

16. EXPERTS' REPORTS ON THE PREVAILING REGULATIONS ON THE REPATRIATION OF PROFITS AND THE RELEVANT LAWS AND REGULATIONS (*Cont'd*)  
(Prepared for inclusion in this Prospectus)

CitiLegal LLC

mTouche Technology Berhad  
17 June 2005

(xxi) **Jurisdictional arrangement and/or Treaties between Malaysia in Singapore on matters pertaining to Enforcement of Judgment in respect of Criminal and Civil actions**

Enforcement of judgments in Singapore is facilitated by 2 statutes, namely the Reciprocal Enforcement of Commonwealth Judgments Act (Cap. 264) ("RECJA") and the Reciprocal Enforcement of Foreign Judgments Act (Cap 265) ("REFJA"). Only the RECJA is operational at present because no orders have been made to extend the REFJA to any foreign jurisdictions as yet, save for an extension to the Hong Kong (Special Administrative Region) of the People's Republic of China. Enforcement under both acts is initiated by registering the judgment under the relevant act.

There are provisions pertaining to the enforcement of foreign arbitral awards (as opposed to a judgment).

The Extradition Act (Cap. 103) sets out provisions relating to the extradition of persons to and from foreign states (and including Malaysia).

**6. BASIS OF OPINION AND ASSUMPTIONS**

- 6.1 **Basis of opinion.** This Opinion is confined to the laws of Singapore as at 14 June 2005, and as currently applied by Singapore courts. We express no Opinion on the laws of any other jurisdiction.
- 6.2 **Subject matter of opinion.**  
(a) This Opinion addresses exclusively the matters stated herein and is not to be read as extending to any other documents or matters. We express no view with respect to any other matter and are under no obligation to advise you on any matters that may occur after 14 June 2005 which would render the views expressed herein no longer applicable.  
(b) The general statements made in paragraph 5.2 of this Opinion are not and shall not be construed as, an exhaustive or comprehensive statement of the law in that regard and may be subject to, varied or qualified by other rules or regulations not mentioned therein.
- 6.3 **Company laws.** The Opinion on the general matters in paragraph 5.2 above, are (unless expressly stated otherwise) with respect to a company incorporated in Singapore as a private company limited by shares.
- 6.4 **Benefit of opinion.** This Opinion is addressed to you solely for your own benefit and prepared solely for the purpose of inclusion in the prospectus in connection with the listing of mTouche Technology Berhad on the MESDAQ Market of Bursa Malaysia Securities Berhad, and is not to be transmitted or disclosed to or used or relied upon by any other person or used or relied upon by you for any other purposes, except with our prior written consent.
- 6.5 **Condition of opinion.** This Opinion is rendered as at 5:00 p.m. Singapore time on the date first set forth above, and we disclaim any obligation to update this Opinion after that time. This Opinion is given on the condition that the Opinion itself is governed by Singapore law.
- 6.6 **Documents not examined.** For the purposes of this Opinion, we have not examined or reviewed any contracts, instruments and other documents that may have been entered into by or which may affect this Opinion, other than those specified in paragraph 3 above; nor have we made any other enquiries or investigations of the Company. Accordingly, our Opinion is subject to there not being anything contained in any document not reviewed by us that may require us to vary or amend this Opinion.

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- 6.7 **Searches.** Whilst ACRA and SNS endeavour to provide accurate information, there may be errors in their records or their records may not be updated, and they have all excluded responsibility for errors and omissions in their records. Please also note that:-
- (i) the ACRA takes up to 1 working day to update their records from the day of lodgment of the relevant notification with them and the successful payment of the relevant lodgment fees. As such, the ACRA search may not reflect information that is lodged with the ACRA 1 day prior to the date of search and where the relevant lodgment fees have not been successfully paid to the ACRA;
  - (ii) an ACRA search does not reflect information that is statutorily required to be filed by companies with the ACRA but which in fact has not been so filed;
  - (iii) the ACRA Search may not reflect any transfer of shares which take place after the filing of the last annual return of a company lodged with the ACRA;
  - (iv) by virtue of Section 16 of the Act, neither the Singapore Government nor the ACRA employees shall be liable for any loss or damage suffered by members of the public by reason of any error or omission appearing in the information contained in the Instant Information (Business Profile) search results of a company so long as such error is made in good faith and in the ordinary course of discharge of the duties of such employees; and
  - (v) the Winding Up Searches may not reveal information that had been delivered for filing but was not disclosed at the time of the Winding Up Search.
- 6.8 **Assumptions.** In considering the Documents and rendering this Opinion, we have with your consent and without any further enquiry assumed:
- (i) the genuineness of all signatures, seals, chops, duty stamp or marking on, and that each signature on behalf of each party thereto is that of a person duly authorised to execute the same, the authenticity and completeness of all documents submitted to us whether as originals or copies, and the conformity to originals of all documents supplied to us as photocopies or facsimile copies;
  - (ii) that all facts, information or statements contained in the Documents are true, accurate and complete, and are not misleading due to any omission, whether wilful or otherwise, of any material fact, both as at the date it is stated to be given and continues to be so as of the date hereof;
  - (iii) all information relevant to the Company and the matters contemplated herein have been disclosed to us for the purpose of this Opinion and is and remains true, accurate and complete as at the date hereof;
  - (iv) the minute books, statutory registers, Memorandum and Articles of Association and certificate of incorporation of the Company submitted to us for examination are true and complete and that no changes have been made thereto as at the date of this Opinion (save for the change of name of shareholder on 14 June 2005), and since then, that the directors' resolutions and shareholders resolutions set out in the minute books of the Company have not been rescinded or modified and they remain in full force and effect, and no other resolutions or action had been taken which could affect the validity of the directors' resolutions or shareholders' resolutions; and

