our Nomination and Remuneration Committee also serves as members of our Option Committee for the ESOS. Our Nomination and Remuneration Committee currently comprises the following members:

Name	Position	Date of Appointment on Nomination and Remuneration Committee	Directorship
Tun Mohamed Dzaidin bin Haji Abdullah	Chairman	April 13, 2004	Chairman, Non-Executive Director and Public Interest Director
Datin Paduka Siti Sa'diah binti Sheikh Bakir	Member	April 13, 2004	Independent Non-Executive Director
Dato' Abdul Wahid bin Omar	Member	April 13, 2004	Independent Non-Executive Director
Izham bin Yusoff	Member	April 13, 2004	Independent Non-Executive Director
Peter Leong Tuck Leng	Member	April 13, 2004	Non-Independent Non-Executive Director

15. MANAGEMENT (cont'd)

15.1.6 Investment Advisory Committee

Our Investment Advisory Committee, established on April 30, 2004, is appointed annually by our Board of Directors and is primarily responsible for reviewing and recommending strategic investment decisions for our Company and our group. Our Investment Advisory Committee currently comprises the following members:

Name	Position	Date of Appointment on Investment Advisory Committee	Directorship
Dr. Thillainathan a/l Ramasamy	Chairman	May 12, 2004	Independent Non-Executive Director
Yusli bin Mohamed Yusoff	Member	May 12, 2004	Chief Executive Officer and Executive Director
Dato' Abdul Latif bin Abdullah	Member	May 12, 2004	Non-Executive Director and Public Interest Director
Dato' Abdul Wahid bin Omar	Member	May 12, 2004	Independent Non-Executive Director
Cheah Tek Kuang	Member	May 12, 2004	Non-Independent Non-Executive Director

15.1.7 Risk Management Committee

Our Risk Management Committee, established on April 30, 2004, is appointed annually by our Board of Directors and is primarily responsible for reviewing and recommending our risk management policies and strategies. It assists our Board in fulfilling its corporate governance, risk management, and statutory responsibilities in order to manage our overall risk exposure. Our Risk Management Committee currently comprises the following members:

Name	Position	Date of Appointment on Risk Management Committee	Directorship
Tun Mohamed Dzaidin bin Haji Abdullah	Chairman	May 12, 2004	Chairman, Non-Executive Director and Public Interest Director
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	Member	June 19, 2004	Non-Executive Director and Public Interest Director
Dr. Thillainathan a/l Ramasamy	Member	May 12, 2004	Independent Non-Executive Director
Dato' Seri Hwang Sing Lue	Member	May 12, 2004	Non-Independent Non-Executive Director
Cheah Tek Kuang	Member	May 12, 2004	Non-Independent Non-Executive Director

15. MANAGEMENT (*cont'd*)15.1.8 **Articles Governing Our Directors**

The relevant Articles of Association relating to remuneration, voting powers and borrowing powers of our Directors are as follows:

Remuneration of Directors

The provisions of our Articles of Association dealing with the remuneration of the Directors are as follows:

Article 78 - Directors' remuneration

The fees payable to the Directors shall from time to time be determined by an Ordinary Resolution¹ of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, provided always that:

- (a) salaries payable to executive Director(s) may not include a commission on or percentage of turnover;
- (b) fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;
- (c) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (d) fees payable to Directors shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 79 - Reimbursement of expenses

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings of the Company.
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Directors' fees and such special remuneration may be by way of a fixed sum or otherwise as may be arranged.

¹ A resolution which has been passed by a simple majority of members who are present and voting at the particular meeting.

15. MANAGEMENT (cont'd)

Voting powers of Directors

The provisions in our Articles of Association dealing with voting powers of our Directors in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Article 95 - Disclosure of interest and restriction on voting

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted.

Article 96 - Power to vote

Subject to Article 95, a Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

Article 97 - Directors may become directors of other corporation

A Director of the Company may be or become a Director or other officer of or otherwise be interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all aspects as they think fit (including the exercise thereof in favor of any resolution appointing themselves or any of the Directors or other officers of such corporation) and any Director may vote in favor of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed, a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid provided always that he has complied with Section 131 and all other relevant provisions of the Act² and of these articles.

² The Companies Act, 1965

15. MANAGEMENT (cont'd)

Borrowing powers of Directors

The provisions in our Articles of Association dealing with the borrowing powers of the Directors and how such borrowing powers can be varied are as follows:

Article 82 - Directors' borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries.

15.1.9 Employment Contracts with Directors

We have entered into a service contract with Yusli bin Mohamed Yusoff, our Chief Executive Officer, with effect from March 1, 2004. A letter of appointment dated January 13, 2004 governs the terms of his employment. Under the terms of the letter of appointment, the tenure of his employment is three (3) years, ending January 2007 with a provision for extension by mutual agreement. His service contract can be terminated by either party. The notice period in the event of termination is three (3) months' written notice or three months' salary in lieu of notice.

We have also entered into a service contract with Tun Mohamed Dzaiddin bin Haji Abdullah for the position of Non-Executive Chairman. A letter of appointment dated February 20, 2004 governs the terms of his employment. As a Public Interest Director, his appointment by the Minister of Finance is for a period of two (2) years. None of the other Directors have service contracts with us.

15.1.10 Remuneration of Directors

The aggregate remuneration and benefits paid and proposed to be paid to our Directors for services rendered to us in all capacities was approximately RM2.7 million for the year ended December 31, 2003, RM4.2 million for the year ended December 31, 2004 (based on management accounts) and forecast at RM2.4 million for the year ending December 31, 2005.

