
11. INFORMATION ON TIME

11.1 History and business

TIME was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 12 October 1970 and was converted into a public company on 24 June 1983. It was officially listed on the KLSE on 12 September 1983.

The principal activity of TIME is that of investment holding in companies in telecommunications, power, information technology, media and other related engineering services.

Telecommunications

TIME's entry into the telecommunications industry was spearheaded by two (2) subsidiaries, TT dotCom and TSAT. In 1997, TIME completed the acquisition of 75% equity interest each in TWSB and TRSB. TIME's investments in TWSB's and TRSB's telecommunications services provided significant synergies and enhancement to TT dotCom's existing range of fixed-line telecommunications services and transformed the Group into a full service telecommunications operator. TWSB's technology complemented the state-of-the-art fibre-optic network of TT dotCom giving the TIME Group a distinct competitive advantage. TRSB's operations provides an immediate platform for the TIME Group to provide services to the public, both urban and rural, throughout Malaysia.

Information on TT dotCom, TWSB, TRSB and TSAT are disclosed in Sections 10.7.1, 10.7.2, 10.7.3 and 10.7.4 respectively from pages 58 to 68 of this Prospectus.

Power

The TIME Group has a strong foothold in the power industry through participation in mechanical and electrical engineering works for some of the power projects undertaken by Tenaga Nasional Berhad and other electricity utility companies.

Through its 55%-owned subsidiary, EPE Power Corporation Berhad ("EPE"), the TIME Group has the distinction of being one of the largest manufacturers of electrical switchgears locally as well as being one of the few major local power engineering companies in Malaysia. EPE, which was listed on the Second Board of the KLSE on 17 February 1994, is a full-fledged electrical manufacturing, engineering project and services company and now caters to a full and complementary array of products and services covering the distribution, transmission, generation operations and maintenance sectors of the power industry.

EPE Wilson Transformer Sdn. Bhd. ("EWT"), a joint venture company through Penjanaan EPE-TIME Sdn. Bhd. (70%) and Wilson Transformer Company Pty. Ltd. of Australia (30%), was formed on 14 July 1993 to manufacture and supply distribution transformers produced locally at its own factory in Nilai, Negeri Sembilan. Since commencing operations in 1994, EWT has secured a significant share of the transformer market. In December 1997, SIRIM Berhad accorded an ISO 9002 status to EWT.

A consortium comprising of TIME, EPE, Sabah Energy Corporation Sdn. Bhd. and Aras Setia Sdn. Bhd. has been granted a licence to finance, construct, own and operate an open cycle gas-fired power station of 120 MW nominal capacity at the Kota Kinabalu Industrial Park, Sabah. The project was carried out through Powertron Resources Sdn. Bhd. in which TIME, EPE, Sabah Energy Corporation Sdn. Bhd. and Aras Setia Sdn. Bhd. have 40%, 30%, 20% and 10% equity interest respectively. 1997 saw the signing of the Power Purchase Agreement with Lembaga Letrik Sabah, Gas Supply Agreement with Petroliam Nasional Berhad and Financing Facilities Agreement with RHB Bank Bhd.. The RM370 million independent power plant commenced commercial operation in April 1998 and is now supplying a significant portion of Sabah's west coast electricity requirements.

11. INFORMATION ON TIME (Cont'd)

The TIME Group is also involved in the development and construction of power transmission and distribution facilities along the Projek Usahasama Transit Ringan Automatik Sdn. Bhd. ("PUTRA")'s Light Rail Transit System 2. EPE Distribution Sdn. Bhd., a wholly-owned subsidiary of EPE, was awarded a power distribution licence on 27 March 1996 for the distribution, supply and sale of electricity to PUTRA.

Information Technology

In 1994, TIME created the Information Technology Division mainly to complement the telecommunication services of TT dotCom. This division comprises Dagang Net Technologies Sdn. Bhd. (*formerly known as Electronic Data Interchange (M) Sdn. Bhd.*) ("EDIM"), TSI and TQT.

EDIM provides inter-organisational computing solutions and is committed to making businesses more effective and competitive through the exploitation of information, communications and multimedia technologies. EDIM's flagship service is the SMK-Dagang* Net services for the Port Klang Community System ("PKCS"). The launch of PKCS operations in April 1994 marked the beginning of the electronic commerce implementation of the national trade facilitation programme under the joint-development agreement with the Government.

Users within the PKCS community include the Jabatan Kastam dan Eksais DiRaja, Port Authorities, forwarding agents, shipping agents, hauliers and banks. Major innovations brought about by PKCS include Financial Electronic Data Interchange, a service whereby custom duty payment data transactions are transacted electronically between the community users and 13 participating banks.

The SMK-Dagang* Net programme has since been expanded to Kuala Lumpur International Airport ("KLIA") Community Services in June 1998. In addition, EDIM has also been entrusted with implementing the Free Commercial Zone Electronic System at KLIA by Malaysian Airports Berhad and in Port Klang by Lembaga Pelabuhan Klang.

Following the success of PKCS, the electronic commerce implementation has been extended to other government agencies whereby businesses are able to electronically submit visa applications, import and export permit applications and tender documents using the Dagang* Net infrastructure. Among the agencies involved are the MITI, Department of Environment, Department of Veterinary Services, Malaysian Timber Industries Board and SIRIM Berhad.