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- (v) the information disclosed by the Searches is true and complete and that such information has not since then been materially altered and that such Searches did not fail to disclose any information which should be registered but was not or had been delivered for filing but did not appear on public record at the time of the Search.

No assumption specified above is limited by reference to any other assumption.

**7. QUALIFICATIONS**

The qualifications to which this Opinion is subject are as follows: -

- 7.1 **Taxation.** We express no Opinion as to any taxation matters, or the rights or remedies of any taxation authority in respect of non-payment of taxes or the failure to comply with laws and regulations relating to taxation. For these purposes **taxation** and **taxes** include stamp duties.
- 7.2 **Dividends.** Under the laws of Singapore, dividends may only be paid out of profits.
- 7.3 **Repatriation of Profits.** The laws of the country into which profits are being repatriated may affect the repatriation of profits.

Yours faithfully



Roderick Ho  
CitiLegal LLC

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16.2 PTMT



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Date: June 17, 2005

**The Board of Directors**  
PT. Mtouche, Jakarta  
Indonesia

To Whom It May Concern,

**Company Information**

**We have received the following documents provided by PT Mtouche, Indonesia:**

1. The Business Registration Certificate issued by the Department of Trade and Industry, Jakarta Province, No. 09.05.1.72.48079 dated 30<sup>th</sup> March 2005.
2. The acceptance of the approval by the Department of Justice and Human Rights for the Changes of shareholders and Board of management based on the deed No. 10, dated 10<sup>th</sup> January 2005 by notary Haji Dana Sasmita, SH.
3. Circular Resolution Deed no. 10 dated 10<sup>th</sup> January, 2005 re changes of shareholders from Mtouche Pte. Ltd (Singapore) to mtouche Technology Berhad. (*MTB*) as new shareholder of 2,970 shares or equivalent to USD. 29,700 and the other individual shareholders Mr. Goh Eugene owns 30 shares equivalent to USD. 300.
4. Changes of Corporate tax number and VAT address to Komplek Ruko Roxy Mas Blok D4 No. 20, Jl. K.H. Hasyim Ashari , Jakarta Pusat 10150, Indonesia dated 16<sup>th</sup> March, 2005.
5. Changes of new registered office from the chief of the village and legalized by the regent no. 43/1.824.27/2005 dated 1<sup>st</sup> February, 2005.
6. Approval for the changes of shareholders and location of the office dated 06<sup>th</sup> January, 2005 by the Jakarta Investment Board (BKPM) no. 03/III/PMa/2005.
7. Circular Resolutions of the shareholders of PT. Mtouche dated 30<sup>th</sup> October, 2004
8. The State Gazette from the Ministry of Justice and Human Rights no. 36 dated 04<sup>th</sup> May, 2004
9. Business Registration Certificate of PT. Mtouche from the Department of Trade and Industry no. 09.05.1.72.48079 dated 06<sup>th</sup> April, 2004.
10. Ministry of Justice & Human Rights approval for the legalization of PT. Mtouche No. C-06237 HT.01.01.TH.2004 dated 15<sup>th</sup> March, 2004.
11. Deed of establishment ("DoE") and Article of Association (AoA) no. 22 by notary Haji Dana Sasmita, SH dated 19<sup>th</sup> November, 2003
12. Approval from the Jakarta Investment Board for PT Mtouche No. 90/31/I/PMa/2003 dated 07<sup>th</sup> November, 2003.
13. Power of Attorney signed by Mr. Goh Eugene of Mtouche PTE. LTD. dated 03<sup>rd</sup> November, 2003 to appoint Mr. Fakir Chand as authorizer in all matters with regard to the incorporation and establishment of a foreign investment company in the Republic of Indonesia.