The remuneration which would comprise our Directors' fees and allowances as well as the benefits of our Directors must be considered and recommended by the Nomination and Remuneration Committee and subsequently approved by our Board of Directors. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

The remuneration and benefits paid to our Directors are as follows:

	For financial year ended/ending December 31,		
	2003 (Actual)	2004 (Actual) ⁽¹⁾	2005 (Forecast)
Remuneration band:	Number of Directors	Number of Directors	Number of Directors
Below RM500,000	7	17	11
Between RM500,001 to RM1,000,000	1	-	-
Above RM1,000,000	1	2	1

15. MANAGEMENT (cont'd)

Notes:

⁽¹⁾ Based on management accounts.

⁽²⁾ The remuneration in the table does not include the value of any Options which may be granted to our Directors under the ESOS.

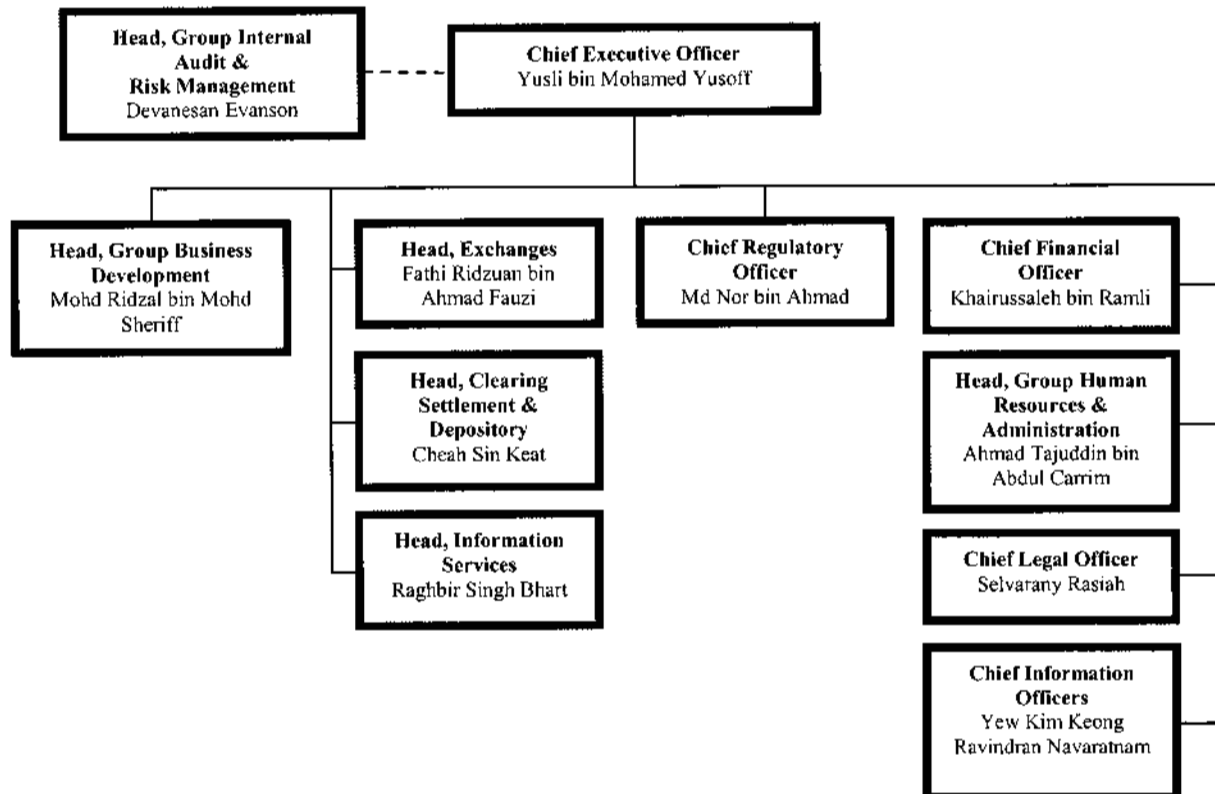
Save as disclosed in this Prospectus, none of our Directors has any interest, direct or indirect:

- (i) in the promotion of, or in any material assets which have been, within the two (2) years preceding the date of this Prospectus, acquired or disposed of by or leased to or proposed to be acquired; or
- (ii) in any contract or arrangement which is material in relation to our business subsisting as at the date of this Prospectus.

Save for the above, we have not paid or given any amount or benefit to our Directors within the two (2) years preceding the date of this Prospectus.

15.2 Key Management Personnel

Our key management personnel are responsible for our day-to-day management and operations. Our key management personnel consists of experienced personnel in charge of operations, regulation, marketing, communications, finance and strategic management. The following chart shows the current internal organization structure of our key management personnel:



15. MANAGEMENT (cont'd)

The following table lists our key management personnel:

Name	Age	Designation
Yusli bin Mohamed Yusoff	46	Chief Executive Officer and Executive Director
Md Nor bin Ahmad	54	Chief Regulatory Officer
Khairussaleh bin Ramli	38	Chief Financial Officer, Finance and Strategy
Mohd Ridzal bin Mohd Sheriff	40	Head, Group Business Development
Fathi Ridzuan bin Ahmad Fauzi	40	Head, Exchanges
Cheah Sin Keat	43	Head, Clearing, Settlement and Depository
Raghibir Singh Bhart	51	Head, Information Services
Ravindran Navaratnam	41	Chief Information Officer, Technology, Strategy and Transformation Group
Yew Kim Keong	45	Chief Information Officer, Operation, Technology Group
Ahmad Tajuddin bin Abdul Carrim	52	Head, Group Human Resources and Administration
Devanesan Evanson	50	Head, Group Internal Audit & Risk Management
Selvarany Rasiah	40	Chief Legal Officer

15.2.1 Biographies of Key Management Personnel

The biography of Yusli bin Mohamed Yusoff is set out in Section 15.1.1 (Management — Board of Directors — Biographies of Directors).