In other commercial sector, in 1997, EDIM launched the electronic retail community system with Jaya Jusco Stores Bhd.. This system links Jaya Jusco Stores Bhd and its suppliers for improved goods delivery and stocking via electronic purchase orders and payment. EDIM has also undertaken the information technology consultancy services in 1997 with the provision of Total Islamic Banking Solution for Bank Islam Malaysia Bhd. in collaboration with Silverlake System Sdn. Bhd.. EDIM has also successfully set up the Management Information System for Lembaga Pelabuhan Klang.

In 1998, Dagang Net Commerce Sdn. Bhd. (*formerly known as TIME Multi Media Sdn. Bhd.*), a subsidiary of EDIM, was awarded by Penang*Net Sdn. Bhd. the project development and implementation for the delivery of an internet electronic commerce services for the Supply Chain Management and Cargo Clearance Network. The contract also includes the facilities management services and the provision of support services for the information technology facilities.

Media

Another milestone by the company was the acquisition of 60% equity interest in Anaza Sdn. Bhd., an investment holding company with a 60% equity interest in Radio Lebuhraya Sdn. Bhd. ("RLSB"). RLSB has been awarded a broadcasting licence on 21 July 1994 by the Government to operate a radio station on FM frequency receivable along the NSE. The acquisition of 60% equity interest in Anaza Sdn. Bhd. for a cash consideration of RM5,000,000 was completed on 11 October 1994. The new radio station went on air on 31 August 1994. Today, RLSB, which operates under the name of TIME Highway Radio, covers the entire West Coast of Peninsular Malaysia.

11. INFORMATION ON TIME (*Cont'd*)**Engineering and Manufacturing**

In 1989, three (3) companies under the Engineering and Manufacturing Division, namely TIME Automation and Management Services Sdn. Bhd. ("TAMS"), TIME Metalworks Sdn. Bhd. ("TMW") and TIME-SPK Galvanising Works Sdn. Bhd. ("TIME-SPK") were actively involved in the NSE project to undertake major activities ranging from supply, installation and maintenance of engineering equipment for the expressway, including toll equipment and fibre-optic cable network, to the manufacturing of galvanised guardrails, high masts, and other metal based products. The expertise provided by these three (3) companies has contributed to the successful completion of the NSE project 15 months ahead of schedule.

In view of the completion of the NSE project and the Group's focus on telecommunications, internet and multimedia businesses, TMW and TIME-SPK were disposed of to a third party. TIME Salam Engineering Sdn. Bhd., the TIME Group's specialist in railway construction and signaling system, was also disposed of to a third party in line with the management's intention is to concentrate on its core business.

Similarly, TAMS's activities were gradually scaled down since the first quarter of 2000. TAMS's assets were subsequently transferred to Projek Penyelenggaraan Lebuhraya Berhad ("Propel"), a subsidiary company of United Engineers (Malaysia) Berhad. TAMS has also transferred all its staff to Propel. The management believed that this would allow greater realisation of the synergies, sharing of resources and a tighter focus on its core business of telecommunications.

11.2 Share capital and warrants

The authorised, issued and fully paid-up share capital as at 8 January 2001 of TIME are as follows:-

| | Authorised RM | Issued and fully paid-up RM |
|--------------------------------|----------------------|-----------------------------------|
| Share capital: | | |
| Ordinary shares of RM1.00 each | <u>2,000,000,000</u> | <u>746,412,417</u> |

On 5 August 1996, TIME issued 249,973,885 warrants together with the US\$250 million nominal value 1996/2001 redeemable secured bonds. Each warrant entitles the holder to subscribe for one new TIME ordinary share of RM1.00 each at RM6.35. The warrants will expire on 4 August 2006. None of the warrants have been exercised as at 8 January 2001. The number of warrants has been increased from 249,973,885 warrants to 270,552,849 warrants on 22 December 2000 while the exercise price has been reduced from RM6.35 per share to RM6.30 per share following the adjustments made in accordance with the deed poll pursuant to the issue of 97,855,674 new warrants 2000/2005 ("TIME Warrant") by TIME.

Details of changes in the issued and paid-up share capital of TIME since incorporation are as follows:-

| Date of allotment | No. of shares allotted | Consideration | Total issued and paid-up capital RM |
|-------------------|------------------------|------------------------|--|
| 12.10.70 | 100,000 | Cash | 100,000 |
| 29.07.71 | 14,000 | Cash | 114,000 |
| 08.10.71 | 16,000 | Cash | 130,000 |
| 03.07.73 | 4,000 | Cash | 134,000 |
| 10.08.73 | 67,000 | Bonus issue of 1 for 2 | 201,000 |
| 24.09.73 | 18,000 | Cash | 219,000 |
| 26.09.74 | 12,000 | Cash | 231,000 |
| 23.11.74 | 13,000 | Cash | 244,000 |
| 31.07.76 | 1,220,000 | Bonus issue of 5 for 1 | 1,464,000 |