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Based on our review of these documents, we understand that the pertinent facts to be substantially as follow:

1. PT. mTouche is a limited liability company based on the company law no. 1 of 1995 and the Foreign Capital Investment law no. 1 of 1967, as amended by law no. 1 of 1970 and latest tax laws year 2000.
2. PT. mTouche was approved to be set up by the Jakarta Investment Board, Indonesia dated 7<sup>th</sup> November, 2003
3. The initial license is valid for 3 years.
4. The Deed of Establishment and Articles of Association made by notary Haji Dana Sasmita, SH NO. 22 dated 19<sup>th</sup> November, 2003
5. The Authorized capital is USD. 120,000 and the paid up capital is USD. 30,000.
6. The initial shareholders are Mtouche PTE. LTD. (Singapore) 99% and Mr.Goh Eugene of Singapore 1% .
7. The Board of Management of 1 Board of Supervisors (Komisaris) Mr. Goh Eugene and 1 Board of Directors (Direktur) Mr. Hendra Sie being Indonesian nationality.
8. The registered address of PT mTouche is currently at Komplek Ruko Roxy Mas Blok D4 No. 20, Jl. KH Hasyim Ashari, Jakarta Pusat 10150, Indonesia.
9. PT. Mtouche is engaged in the line of business of services like providing mobile messaging technologies.

Conclusion: Based on the above facts, the conclusion is that, PT. Mtouche, Indonesia is established lawfully in accordance with the relevant laws and regulations of the Republic of Indonesia as of the report date.

#### Opinion report

This report is prepared based on the current policies of the Republic of Indonesia as of this date of this report, for inclusion in the Prospectus of MTB in relation to its proposed listing on the MESDAQ Market of the Bursa Malaysia Securities Berhad.

Please be informed that the report below constitutes a general advice with respect to the current regulations in the Republic of Indonesia in respect of matters queried by PT. mTouche, and this does not constitute a complete analysis including all tax and legal aspects and their consequences.

#### A. TAXATION

##### 1. Income Tax

Income tax in Indonesia is progressive and applied to both individual(s) and enterprises. A self-assessment method is used to calculate the tax.

The Tax Rates For Individual (s)	
Taxable annual income	Income tax rate
Up to Rp. 25 million	5 %
Over Rp. 25 million to Rp. 50 million	10 %
Over Rp. 50 million to Rp. 100 million	15 %
Over Rp. 100 million to Rp. 200 million	25 %
Over Rp. 200 million	35 %

The Tax Rates for Enterprise (ies)	
Taxable annual income	Income tax rate
Up to Rp. 50 million	10 %
Over Rp. 50 million to Rp. 100 million	15 %
Over Rp. 100 million	30 %

Foreign Investment Services & Expatriate Formalities

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Although the ultimate corporate income tax amount for a taxable year should be calculated based on annual income of that year, taxpayers are required to pay monthly installments (Article 25) during the year, the amount of which is based on the preceding year's annual tax return.

2. Value Added Tax and Sales Tax on Luxury Goods

In normal cases, 10% Value Added Tax ("VAT") is applied to imports, manufactured goods and most services. In addition, there is also sales tax on luxury goods ranging from 10% to 75%, depending on the article. The VAT rate on export of Taxable Goods is 0% (zero percent). For the export of Taxable Goods categorized as Luxuries, the Sales Tax on Luxury Goods is also 0% (zero percent).

3. Withholding Tax

Withholding tax is an alternative method to pay tax besides the self-assessment method. Under the provision of the income tax law, certain types of income are subject to withholding tax by withholding agent. Payment of dividends, interests, royalties, and technical and management fees for services performed in Indonesia to Indonesian and non-Indonesian residents are subject to withholding tax. The withholding tax rates may vary, depending on whether it is paid to a resident or non-resident as follows:

Payments to Indonesian residents (except for technical and management services 6%)	15 %
Payment to non-Indonesian residents	20 %

4. Avoidance of Double Taxation Agreements

To avoid incidental double taxation on certain income such as profits, dividends, interests, fees and royalties, Indonesia has signed agreements (tax treaties) with 53 countries which covers Malaysia and Singapore. Dividends from direct investments and portfolio investments will be subject to withholding tax rates at nominally 20% and applied to residents of those above countries signing tax treaty with Indonesia. The applied rate may be reduced further based on the specific bilateral agreements of a particular tax treaty.