Md Nor bin Ahmad was appointed as our Chief Regulatory Officer on September 1, 2003. He was previously an accountant at the Registrar of Companies from 1977 to 1980, an accountant at the Malaysian Road Transport Department in 1980, the Chief Accountant of the Sabah Islamic Council from 1980 to 1983, our Assistant General Manager from 1983 to 1986, our Deputy General Manager from 1987 to 1994, General Manager of Bursa Depository from 1995 to 1999 and our Deputy President, Exchange Operations from 1996 to 2003. He graduated with a Bachelor of Commerce and Administration from Victoria University of Wellington, New Zealand in 1978 and is an Associate Chartered Accountant (New Zealand).

Khairussaleh bin Ramli was appointed as our Chief Financial Officer, Finance and Strategy on June 1, 2004. He joined us in 1998 as Senior Manager, Strategic Planning and International Affairs, before becoming Senior Vice President, Policy and Development in 2001 and our Head, Strategy and Corporate Finance in 2003. Prior to joining us, he had also served the Public Bank group for seven (7) years, during which time he gained experience in corporate banking, equity research and futures broking, including serving as Executive Director, PB Futures from 1995 to 1997. He graduated with a Bachelor of Science in Business Administration from the Olin School of Business, Washington University, US in 1989.

15. MANAGEMENT (cont'd)

Mohd Ridzal bin Mohd Sheriff was appointed as our Head of Group Business Development on November 1, 2004. Previously, he was our Head of Clearing, Settlement and Depository Business Unit from 2003 to 2004, Chief Executive Officer of Bursa Derivatives Clearing from 2000 to 2004, General Manager of Bursa Securities Clearing from 2002 to 2004 and General Manager of Bursa Depository from 2003 to 2004. Before joining us, he worked in a merchant bank, was a stockbroker and was the Managing Director of Ultimate Futures Sdn. Bhd., a futures broking firm. He was also appointed to the board of directors of Bursa Derivatives from 1997 to 2000 and Bursa Derivatives Clearing from 1998 to 2000. He graduated from University of London with LLB (Hons) in 1989. He qualified as a licensed Dealers Representative in 1993 and a licensed Futures Brokers' Representative in 1996.

Fathi Ridzuan bin Ahmad Fauzi was appointed as our Head, Exchanges on April 17, 2004. He was previously an accountant at Bursa Depository from 1991 to 1992, Senior Manager, Finance and Administration of Bursa Depository from 1995 to 1997, Senior Vice President, Finance and Administration of Malaysian Exchange Securities Dealing Automated Quotation Bhd. from 1997 to 1999, Assistant General Manager, Finance and Administration of Bursa Securities Clearing from 1999 to 2001, Senior Vice President, Finance and Administration of Bursa Securities Clearing in 2002, General Manager of Bursa Depository from 2002 to 2003, and our Head, Information Services from 2003 to 2004. He graduated with a Bachelor of Science in Accounting and Financial Analysis from the School of Industry and Business Studies, University of Warwick, United Kingdom in 1988.

Cheah Sin Keat was appointed Head of Clearing, Settlement and Depository Business Unit on November 1, 2004. He was our Head of Operations Risk from 2002 to 2004. He started his career with us in 1995 in Bursa Derivatives Clearing and by 2002 rose to the rank of Deputy Chief Executive Officer. Prior to joining us, he was with the Securities Commission from 1993 to 1995 and was responsible for establishing the derivatives market and promoting risk management. From 1985 to 1993 he served in Bank Negara Malaysia in the Economics Department and later in the Exchange Control Department. He graduated with a Bachelor of Economics from University Malaya in 1985. He is also a certified Financial Risk Manager and a fellow member of the Global Association of Risk Professionals.

Raghibir Singh Bhart was appointed as our Head, Information Services on April 13, 2004. He was previously Assistant Secretary of Ministry of Primary Industries from 1976 to 1980, Company Secretary of the Kuala Lumpur Commodity Exchange from 1980 to 1986 and Chief Executive of the Kuala Lumpur Commodity Exchange from 1996 to October 1998. He became the General Manager of COMMEX from October 1998 to December 2003 when the Kuala Lumpur Commodity Exchange merged its operations with the Monetary Exchange to form COMMEX. He graduated with a Bachelor of Economics from University Malaya in 1976 and a Bachelor of Laws from the University of London in 1994. He also graduated from the Advanced Management Course from Harvard Business School, US in 1998 and the Civil Service Commission Examinations, Government of Malaysia in 1978.

15. MANAGEMENT (cont'd)

Ravindran Navaratnam joined us as Chief Information Officer on November 1, 2002. He was made Chief Information Officer, Technology, Strategy and Transformation Group on July 1, 2004. He was previously an engineer at Seagate Technology Pte. Ltd. from 1987 to 1988, Audit Junior of Cohen Arnold & Co. from 1988 to 1989, Senior Audit Assistant of Touche Ross & Co. from 1989 to 1992, Principal Consultant of PricewaterhouseCoopers Consulting Sdn. Bhd. from 1992 to 1996, General Manager, Corporate Services of Danaharta Bhd. (secondment) from 1998 to 2001, and Director of PricewaterhouseCoopers Consulting Sdn. Bhd. from 2001 to 2002. He graduated with a Bachelor of Science (Hons) in Electrical and Electronic Engineering from the University of Wales, United Kingdom in 1987 and is an associate of the Institute of Chartered Accountants in England and Wales.

Yew Kim Keong was appointed as our Chief Information Officer, Operations, Technology Group on July 1, 2004. He was previously Manager, Information Technology of Bursa Securities Clearing from 1990 to 1993, Senior Manager, Information Technology of Bursa Securities Clearing from 1994 to 1995, Assistant General Manager, Information Technology of Bursa Securities Clearing from 1996 to 1999, Senior Vice President, Facilities Management of Bursa Malaysia from 1999 to 2002 and Head, Facilities Management of Bursa IT from 2002 to 2004. He graduated with a higher diploma in Computer Science from ICL Training Services, Beaumont, United Kingdom in 1990.