11. INFORMATION ON TIME (Cont'd)

| Date of allotment | No. of shares allotted | Consideration | Total issued and paid-up capital RM |
|----------------------|------------------------|---|-------------------------------------|
| 02.02.77 | 3,000 | Cash | 1,467,000 |
| 30.10.79 | 586,800 | Bonus issue of 2 for 5 | 2,053,800 |
| 11.11.80 | 150,000 | Cash | 2,203,800 |
| 15.12.80 | 1,101,900 | Bonus issue of 1 for 2 | 3,305,700 |
| 11.12.81 | 50,000 | Cash | 3,355,700 |
| 14.06.82 | 40,500 | Cash | 3,396,200 |
| 26.06.82 | 3,396,200 | Bonus issue of 1 for 1 | 6,792,400 |
| 10.03.83 | 5,094,300 | Bonus issue of 3 for 4 | 11,886,700 |
| 19.03.83 | 252,000 | Cash | 12,138,700 |
| 16.08.83 | 6,600,000 | Public issue | 18,738,700 |
| 16.01.84 | 94,500 | Issued at an issue price of RM1.50 per share under the Employees Share Option Scheme | 18,833,200 |
| 14.07.89 | 8,000,000 | Special issue at par | 26,833,200 |
| 28.09.89 to 16.11.89 | 622,000 | Issued at an issue price of RM2.64 per share under the Employees Share Option Scheme | 27,455,200 |
| 07.03.90 | 13,000,000 | Issued at an issue price of RM1.20 per share as part consideration for acquisition of RM37,500,000 nominal amount 10% convertible unsecured loan stocks in United Engineers (Malaysia) Berhad | 40,455,200 |
| 08.03.91 to 07.12.91 | 51,080,800 | Issued at an issue price of RM1.20 per share pursuant to the conversion of TIME's 5% non-redeemable convertible unsecured loan stocks 1990/1995 ("Loan Stocks") | 91,536,000 |
| 09.01.92 to 31.12.92 | 29,857,166 | Issued at an issue price of RM1.20 per share pursuant to the conversion of TIME Loan Stocks | 121,393,166 |
| 13.01.93 to 27.12.93 | 48,802,033 | Issued at an issue price of RM1.20 per share pursuant to the conversion of TIME Loan Stocks | 170,195,199 |
| 03.01.94 to 31.12.94 | 30,242,600 | Issued at an issue price of RM1.20 per share pursuant to the conversion of TIME Loan Stocks | 200,437,799 |
| 03.01.95 to 30.04.95 | 122,254,654 | Issued at an issue price of RM1.20 per share pursuant to the conversion of TIME Loan Stocks | 322,692,453 |
| 26.05.95 | 10,606,060 | Issued as consideration for acquisition of property from Mastari Corporation Sdn. Bhd. at an issue price of RM6.60 per share | 333,298,513 |
| 21.08.96 | 166,649,257 | Rights issue of 1 for 2 at an issue price of RM4.40 per share | 499,947,770 |
| 03.04.97 | 246,464,647 | Issued as a consideration for the acquisition of 75% equity interest each in TWSB and TRSB at an issue price RM4.95 per share | 746,412,417 |

11.3 Substantial shareholders and warrant holders

The substantial shareholders (holding 2% or more of the issued and paid up capital) of TIME according to the Register of Substantial Shareholders as at 8 January 2001 are as follows:-

| Name | -----No. of shares held-----> | | | |
|--------------------------------------|-------------------------------|---------|-------------|----------|
| | Direct | % | Indirect | % |
| Renong | 349,112,731 | 46.77* | - | - |
| TIME Investments (Cayman) Limited | 108,221,825 | 14.50** | - | - |
| Waterfront Capital Markets Sdn. Bhd. | 31,800,000 | 4.26 | - | - |
| Lembaga Tabung Haji | 20,301,000 | 2.72 | - | - |
| United Engineers (Malaysia) Berhad | - | - | 349,112,731 | 46.77*** |
| Tan Sri Halim bin Saad | - | - | 349,112,731 | 46.77*** |

11. INFORMATION ON TIME (Cont'd)

The substantial warrant holders (holding 2% or more of the existing warrants) of TIME according to the Register of Warrant Holders as at 8 January 2001 are as follows:-

| Name | -----No. of warrants held-----> | | | |
|------------------------------------|---------------------------------|--------|-------------|----------|
| | Direct | % | Indirect | % |
| Renong | 116,918,025 | 46.77* | - | - |
| United Engineers (Malaysia) Berhad | - | - | 116,918,025 | 46.77*** |
| Tan Sri Halim bin Saad | - | - | 116,918,025 | 46.77*** |

* held through a subsidiary and nominee companies.

** held through a nominee company.

*** deemed interested through Renong.

Shares and warrants held as bare trustee are not disclosed above.

11.4 Directors and their respective shareholding

Details of the Directors of TIME, all of whom are Malaysian except for Dato' David Frederick Wilson who is British, and their shareholdings in TIME according to the Register of Directors' Shareholdings as at 8 January 2001 are as follows:-

| Name | -----No. of shares held-----> | | | |
|------------------------------|-------------------------------|------------|----------|---|
| | Direct | % | Indirect | % |
| Dato' Shamsir Omar | 5,000 | Negligible | - | - |
| Dato' David Frederick Wilson | - | - | - | - |
| Dato' Zaidan bin Hj. Othman | 21,000 | Negligible | - | - |
| Dr. Ismail Abdul Rashid | - | - | - | - |
| Heng Hock Keng | - | - | - | - |
| Ragunathan s/o Arulanandam | - | - | - | - |

Dato' Shamsir Omar and Dato' Zaidan bin Haji Othman also hold 8,000 warrants and 10,500 warrants in TIME respectively.