**B. REPATRIATION AND CONVERTIBILITY**

There is no restriction on repatriation of funds and convertibility of currency for overseas transfer including capital, profit and dividend.

**C. CONSTITUTIONAL DOCUMENTS**

The DoE and AoA covers the following details: company name, nature of business, shareholders, authorized & paid up capital, duties of the directors and commissioner, shareholders meeting, merger, acquisition, winding up and the names of the board of management.

**D. ALTERATION OF SHARE CAPITAL**

For any changes of share capital must be preceded by the shareholders meeting and in accordance with the Company Law no. 1 of 1995.



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**E. CHARGES ON THE ASSETS OF THE COMPANY**

Charges on the assets of the company must be preceded by shareholders meeting as stated in the AoA as per the Company Law no. 1 of 1995.

**F. APPOINTMENT AND DUTIES OF DIRECTORS**

Directors shall be appointed or removed by general meeting of shareholders. The directors will be appointed for a period of 3 to 5 years by general meeting of shareholders. They are eligible for reappointment.

Director automatically ceases to hold the position in the event of:

- a. he becomes bankrupt.
- b. he does not follow the AoA.
- c. he is not eligible to be a director due to prevailing government regulations.
- d. he resigns on his own.
- e. death.

Directors are fully responsible for the functioning of the company to achieve its objectives. Every member of the board will perform his duties within prevailing rules and regulations of government and abide by regulations of this articles of association

Directors are authorized to represent the company in all respects and fulfillment of action. However, their powers are restricted in the areas mentioned hereunder:

- a. to lend or borrow money on the name of company.
- b. to dispose off / sell plant and equipments and other immovable property or subsidiaries of the company.
- c. to make company as guarantor.
- d. declaration of dividend.
- e. offering new shares to third party.

*Unless the approval is obtained from shareholders at a shareholders meeting.*

**G. CONDUCT OF MEETINGS AND PROCEEDING OF THE COMPANY**

- a. Board meeting shall be held as and when required at the request of directors or members of the board but at least once a year.
- b. The directors calling for meeting shall give notice to other members at least 14 clear days in advance and get due acknowledgement of such notice.
- c. Directors can give proxy to other director for a meeting by authority letter.

No business shall be transacted at any general meeting of shareholders unless a quorum is present at the time when meeting proceeds to business. If the quorum is not present, the meeting shall be dissolved.

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In any case, the meeting shall stand adjourned for 7 days and if at the adjourned meeting, a quorum is not present, any shareholder present shall be a quorum and may transact the business for which the meeting was called.

**H. EXCHANGE CONTROL**

There is no exchange control laws in Indonesia.

**I. PURCHASE OF THE COMPANY OF ITS OWN SHARES**

The company is prohibited to issue shares to be owned by itself. But the company is in a position to buy back its shares with certain limitations, i.e. if it is paid for from the profits of the company and the total nominal value of the shares owned by the Company and its sister companies is not more than 10% of all the shares issued.

The shareholders meeting should also approve this transfer and further transfers. The quorum for this shareholders meeting is minimum 2/3 of all issued shares and at least approved 2/3 of the votes present. The shares bought back by the company do not have voting rights and cannot be used to fulfill the quorum requirements for a shareholders meeting.

In case increase of capital is carried out with approval of the shareholders at a meeting the additional shares to be issued, should be in the same category of the existing shares and should firstly be offered to other shareholders on a pro rata basis based on their shareholdings in the company. In case the other shareholders do not take up this priority offer within 14 days, the company has to offer it to the employees before offering to other parties.

**J. DISTRIBUTIONS AND DIVIDENDS**

The profits of the PT must be distributed from the income of the company after all expenses have been subtracted include tax payment. The shareholders may, however determine that the profit to be distributed may not exceed a certain sum. Usually it is left to the shareholders to determine annually the percentage of the profit that is to be distributed. The rest of the profit is set aside as a "reserve fund". Dividend not collected within 5 years will be put into the reserve fund.

**K. TAKE OVER AND MERGERS**

Acquisition by a company shall be carried out as follows:

- a. The plan of acquisition shall be stated in a joint draft plan of acquisition prepared by the board of directors of the acquiring and the acquired company, specifying at least:
  1. names of the acquiring and the acquired company; and
  2. reasons and explanation from the board of directors of the respective companies regarding the terms of and the procedure for transfer of shares of the acquired company.
- b. The acquisition shall be implemented upon approval of the respective shareholders meeting of the draft plan of acquisition presented by the board of directors of the respective companies.

One or more companies may merge with another existing company to form a new company. The merger or consolidation can only be carried out if the programme for consolidation or merger is approved by the general shareholders meeting of the respective companies.