Ahmad Tajuddin bin Abdul Carrim was appointed as our Head, Group Human Resources on July 1, 2003. He was made Head, Group Human Resources and Administration effective from May 1, 2004. He was previously the Personnel and Administrative Director of Nike (M) Sdn. Bhd. from 1980 to 1985, Human Resources Manager of Mattel (M) Sdn. Bhd. from 1985 to 1988, Human Resources Manager of Motorola Electronics Sdn. Bhd. from 1989 to 1997, Employee Relations Manager of Motorola Inc. Chicago in 1994 and Asia Pacific Human Resource Director at Motorola Inc. from 1997 to 2002. He graduated with a Master of Arts in Human Resources (Training and Development) from the Asia Pacific International University in 1994.

Devanesan Evanson was appointed as our Head, Group Internal Audit and Risk Management on January 1, 2004. He was previously an external auditor of Hanafiah Raslan and Mohamad from 1979 to 1985, Internal Audit Manager of SJ Kumpulan Bhd. from 1985 to 1991 and Internal Auditor of D&C Mitsui Merchant Bank from 1991 to 1992. He joined us in 1992 as an Internal Auditor, and became Manager, Group Internal Audit in 1994, Senior Manager, Group Internal Audit in 1995 and Senior Vice President, Group Internal Audit in 1997. He also served as Senior Vice President, Compliance and Inspection in 1998 and Senior Vice President, Legal Advisory and Membership Services in 2002 within the Market Supervision Group. He graduated with a Diploma in Commerce (Financial Accounting) from TAR College in 1978 and is a fellow of the Association of Chartered Certified Accountants (FCCA). He also graduated with a Bachelor of Laws from the University of London in 1989. He is a Chartered Accountant (Malaysia Institute of Accountants), a Governor and past president of the Institute of Internal Auditors Malaysia and a member of the Malaysian Advisory Committee of ACCA.

15. MANAGEMENT (cont'd)

Selvarany Rasiah was appointed as our Chief Legal Officer on July 1, 2004. She joined us in November 1992 as a Legal Officer. Prior to that, she was a practising lawyer at Messrs. David Lingam & Co. She has held various positions in our group including as Assistant General Manager, Corporate Affairs, Legal & Compliance, Bursa Depository, Senior Vice President/Legal Advisor, Listing and Head Regulatory Issues & Legal Advisory. She has more than 12 years of experience in dealing with regulatory matters and has dealt with a wide range of regulatory work relating to the capital markets. She has served on various task forces on capital market initiatives such as the working groups on Best Practices for Corporate Governance and Law Reform Issues on Corporate Governance and the task force on Corporate Disclosure Best Practices. She is presently a member of the Corporate Law Reform Steering Committee set up under the auspices of the Companies Commission of Malaysia as well as the Ethics Committee of the Malaysian Institute of Accountants. She graduated with a Bachelor of Laws from University Malaya in 1989 and has been admitted as an Advocate and Solicitor of the High Court of Malaya.

15.2.2 Key Management Personnel's Shareholding

The table below sets forth our key management personnel with their interest together with their in our Shares before and after the Initial Public Offering (excluding the effects of the ESOS) based on their shareholding as at the date of this Prospectus.

Name	Nationality	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	-	-	-	-	250,000	0.05	-	-
Md Nor bin Ahmad	Malaysian	-	-	-	-	200,000	0.04	-	-
Khairussalch bin Ramli	Malaysian	-	-	-	-	175,000	0.04	-	-
Mohd Ridzal bin Mohd Sheriff	Malaysian	-	-	-	-	150,000	0.03	-	-
Fathi Ridzuan bin Ahmad Fauzi	Malaysian	-	-	-	-	175,000	0.04	-	-
Cheah Sin Keat	Malaysian	-	-	-	-	150,000	0.03	-	-
Raghbir Singh Bhart	Malaysian	-	-	-	-	150,000	0.03	-	-
Ravindran Navaratnam	Malaysian	-	-	-	-	150,000	0.03	-	-
Yew Kim Keong	Malaysian	-	-	-	-	200,000	0.04	-	-
Ahmad Tajuddin bin Abdul Carrim	Malaysian	-	-	-	-	150,000	0.03	-	-
Devanesan Evanson	Malaysian	-	-	-	-	150,000	0.03	-	-
Selvarany Rasiah	Malaysian	-	-	-	-	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 in Section 15.1.2 (Management — Board of Directors — Directors' Shareholding), under the ESOS subject to our Listing. The exercise of the Options over a majority of the Shares under the ESOS are restricted, based on, among other things, the performance of the grantees during the terms of the Options. See Section 12.26 (Business — Employees' Share Option Scheme).

15. MANAGEMENT *(cont'd)*

Other than the Options to be granted pursuant to the ESOS and the allocation of Shares pursuant to the Initial Public Offering, no member of our key management personnel owns, directly or indirectly, any option to purchase any of our Shares.

15.2.3 *Employment Contracts of Key Management Personnel*

All key management personnel as set out in this Section 15.2 (Management — Key Management Personnel) have fixed term service/employment contracts, typically for a two (2)-year term. The majority of the fixed term contracts are subject to early termination provisions and may be renewed upon mutual agreement. For key management personnel who meet or exceed agreed performance benchmarks, new two (2) year contracts will be offered at the end of the first year of each contract term. Accordingly, key management personnel who accepts our offer will have a contract tenure of at least one (1) year outstanding at any one (1) point in time. Early termination is conditional upon requisite notice having been given or the payment of an equivalent amount in terms of monthly salary in lieu of notice. For some contracts, termination by us during the first 24 months of service will require compensation of an amount equivalent to the monthly basic salary payable up to the expiration of the contract. Similarly, for some contracts where the key management personnel had accepted our Sign-on Incentive payment, early termination by the employee will require repayment by the employee of either the full amount or a portion of the Sign-on Incentive. Most of the service contracts also provide for a gratuity to be paid at the end of the contract period based on two (2) months' salary for every completed year of service. All service and employment contracts with key management personnel contain confidentiality provisions.