11.5 Subsidiaries and associated companies

As at 8 January 2001, the subsidiaries and associate companies of TIME are as follows:-

| Name of company | Country and date of incorporation | Effective equity interest % | Issued and fully paid-up share capital | Principal activities |
|--|-----------------------------------|-----------------------------|--|---|
| SUBSIDIARIES | | | | |
| Telecommunications | | | | |
| TIME dotCom Berhad (formerly known as TIME Telecommunications Holdings Berhad) | Malaysia 11.12.96 | 97.41 | RM2,356,093,000 | Investment holding and provision of management services |
| TT dotCom Sdn. Bhd. (formerly known as TIME Telecommunications Sdn. Bhd.) | Malaysia 17.11.79 | 97.41 | RM2,755,876,143 | Provision of voice, data, video and image communication services through its established domestic and international network |

11. INFORMATION ON TIME (Cont'd)

| Name of company | Country and date of incorporation | Effective equity interest % | Issued and fully paid-up share capital | Principal activities |
|---|-----------------------------------|-----------------------------|--|--|
| TIME Wireless Sdn. Bhd. | Malaysia 20.07.81 | 97.41 | RM1,848,405,263 | Provision of the transmission of voice and data through the cellular system within Malaysia as well as from any part of the world. |
| TIME Reach Sdn. Bhd. | Malaysia 25.01.72 | 97.41 | RM541,710,369 | Provision of payphone services |
| TIMESat Sdn. Bhd. | Malaysia 26.02.90 | 97.41 | RM69,109,119 | Provision of telecommunications facilities and services using satellite and microwave. |
| TIME dotNet Berhad (formerly known as TIMEOnline dotCom Berhad) | Malaysia 07.03.2000 | 97.41 | RM2 | Carry on the business of providing and marketing of internet services to customers including providing access to the world wide web, the organisation and aggregation of content, on-line call centre, on-line services, on-net advertising and virtual data storage and provision of application services including electronic mail, chat room, instant messaging, web-hosting and bulletin boards. |
| Power | | | | |
| EPE Power Corporation Berhad | Malaysia 22.06.72 | 54.96 | RM12,000,000 | Manufacture, supply and maintenance of electrical switchgears, switchboards and distribution transformers, design, engineering and construction of power transmission and distribution infrastructure and power generation plant, operation and maintenance of power generation plant and power distribution system |
| EPE Wilson Transformer Sdn. Bhd. | Malaysia 18.12.75 | 57.40 | RM7,000,000 | Manufacture and sale of distribution transformers |
| Penjanaan EPE-TIME Sdn. Bhd. | Malaysia 11.01.88 | 81.98 | RM4,900,000 | Investment holding |
| EPE Distribution Sdn. Bhd. | Malaysia 08.08.94 | 54.96 | RM1,000,000 | Design, engineering, construction, operation and maintenance of power distribution systems and other related services |
| Powerttron Resources Sdn. Bhd. | Malaysia 12.01.95 | 56.50 | RM10,000,000 | Build, own and operate an open cycle gas-fired power station in Sabah |
| EPE Projects Sdn. Bhd. | Malaysia 07.08.95 | 54.96 | RM1,000,000 | Project engineering and installation of power distribution and generation facilities |
| EPE Switchgears Sdn. Bhd. | Malaysia 07.08.95 | 54.96 | RM2 | Dormant |
| EPE Ventures Sdn. Bhd. | Malaysia 07.08.95 | 54.96 | RM2 | Dormant |
| EPE Trading Sdn. Bhd. | Malaysia 07.08.95 | 54.96 | RM2 | Marketing of medium & high voltage products, project engineering and installation of power distribution and generation facilities |
| EPE Components Sdn. Bhd. | Malaysia 07.08.95 | 54.96 | RM2 | Dormant |
| Trans Bakti Sdn. Bhd. | Malaysia 17.05.95 | 54.96 | RM500,000 | Design, engineering and construction of power transmission infrastructure |
| EPE Agency Sdn. Bhd. | Malaysia 10.05.88 | 54.96 | RM2 | Dormant |
| EPE Powerlink Sdn. Bhd. | Malaysia 12.09.95 | 54.96 | RM2 | To provide operation and maintenance service support to power distribution systems |