15.2.4 *Involvement of Key Management Personnel in other businesses or corporations*

None of our key management personnel is involved in other businesses or corporations in an executive capacity. As at the date of this Prospectus, none of our key management personnel has any shareholding, direct or indirect, in our Company.

15.3 *Other Matters*

Each of our Directors and our key management personnel has confirmed to us that he/she is not and has not been involved in any of the following events:

- (i) a petition under any bankruptcy or insolvency laws being filed (and not struck out) against such person or any partnership in which he was a partner or any company of which he was a director or key personnel;
- (ii) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; and
- (iii) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

15. MANAGEMENT (cont'd)

Three (3) of our key management personnel have housing loans from us. The loans carry a fixed rate of interest and are repayable in full at the end of the relevant employees' respective contract terms.

15.4 Relationships or Associations between Substantial Shareholders, Our Directors and Key Management Personnel

Our Chief Executive Officer, Yusli bin Mohamed Yusoff is a Director of one of our substantial shareholders, CMDF. Save for the above, and as disclosed in Section 15 (Management) and Section 16 (Substantial Shareholders), there are no relationships or associations between any of the substantial shareholders our Directors and our key management personnel.

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16. SUBSTANTIAL SHAREHOLDERS

Substantial shareholding in accordance with the Companies Act is an amount not less than 5.0 per cent. of the outstanding Shares.

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	-	-

Save for the foregoing, we are not aware of any other person who directly or indirectly, jointly or severally, has significant influence over us.

16.1 MOF Inc

Our substantial shareholder, MOF Inc, is a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957. As such, MOF Inc does not have any share capital, substantial shareholders, or board of directors. The principal activity of MOF Inc is that of investment holding.

16.2 CMDF

Our substantial shareholder, CMDF is an independent statutory fund established pursuant to Section 83C of the Securities Industry Act. The objects of the CMDF are as follows:

- (i) the promotion of the capital market in Malaysia to be an efficient, innovative and internationally competitive market;
- (ii) the development and upgrading of skills and expertise required by the capital market in Malaysia;
- (iii) the development of self-regulation by professional associations and market bodies in the securities and futures industries; and
- (iv) the development and support of high quality research and development programs and projects relating to the capital market in Malaysia.

16. SUBSTANTIAL SHAREHOLDERS (cont'd)

The board members of CMDF as at January 31, 2005 are as follows:

- (i) Dato' Md Nor bin Yusof (Chairman);
- (ii) Dato' Zarinah binti Anwar;
- (iii) Yusli bin Mohamed Yusoff;
- (iv) Tan Sri Dato' Sri Dr. Chua Hock Chin;
- (v) Tan Sri Dato' Sri Dr. Syed Jalaludin bin Syed Salim;
- (vi) Datuk Megat Zaharuddin bin Megat Mohd Nor; and
- (vii) George Ratilal.

The board members of the CMDF are appointed by the Minister of Finance for a term not exceeding three (3) years.

There has been no change in our substantial shareholders since our demutualization on January 5, 2004.

Save for the Shares issued to our substantial shareholders pursuant to our demutualization and the amount of capital to be repaid to all of our shareholders (see Section 20.1 (Listing Scheme and Capital Reduction — Members' Scheme of Arrangement)), we have not paid any amount or given any benefit to our substantial shareholders within the two (2) years preceding the date of this Prospectus.

17. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS

17.1 Related Party Transactions

Under the Bursa Securities LR that are applicable to companies listed on the Main Board and Second Board, a “related party transaction” is a transaction entered into by a listed company or its subsidiaries that involves the interests, direct or indirect, of a related party. A “related party” of a listed company is a:

- (i) director; or
- (ii) shareholder having an interest of 5.0 per cent. or more of the aggregate of the nominal amounts of all the voting shares (“major shareholder”).

of the listed company or its subsidiaries or holding company or the subsidiaries of its holding company and includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a director or major shareholder. Further, a related party includes a person connected with such director or major shareholder.

Save as disclosed below, as at December 31, 2004, we do not have any material transaction, existing or potential, entered or to be entered by us which involves the interest, direct or indirect, of our related parties as defined under the Bursa Securities LR.

We obtain legal services from Kadir, Andri & Partners (“KAP”). The aggregate of our existing or potential transactions with KAP is approximately RM1.1 million from January 31, 2005 up to the expected date of our next annual general meeting whereby we may seek the general mandate from shareholders for the procurement of legal services from KAP. KAP is deemed a related party to us because Kadir Kassim, the managing partner of KAP, is presently a director of LFX and was until April 1, 2004, our committee member and inaugural board member and a board member of Bursa Securities Clearing.

Pursuant to the Initial Public Offering, we have appointed AmMerchant Bank Berhad (“AmMerchant”) as one of our Co-managers. The amount payable to AmMerchant would be subject to pricing and allocation of the Issue Shares under the Institutional Offering. AmMerchant is deemed a related party to us because Cheah Tek Kuang, presently a director and shareholder of the holding company of AmMerchant, is a Director of our Company.

Our Audit Committee will review any related party transactions and conflict of interests situations that may arise including any transaction, procedure or course of conduct that raises questions of management’s integrity. All reviews by our Audit Committee will be reported to our Directors.

17. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS (cont'd)

17.2 Conflict of Interests

In addition to the potential conflict of interests that may arise from the related party transactions listed above, we believe that a conflict of interests may potentially arise with respect to our regulatory role when we regulate companies in which our Directors and/or our substantial shareholder, MOF Inc, have interests. We regulate many companies that comprise not only companies listed on our Securities Exchange, but also companies that are our participants.

We believe we have adequately addressed these potential conflict of interests based on our existing regulatory-related decision making process. Our significant regulatory decisions are made by our committees comprising our Directors, independent individuals and, in certain circumstances, management (in some committees only). See Section 12.12 (Business — Regulation and Compliance). Since the MOF Inc does not have any representatives on our Board, we do not believe that the MOF Inc will be able to influence our regulatory-related decision making process. As for our Directors, in the event any member of a committee has interests in the issue discussed, that member is required to abstain from deliberation on and voting on the issue.

In addition, conflicts of interest or potential conflicts of interest may arise between our interest and the proper performance of our statutory duties (“Conflicts of Interests”) such as when we regulate companies with whom we have commercial or competitive relationship. To address these Conflicts of Interests, we have established a framework called Guidelines for Handling Conflicts of Interests (“Guidelines”).

These Conflicts of Interests will be identified and dealt with in accordance with the processes and procedures outlined in our Guidelines. In accordance with our Guidelines, we will notify the Securities Commission of all Conflicts of Interests identified and submit proposals to address such conflicts. Once the Securities Commission has given its consent to such proposals, we will implement them. However if the Securities Commission disagrees with our proposals, it may issue a written notice pursuant to section 11L of the Securities Industry Act, directing us to take certain steps towards remedying the conflict of interest.

17.3 Other Matters

From January 1, 2004 to January 31, 2005 (being the latest practicable date prior to the registration of this Prospectus with the Securities Commission), there is no transaction which is unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party.

18. DESCRIPTION OF SHARE CAPITAL

18.1 Shares

Our authorized share capital is currently RM1.0 billion divided into 2,000,000,000 ordinary shares of par value RM0.50 each. Our Shares, which have identical rights in all respects, rank equally with one another. The Board of Directors may issue shares at a premium. If shares are issued at a premium, we will transfer, subject to certain exceptions, a sum equal to the aggregate amount or value of the premium to a share premium account.

As at the date hereof, our issued and paid-up share capital is RM167.0 million, comprising 334,000,000 ordinary shares of RM0.50 each. We did not have any share capital prior to our demutualization. The changes in our issued and paid-up share capital since our incorporation are as follows:

<u>Date of allotment/ (cancellation)</u>	<u>Number of Shares issued</u>	<u>Par value</u>	<u>Consideration</u>	<u>Cumulative issued and fully paid-up share capital</u>
		RM		RM
January 5, 2004	500,000,000	0.50	Capitalization of membership fees and retained earning	250,000,000
January 27, 2005	1,334,000,000	0.50	Bonus issue via capitalization of retained earnings	917,000,000
January 27, 2005	(1,500,000,000)	n/a	Capital Reduction and share consolidation	167,000,000

Other than the above changes pursuant to the issuance of Shares under the demutualization, the bonus issue, the capital reduction and share consolidation that have been described in Section 20 (Listing Scheme and Capital Reduction), there has been no change to our issued and paid-up share capital. Subject to the provisions of the Companies Act, we may purchase our own shares. However, we may not, except in circumstances permitted by the Companies Act grant any financial assistance for the acquisition or proposed acquisition of our Shares.

18.2 New Shares

We may only issue new Shares with the prior approval of the shareholders in a general meeting. New Shares issued shall be subject to the same provisions as existing Shares.

18.3 Past and Future Issuance of Share Capital

We will not allot or issue any Shares on the basis of this Prospectus after 12 months from the date of this Prospectus. There are no founder, management or deferred shares. We only have one (1) class of shares namely ordinary shares of RM0.50 each, all of which rank equally with one another.

Save for the Shares we issued under the demutualization, bonus issue, the Issue Shares and the 166,000,000 Shares that we will issue at RM3.00 each to our existing shareholders in the event we are not listed, we (including our subsidiaries) have not issued or proposed to issue any share and debenture fully or partly paid-up in cash or otherwise than in cash, within the two (2) preceding years from January 31, 2005 (being the latest practicable date prior to registration of this Prospectus with the Securities Commission). See Section 20 (Listing Scheme and Capital Reduction).

18. DESCRIPTION OF SHARE CAPITAL (cont'd)

Save for the Shares under Options that we intend to grant to our employees and Directors under the ESOS, subject to our Listing, we do not have and we have not agreed conditionally or unconditionally to put any of our share capital under option.

Other than the allocation of Issue Shares for our eligible employees and Directors under the Initial Public Offering as disclosed in Section 19 (Details of the Initial Public Offering) and the ESOS, there are currently no other schemes involving our employees and Directors in our capital or our subsidiaries' capital.

As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

18.4 Shareholders

We only recognize the persons who are registered in our register of members. As long as our Shares are listed on Bursa Securities, only persons who are registered on our register of members and the persons named as the depositors in the record of depositors maintained by Bursa Depository for our Shares, are recognized as our shareholders. We will not, except as required by law, recognize any equitable, contingent, future or partial interest in any of our Shares, or any interest in any fractional part of a Share, or (except as otherwise provided by our Articles of Association or by law) other rights for any share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in our register of members or entered into the record of depositors for their Shares.

In the event that our Shares are listed on Bursa Securities and for so long as they are listed, we would be required pursuant to the Bursa Securities LR to provide Bursa Securities at least 12 clear Market Days' notice before a books closure date. Persons named as the depositors in the record of depositors shall be deemed to be our shareholders on the books closure date and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from our Shares.

18.5 Transfer of Shares

As long as our Shares are listed on Bursa Securities, there would be no restriction on the transfer of our Shares except where required by law, the Bursa Securities LR, the rules of Bursa Depository or the Securities Industry Act. The Securities Industry Act provides that no person shall enter into any agreement or arrangement to acquire Shares in our Company if the acquisition of such Shares, together with any Shares already held by such person or by such person and persons acting in concert with him would amount to 5.0 per cent. or more of the issued and paid-up share capital of our Company, without obtaining the prior approval of the Minister of Finance. The Minister of Finance may grant such approval subject to such conditions as he deems fit.

18. DESCRIPTION OF SHARE CAPITAL (*cont'd*)

Our Board of Directors may decline to register any transfer of Shares which are not fully paid-up shares or on which our Company has a lien. A shareholder may transfer its Shares by means of a duly signed instrument of transfer in a form approved by any stock exchange on which it is listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require.