11. INFORMATION ON TIME (Cont'd)

| Name of company | Country and date of incorporation | Effective equity interest % | Issued and fully paid-up share capital | Principal activities |
|---|-----------------------------------|-----------------------------|--|---|
| Reward Resources Sdn. Bhd. | Malaysia 21.01.97 | 38.47 | RM500,000 | To provide operations and maintenance services support to Powertron Resources Sdn. Bhd.'s power plant |
| Information technology | | | | |
| Dagang Net Technologies Sdn. Bhd. (formerly known as Electronic Data Interchange (M) Sdn. Bhd.) | Malaysia 18.01.89 | 63.33 | RM54,000,054 | Developing, managing and marketing inter-organisation business solution based on the application of electronic data interchange and electronic commerce concepts and provision of software development and consultancy services |
| Dagang Net Commerce Sdn. Bhd. (formerly known as TIME Multi Media Sdn. Bhd.) | Malaysia 17.10.80 | 63.33 | RM2,000,000 | Provision of multimedia and electronic communication services |
| Opbase Trading Sdn. Bhd. | Malaysia 16.03.96 | 32.29 | RM200,000 | Total systems integrators and information technology consultancy |
| Dagang Net Solutions Sdn. Bhd. (formerly known as Sigmace Resources Sdn. Bhd.) | Malaysia 21.03.96 | 63.33 | RM2 | Dormant |
| Media | | | | |
| Radio Lebuhraya Sdn. Bhd. | Malaysia 22.02.94 | 36.00 | RM3,000,000 | Establishing, operating and maintaining a radio broadcasting station. |
| Corporate | | | | |
| TIME Automation and Management Services Sdn. Bhd. | Malaysia 04.08.78 | 100.00 | RM5,000,000 | Dormant |
| TIME Spectrum Communication Sdn. Bhd. | Malaysia 15.08.95 | 100.00 | RM1,000,000 | Dormant |
| TIME Systems Integrators Sdn. Bhd. | Malaysia 25.11.81 | 51.00 | RM6,500,000 | Dormant |
| TIME Quantum Technology Sdn. Bhd. | Malaysia 17.06.94 | 100.00 | RM100,000 | Dormant |
| Cyberplus Sdn. Bhd. | Malaysia 11.06.96 | 100.00 | RM2 | Dormant |
| Smartcard Systems (M) Sdn. Bhd. | Malaysia 19.04.88 | 51.00 | RM200,000 | Dormant |
| Anaza Sdn. Bhd. | Malaysia 07.12.89 | 60.00 | RM1,800,000 | Investment holding |
| Modcomp IT (M) Sdn. Bhd. | Malaysia 25.01.91 | 100.00 | RM150,000 | Dormant |
| Gelombang Udara Sdn. Bhd. | Malaysia 24.01.91 | 100.00 | RM150,000 | Dormant |
| Martimex Sdn. Bhd. | Malaysia 21.01.82 | 100.00 | RM270,000 | Dormant |

11. INFORMATION ON TIME (Cont'd)

| Name of company | Country and date of incorporation | Effective equity interest % | Issued and fully paid-up share capital | Principal activities |
|--|-----------------------------------|-----------------------------|--|---|
| Eternaland Sdn. Bhd. | Malaysia 19.07.72 | 100.00 | RM208,725 | Dormant |
| Toplink Advisory and Management Services Sdn. Bhd. | Malaysia 15.11.88 | 100.00 | RM100,000 | Investment holding |
| TIME Holdings Sdn. Bhd. | Malaysia 23.06.75 | 100.00 | RM2 | Dormant |
| World Trade Facilitation Sdn. Bhd. | Malaysia 08.08.90 | 78.78 | RM28,050,000 | Investment holding |
| United Fibre Industrial Sdn. Bhd. | Malaysia 11.05.76 | 100.00 | RM121,000 | Dormant |
| TIME Properties Sdn. Bhd. | Malaysia 11.04.81 | 100.00 | RM4,854,707 | Dormant |
| TIME Weldmaterials Sdn. Bhd. | Malaysia 08.05.72 | 100.00 | RM300,002 | Dormant |
| TIME Instrumentations & Controls Sdn. Bhd. | Malaysia 14.10.82 | 100.00 | RM2 | Dormant |
| Penjanaan Tenaga Perlis Sdn. Bhd. | Malaysia 31.12.91 | 100.00 | RM2 | Dormant |
| ASSOCIATE COMPANIES | | | | |
| UNITIME Submarine Ventures Sdn. Bhd. | Malaysia 24.05.95 | 50.00 | RM2,500,000 | Provision of maintenance and support services for festooned fibre-optic submarine cable network |
| EPE Reyrolle (Malaysia) Sdn. Bhd. | Malaysia 01.08.95 | 27.48 | RM500,000 | Design, engineering and construction of power transmission infrastructure |
| Renong* | Malaysia 07.10.82 | 21.56 | RM1,161,864,562 | Project procurement and management and strategic investment company |
| Macnet CCN Sdn. Bhd. | Malaysia 22.09.95 | 16.91 | RM5,000,000 | Dormant |

* On 2 January 2001, TIME has entered into a conditional Share Sale Agreement with Taraf Perdana Sdn. Bhd. to dispose of its entire shareholding comprising 500,962,110 ordinary shares of RM0.50 each representing 21.56% equity interest in Renong. The proposed disposal is pending approvals from relevant authorities.

11. INFORMATION ON TIME (Cont'd)

11.6 Profit and dividend records

The following table summarizes the audited consolidated profit and loss accounts of TIME for the five (5) financial years ended 31 December 1999 and the unaudited results for the nine (9) months ended 30 September 2000:-

| | ← Year ended 31 December → | | | | | 9 months ended 30 September 2000 RM'000 |
|--|----------------------------|----------------|----------------|----------------|----------------|---|
| | 1995 RM'000 | 1996 RM'000 | 1997 RM'000 | 1998 RM'000 | 1999 RM'000 | |
| Turnover | 756,055 | 704,166 | 781,776 | 1,067,405 | 1,028,855 | 817,091 |
| Profit/(Loss) before share in results of associated companies | 62,971 | 22,317 | (168,761) | (1,909,770) | (163,663) | (36,154) |
| Share in profits/(loss) of associated companies | 501 | 52,397 | 49,022 | (411,249) | 48,097 | 39,588 |
| Profit/(Loss) before taxation | 63,472 | 74,714 | (119,739) | (2,321,019) | (115,566) | 3,434 |
| Taxation | (26,184) | (42,849) | (46,269) | (24,083) | 399 | (19,260) |
| Profit/(Loss) after taxation but before minority interests | 37,288 | 31,865 | (166,008) | (2,345,102) | (115,167) | (15,826) |
| Minority interests in results of subsidiaries | 165 | (5,010) | 18,164 | 26,583 | (9,602) | (5,569) |
| Profit/(Loss) after taxation and minority interests | 37,453 | 26,855 | (147,844) | (2,318,519) | (124,769) | (21,395) |
| Extraordinary item | 5,356 | - | - | - | - | - |
| Profit/(Loss) after taxation, minority interests and extraordinary items | 42,809 | 26,855 | (147,844) | (2,318,519) | (124,769) | (21,395) |
| No. of shares in issue ('000) | 333,298 | 499,948 | 746,413 | 746,413 | 746,413 | 746,413 |
| Weighted average no. of shares in issue ('000) | 299,814 | 388,848 | 643,719 | 746,413 | 746,413 | 746,413 |
| Net EPS/(Loss per share) (sen) | 12.49 | 6.91 | (22.97) | (310.62) | (16.72) | (3.82)* |
| NTA (RM'000) | 719,775 | 1,453,334 | 960,462 | 305,633 | 209,874 | 196,129 |
| NTA per share (RM) | 2.16 | 2.91 | 1.29 | 0.41 | 0.28 | 0.26 |
| Gross dividend rate (%) | 7.5 | 7.5 | - | - | - | - |

* Annualised

Notes:-

- (i) The extraordinary item for the year ended 31 December 1995 relates to a gain on disposal of land due to compulsory acquisition by the government. For the 6 months ended 31 March 2000, the TIME Group recorded exceptional items which consists of loss on disposal of long term investment of RM3,706,000, and amortisation of telecommunications network of RM43,694,000 relating to the reduction in the cumulative amortisation of commissioned telecommunications network and cumulative amortisation of post commissioning interest capitalised as at 31 December 1999 as a result of a review of accounting estimates undertaken by the Directors of the Company. Other than as mentioned above, there were no exceptional or extraordinary items during the years/period under review.
- (ii) The decrease in turnover for 1996 is mainly due to the slow down in the telecommunications network roll out following a period of uncertainty on regulatory front. The decrease in profit before taxation was mainly attributed to the commencement of operation of TT dotCom which experienced a loss of RM63 million during the year due to high operating expenses. This decrease was partially mitigated following the conversion of Convertible Unsecured Loan Stocks in Renong resulting in Renong being an associated company of TIME and the subsequent recognition of RM50 million as share of profits from Renong.
- (iii) Turnover improved in 1997 by RM77.61 million or 11% mainly due to the completion of the acquisition of two (2) new strategic business units in the telecommunications division – TWSB and TRSB. However, the Group experienced a loss after taxation for the year mainly due to the substantial amortisation cost, foreign exchange losses and interest expense incurred, a direct result of the economic crisis in that year.

11. INFORMATION ON TIME (Cont'd)

- (iv) *Turnover increased by 37% to RM1,067.41 million in 1998 due to inclusion of full year results of TWSB and TRSB, which were acquired in the middle of 1997. However, the Group suffered significant losses of RM2,321.02 million before taxation in 1998 mainly due to writing off of goodwill, deferred foreign exchange loss, higher amortisation of telecommunications network and post-commissioning interest capitalised, higher provision for doubtful debts and higher interest expense incurred.*
- (v) *The Group's losses reduced significantly to RM115.57 million before taxation in 1999 when compared to RM2,321.02 million losses in 1998 reflecting the significant non-recurring expenses incurred in 1998 as mentioned in (iv) above. The increase in the telecommunications subscriber base and the revenue from the independent power plant project in Sabah have also contributed to the improvement to the Group's results. No taxation was provided for in 1999 as taxation has been waived by the government. The reversal of taxation in 1999 was mainly due to the overprovision of deferred tax in prior years.*

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12. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST

12.1 Related Party Transactions/Conflict of Interests

Details of the existing and potential material related party transactions and conflicts of interest situation are as follows:-

(1) An Agreement for the construction and installation of a Telecommunications Network dated 29 October 1996 between TT dotCom and ProLink Development Sdn. Bhd. ("PDSB")

TT dotCom agrees to establish, design, construct, install, manage, operate and maintain a telecommunications system in, on, under, over and along the lands which are legally owned by PDSB and its subsidiaries and such lands as shall be used for the purpose of constructing the primary infrastructure works as shall be determined by PDSB on which a new township in Johor Darul Ta'zim, known as the Second Crossing Township, is to be built.

(2) Letter of Intent dated 25 February 1997 and 30 May 1998 between TT dotCom and Expressway Lingkaran Tengah Sdn. Bhd. ("ELITE") granting TT dotCom the exclusive right to ELITE's Telecommunications Network that is the ducts, cables, equipment, peripherals and appurtenance along the NSE Central Link and Kuala Lumpur International Airport Expressway

TT dotCom has been granted with the following:-

- (a) the sole and exclusive right to the ducts; and
- (b) a non-exclusive license to enter upon and execute within the expressways and land adjacent to the expressways ("Designated Areas") the works described in Schedule A of the Agreement.

The rights and license shall be in consideration of TT dotCom undertaking, interalia, the following: -

- (a) to pay to ELITE upon request the sum of RM10,500,000. for the exclusive right to use the ducts;
- (b) to pay to ELITE upon request the sum of RM13,000,000. for the right to use the Designated Areas on, under or through which the ducts are situated or located; and
- (c) to pay to ELITE upon request the sum of RM100,000. being the cost of the construction of an additional termination box at Nilai North Interchange.