The provisions in our Articles of Association in respect of the arrangements for transfer of our securities and restrictions on their free transferability are as follows (special terms mentioned herein are as defined in our Articles of Association):

Article 21 - Transfer of shares

- (1) Subject always to the provisions of the Demutualization Act and the securities law, no member shall dispose of any voting shares of the Company until and unless the voting shares of the Company have been listed and quoted on a stock market of a stock exchange, unless the approval of Minister¹, upon the recommendation of the Commission², has been obtained.
- (2) Subject always to the provisions of the Securities Laws³, no person shall enter into any agreement or arrangement to acquire any voting shares (as defined in the Act⁴) which, if the agreement or arrangement is carried out, the person would acquire, together with any other voting shares of the Company which were then already held by that person, or by that person and persons acting in concert (within the meaning given in the SCA⁵) with the first mentioned person, voting shares in the Company of more than the threshold as may be specified by the Minister under the SIA⁶, without first obtaining the prior written approval of the Minister.
- (3) Subject to Articles 21(1) and (2), any Member⁷ may transfer all or any of his shares by way of instrument in writing in any usual or common form or in any other form which the Directors may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.

¹ Minister of Finance, Malaysia

² The Securities Commission established under the Securities Commission Act, 1993

³ The Securities Industry Act, 1983, the Securities Commission Act, 1993, the Securities Industry (Central Depositories) Act 1991 and the Futures Industry Act 1993

⁴ The Companies Act, 1965

⁵ Securities Commission Act, 1993

⁶ Securities Industry Act, 1983

⁷ Any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members

18. DESCRIPTION OF SHARE CAPITAL *(cont'd)*

- (4) The instrument of transfer must be left for registration at the Office⁸ together with such fee not exceeding RM1.00 as the Directors from time to time may require accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by these Articles register the transferee as a shareholder and retain the instrument of transfer.
- (5) The Directors may decline to register any transfer of shares not being fully paid shares to a person of whom they do not approve and may also decline to register any transfer of shares on which the Company has a lien.
- (6) The registration of transfer may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in a year.
- (7) Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognized as the holder of such shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.
- (8) No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
- (9) Subject to the provisions of these Articles, the Directors may recognize a renunciation of any shares by the allottee thereof in favor of some other persons.
- (10) If the Directors refuse to register a transfer they shall within one (1) month after the date on which the transfer was lodged with the Company send to the transferee and the transferor notice of the refusal in accordance with Section 105 of the Act.
- (11) All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline or refuse to register shall on demand be returned to the person depositing the same. All powers of attorney granted by members for purpose (inter alia) of transferring shares which may be lodged produced or exhibited to the Company or any of its proper officers shall as between the Company and the grantor of such powers be taken and deemed to continue and remain in full force and effect and the same may be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the office.

⁸ *The registered office for the time being of the company*

18. DESCRIPTION OF SHARE CAPITAL (*cont'd*)

- (12) The Company shall be entitled to charge a fee, being a sum of money to be paid in advance, as the Directors may from time to time determine and which the Company may be permitted to charge by law, for the registration of every transfer, plus the amount of the proper duty or taxes with which each certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force.
- (13) The transfer of any listed security or class of any listed security of the Company, shall be by way of book entry by the Bursa Depository⁹ in accordance with the rules of the Bursa Depository and, notwithstanding sections 103 and 104 of the Companies Act, but subject to subsection 107C(2) of the Companies Act 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act 1965, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 22 - Death of Member

In the case of the death of a Member, the legal representatives of the deceased shall be the only person recognized by the Company as having any title to his interest in the shares but nothing herein contained shall release the estate of the deceased Member from any liability in respect of the shares which had been held by the deceased Member.

Article 23 - Share of Deceased or Bankrupt Member

Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have a person nominated by him registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy.

Article 24 - Notice of Election

If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects. If he elects to have another person registered, he shall testify his election by executing to that person a transfer of the shares. All the limitations, restrictions and provisions of these Articles relating to the rights to transfer shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

⁹ Bursa Malaysia Depository Sdn. Bhd. (formerly known as Malaysian Central Depository Sdn. Bhd.)

18. DESCRIPTION OF SHARE CAPITAL *(cont'd)*

18.6 General Meetings of Shareholders

We are required to hold an annual general meeting every year. The Board of Directors may convene an extraordinary general meeting whenever they think fit and must do so if shareholders representing not less than 10.0 per cent. of the total voting rights of all shareholders request in writing that such meeting be held. In addition, two (2) or more shareholders holding not less than 10.0 per cent. of our issued share capital may call a meeting.

Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of auditors. A special resolution, requiring the affirmative vote of not less than three fourths of the votes cast at the meeting, is necessary for certain matters under Malaysian law, including:

- (i) voluntary winding-up;
- (ii) amendments to the Memorandum and Articles of Association;
- (iii) a change of the corporate name; and
- (iv) a reduction in the share capital, share premium account or capital redemption reserve fund.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. General meetings convened for the purpose of passing an ordinary resolution generally require at least 14 days' notice in writing. The notice must be given to every shareholder who has supplied us with an address in Malaysia for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

18.7 Voting Rights

A shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A shareholder may appoint not more than two (2) proxies to attend and vote at the same general meeting. As long as our Shares are listed on Bursa Securities, a person who holds Shares through the book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the record of depositors maintained by Bursa Depository obtained for the purpose of determining entitlement to vote at any general meeting, as at a date not less than three (3) Market Days before the general meeting. Except as otherwise provided in our Articles of Association, two (2) or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association:

- (i) on a show of hands, every shareholder present in person or by proxy shall have one (1) vote; and
- (ii) on a poll, every shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents.

18. DESCRIPTION OF SHARE CAPITAL (*cont'd*)

A poll may be demanded in certain circumstances; including:

- (i) by the Chairman of the meeting; or
- (ii) by at least two (2) shareholders present in person or by proxy; or
- (iii) by any shareholder present in person or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to attend and vote at the meeting; or
- (iv) by any shareholder holding our Shares conferring a right to vote at the meeting, being Shares on which an aggregate sum has been paid-up equal to not less than one-tenth of the total sum paid-up on all the Shares conferring that right.

In the case of an equality of votes, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a second or casting vote.

18.8 Dividends

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.

Dividends must be paid out of profits or pursuant to Section 60 of the Companies Act. All dividends that are paid are pro rata in amount to the shareholders in proportion to the amount paid-up on each shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise.

Dividends may be paid by cheque or dividend warrant sent through the post to each shareholder at his registered address.

18.9 Bonus Issues

Our Board of Directors may, with approval by the shareholders at a general meeting, capitalize any reserves or profits (including profit or monies carried and standing to any reserve or to the share premium account) and distribute the same as bonus shares credited as fully paid-up to the shareholders in proportion to their shareholdings.

18.10 Variation of Rights

Under our Articles of Association, the rights attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The quorum for such separate general meeting is two (2) persons holding or representing by proxy at least one-third of the issued shares of that class. Any holder of shares of that class may demand a poll and every such holder on a poll shall have one (1) vote for every share of that class held by him.

18. DESCRIPTION OF SHARE CAPITAL (*cont'd*)

The provisions in our Articles of Association as to changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Article 2 – Allotment of Shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles, the Securities Laws¹, any other requirements of the Commission², the Act³ and to the provisions of any resolution of the Company, shares in the Company for the time being unissued (whether forming part of the original capital or of any increase in capital) are under the control of the Directors who may issue, allot or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than 5.0 per cent. of the nominal amount of the share;
- (c) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) no issue of shares shall be made which will have the effect of transferring more than 50.0 per cent. of the total voting shares in the Company to any person, company or syndicate, including to any of the persons acting in concert (as defined in the SCA⁴ with any such party, without the prior approval of the Members⁵ of the Company in a general meeting and no issue of shares shall be made to any person, company or syndicate which will have the effect of transferring, together with any other voting shares already held by any such person, company or syndicate or by any such party and by persons acting in concert with any such party, voting shares in the Company of more than the threshold as may be specified by the Minister⁶ under the SIA⁷, unless the prior written approval of the Minister is obtained; and
- (e) no Director shall participate in a share scheme for employees unless the Members in a general meeting have approved the allotment to be made to such Director.

¹ *The Securities Industry Act, 1983, the Securities Commission Act, 1993, the Securities Industry (Central Depositories) Act 1991 and the Futures Industry Act, 1993*

² *The Securities Commission established under the Securities Commission Act, 1993*

³ *The Companies Act, 1965*

⁴ *Securities Commission Act, 1993*

⁵ *Any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members*

⁶ *Minister of Finance, Malaysia*

⁷ *Securities Industry Act, 1983*

18. DESCRIPTION OF SHARE CAPITAL (*cont'd*)**Article 3 - Rights of preference shareholders**

- (1) Subject to the Act, Securities Laws and any other requirements of the Commission, any preference shares may with the sanction of an Ordinary Resolution⁸ be issued on the terms that they are or at the option of the Company are liable to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority over preference shares already issued but may issue preference shares ranking equally therewith.
- (2) A holder of preference shares shall only have a right to vote in each of the following circumstances:
 - (a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
 - (b) on a proposal to reduce the Company's share capital;
 - (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (d) on a proposal that affects the rights attached to the preference shares;
 - (e) on a proposal to wind up the Company; and
 - (f) during the winding up of the Company.
- (3) The holder of preference shares shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.
- (4) A holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited accounts and attending meetings.

Article 4 - Repayment of preference capital

Notwithstanding Article 3, the repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholders' rights shall only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference capital concerned within two (2) months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

⁸ A resolution which has been passed by a simple majority of members who are present and voting at the particular meeting.

18. DESCRIPTION OF SHARE CAPITAL (*cont'd*)***Article 5 - Modification of class rights***

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class or with the sanction of a Special Resolution⁹ passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall apply with such adaptations as are necessary.

Article 6 - Alteration of rights by issuance of new shares

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Article 39 - Power to increase capital

Subject to the provision of the Securities Laws, the Company capital may from time to time, whether all the shares for the time being authorized shall have been issued or all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorizing such increase may direct.

⁹ *Has the meaning assigned thereto by the Companies Act, 1965 (A resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of such members as being entitled so to do vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than twenty-one days' notice specifying the intention to propose the resolution as a special resolution has been duly given).*

18. DESCRIPTION OF SHARE CAPITAL (*cont'd*)***Article 40 - Offer of new shares***

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities of whatever kind for the time being unissued and not allotted and any new shares or securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive, notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may also dispose of any new shares or securities which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

Article 41 - Ranking of new shares

Except so far as otherwise provided by the conditions of issue in these Articles, any share capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 42 - Power to alter capital

The Company may by Ordinary Resolution and subject to the Securities Laws:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association of the Company by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of these Articles and the Act, convert and/or re-classify any class of shares into any other class of shares.

Article 43 - Power to reduce capital

The Company may by Special Resolution, subject to the Securities Laws, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner authorized by the Act and subject to any consent required by law.

18. DESCRIPTION OF SHARE CAPITAL (cont'd)

18.11 Takeovers and Mergers

During the last financial year and the current financial year up to the date of this Prospectus, there were no public take-over offers by third parties in respect of our Shares and we did not make any take-over offers in respect of any companies' securities.

18.12 Winding up

If our Company is wound up and our assets are available for distribution among our shareholders as such shall be insufficient to repay the whole of our paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by our shareholders in proportion to the capital paid-up at the commencement of the winding up, on the shares held by them respectively.

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