TT dotCom shall not charge ELITE for the use by ELITE of:-

- (a) one (1) 50mm sub-duct;
- (b) one(1) 32 mm sub-duct; and
- (c) ten (10) cores of fibre optic cables.

12. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)

(3) Agreement for the Lease of Infrastructure for the Construction and Installation of a Telecommunication Network along Malaysia-Singapore Borders dated 9 September 1997 between TT dotCom and Linkedua (M) Bhd. ("Linkedua")

TT dotCom has been granted the following rights: -

- (i) sole and exclusive right to build, own, operate, manage and maintain the infrastructure for the installation of TT dotCom's fibre optic telecommunications network (other than ducts, manholes and ducts crossings and other infrastructure ancillary or incidental thereto) along the second crossing expressway and the surrounding lands;
- (ii) right to enter and undertake within the land the works described in Schedule A of the Agreement;
- (iii) lease of the ducts crossings and ducts and manholes from the date of the Agreement until expiry or termination of the Agreement;
- (iv) right of first refusal to use other amenity, facility, land, air space, ducts, subducts, manholes, duct crossing, drain, main distributor frame room along the second crossing expressway and the surrounding lands;
- (v) exclusive right to utilise such space required by TT dotCom in any enclosed permanent structure; and
- (vi) sole and exclusive right to utilise open space of 20 metres by 12 metres along portions of the surrounding lands.

The Agreement is for a period of 17 years effective from 1997.

In consideration of these rights granted to TT dotCom, TT dotCom shall reimburse Linkedua RM6,500,000 cash for the construction of the ducts; cash payment of RM9,500,000 for the completion of the construction and installation of all the ducts, manholes and duct crossings which are suitable for use for installation of telecommunications equipment and line and in particular optical fibre cable, and to pay the relevant authorities for installation of the fibre optic cable network.

(4) Construction and Installation of Telecommunications Network Agreement dated 29 June 1998 between TT dotCom and Vistajati Holding Sdn. Bhd. ("Developer")

TT dotCom is involved in the supply of telecommunications services for conveyance and the Developer is undertaking the development of a piece of land located at Bukit Jalil, Kuala Lumpur identified as Vista Komanwel. The Developer has agreed to grant TT dotCom the sole and exclusive right, design, supply, install, own, operate and manage the telecommunications systems for the said development.

(5) Sub-Licence Agreement dated 22 September 1999 between TWSB and PLUS

PLUS has agreed to grant an exclusive right and sub-licence to TWSB to enter upon and occupy the areas located along the NSE to be agreed by PLUS and TWSB for the purpose of constructing structures, telecommunication towers and buildings, and thereafter for the purpose of erecting, storing and maintaining telecommunications equipment.

12. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)

PLUS shall be entitled upon giving 6 months notice to TWSB to review the areas located along the NSE and make any decision PLUS deems fit. The sub-licence is for a period of 10 years commencing 1 January 1998. TWSB is entitled to renew the said sub-licence for a further period which is to be determined by PLUS by giving at least 3 months notice in writing prior the expiry of the sub-licence. TWSB has to pay PLUS the yearly rental fee for the lease of the said areas along NSE as follows:-

Total Fee = R X A

"R" means the rate per square foot per month to which is currently at RM1 per square foot; and

"A" means the area occupied by TWSB totaling 91,416 square feet or any future expansion in the areas as approved by PLUS.

The rental for 1998 shall be RM91,416. The rental fee shall be subject to review after 6 years from the date of execution. Both parties further agree that the rental will be paid on a yearly basis. TWSB shall pay to PLUS on a yearly basis 10% of the revenue generated from the tower operation within the area calculated as follows:-

Revenue sharing Number of base station sites x Annual gross revenue x 10%
to PLUS = within PLUS's right of way

(6) Letter of Intent dated 27 January 2000 relating to a Wayleave and Right of Use Agreement for PUTRA Light Rail Transit System 2 for Kuala Lumpur between TT dotCom and Projek Usahasama Transit Ringan Automatik Sdn. Bhd. ("PUTRA")

In the Agreement, PUTRA agreed to TT dotCom installing an optical fibre cable and copper cable and telecommunication plants for TT dotCom to have access to PUTRA's area to operate and maintain it. TT dotCom also is to take over the financing of Phase 2A and agreed to allow other interested parties except telecommunications companies to use the right of way.

The Agreement is for a duration of 17 years from 1 September 1998 and the amount payable is RM170,000 per annum.

The signing of the Agreement by PUTRA can only be done upon conclusion at the leasehold agreement between PUTRA and the Government of Malaysia.

(7) Wayleave and Right of Use Agreement between PLUS and TT dotCom dated 12 May 2000

The Agreement grants an exclusive right by PLUS to TT dotCom to use the fibre optic telecommunications network and infrastructure installed by PLUS at an annual sum stipulated in Schedule 1 of the Agreement with the option to purchase the fibre optic cable and ducts installed or constructed by PLUS. The annual sum payable is as follows:-

| Year | Repayment Amount (RM) |
|-------------|----------------------------------|
| 2000 | 10,800,000.00 |
| 2001 | 11,340,000.00 |
| 2002 | 11,907,000.00 |
| 2003 | 12,502,350.00 |
| 2004 | 13,127,467.50 |
| 2005 | 13,783,840.88 |
| 2006 | 14,473,032.92 |

12. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)

| Year | Repayment Amount (RM) |
|-------------------|--------------------------|
| 2007 | 15,196,684.56 |
| 2008 | 15,956,518.79 |
| 2009 | 16,754,344.73 |
| 2010 | 17,592,061.97 |
| 2011 | 18,471,665.07 |
| 2012 | 19,395,248.32 |
| 2013 | 20,365,010.74 |
| 2014 | 21,383,261.27 |
| 2015 until expiry | 4,240,000 per annum |

This Agreement expires upon the lapse on NSE concession held by PLUS or expiry of licences held by TT dotCom, whichever is the earlier.

Further, TT dotCom has the right to exercise the option to purchase the fibre optic cable and ducts for a purchase consideration of RM180,000,000 within 30 months from the date of the Agreement. The obligation to purchase consequent upon the exercise of the option is conditional on TT dotCom securing the approval of the Government of Malaysia to the purchase of the ducts and the securing of any necessary corporate approvals required under the laws of Malaysia and the rules of any relevant stock exchange.

(8) Supplemental Agreement between PLUS, TT dotCom and TIME dotCom dated 19 May 2000

This Supplemental Agreement is to record the understanding and the relevant role of TIME dotCom in the event TT dotCom was to exercise its option to purchase the fibre optic cable and ducts installed and constructed by PLUS for a purchase consideration of RM180,000,000 as mentioned in the Wayleave and Right of Use Agreement dated 12 May 2000. In the event that TT dotCom exercises the option granted to purchase the said fibre optic cable and the ducts, PLUS, TT dotCom and TIME dotCom shall each use its best endeavours to provide each other with such relevant information, to render reasonable assistance to facilitate the making of the relevant application to the Government of Malaysia for the approval of the said purchase. Also, PLUS, TT dotCom and TIME dotCom shall exercise their best endeavours to assist each other with any appeals that any of the parties may make to the Government of Malaysia against any condition imposed on such party pursuant to the terms of the approval to the purchase by TT dotCom of the said fibre optic cable and the ducts.

(9) Maintenance Agreement for Terrestrial Plant Within PLUS, Linkedua, ELITE Right of Way (Package 1) dated 28 June 2000 between TT dotCom and Projek Penyelenggaraan Lebuhraya Berhad ("Propel")

The purpose of the Agreement is to establish certain maintenance and support services for the land based optical fibre and copper telecommunication cable network within PLUS, Linkedua, ELITE right of way owned and operated by TT dotCom for a term of 24 months commencing 16 April 2000 and expiring on 15 April 2002.

The contract sum is RM6,166,551, which shall be paid by TT dotCom for two (2) years. The fee payable by TT dotCom is to be paid in 24 progressive equal monthly installments of RM256,939.63 each.

12. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)

(10) An Agreement for the Sale and Purchase of Shares in TT dotCom, TWSB, TRSB and TSAT between TIME and TIME dotCom dated 10 August 2000

In this Agreement, TIME is the registered and beneficial owner of 640,000,000 ordinary shares of RM1.00 each comprising the entire issued and paid-up capital of TT dotCom, the beneficial owner of 179,250,000 ordinary shares of RM1.00 each comprising 75% of the issued and paid-up capital of TWSB, the beneficial owner of 3,750,000 ordinary shares of RM1.00 each comprising 75% of the issued and paid-up capital of TRSB and the beneficial owner of 39,706,000 ordinary shares of RM1.00 each comprising the entire issued and paid-up capital of TSAT (collectively referred as the "Sale Shares"). Subject to the composite scheme of compromise and arrangement proposed to be made pursuant to Section 176 of the Companies Act 1965 between TIME and certain of its subsidiaries, and their respective scheme creditors in its present form or subject to any future modifications thereof or additions thereto or conditions imposed, TIME dotCom is purchasing the Sale Shares free from all liens, pledges, charges and encumbrances and with all rights attached thereto for a consideration of 862,706,000 ordinary shares of TIME dotCom issued at the price of RM1.00 each and credited as fully paid-up all ranking pari passu with TIME dotCom's then existing ordinary shares, subject to the fulfillment of all the conditions precedent stipulated in the Agreement.

(11) A Proposed Agreement of Right of Way - Duct Route for Fibre Optic Cable from New Straits Times Prai via Penang Bridge Junction of Jalan Jelutong/ Jalan Perak, Pulau Pinang between TT dotCom and Mekar Idaman Sdn. Bhd.

This is a proposed agreement between TT dotCom and Mekar Idaman Sdn Bhd..

(12) A Proposed Agreement for the Supply Installation Testing Commissioning Maintenance and Support of ISP Infrastructure between TIME dotNet and Teras Teknologi Sdn. Bhd.

This is a proposed agreement between TIME dotNet and Teras Teknologi Sdn. Bhd..

12.2 Declaration by Advisers

CIMB, Rashid & Lee, Deloitte KassimChan and Arthur D. Little declare that they are not aware of any conflict of interest situation, existing or potential, with respect to their capacity as advisors to TIME dotCom for the flotation scheme. However, CIMB is owed certain sums by TIME dotCom, which sums have been settled by the issuance of Notes and irredeemable convertible unsecured loan stocks by TIME, who shall redeem the Notes partly from the proceeds of the Initial Public Offering, details of which are set out in Section 9.2, page 44 of this Prospectus. CIMB is also a Joint Lead Underwriter for the Initial Public Offering.