

## 10. INFORMATION ON THE TIME DOTCOM GROUP

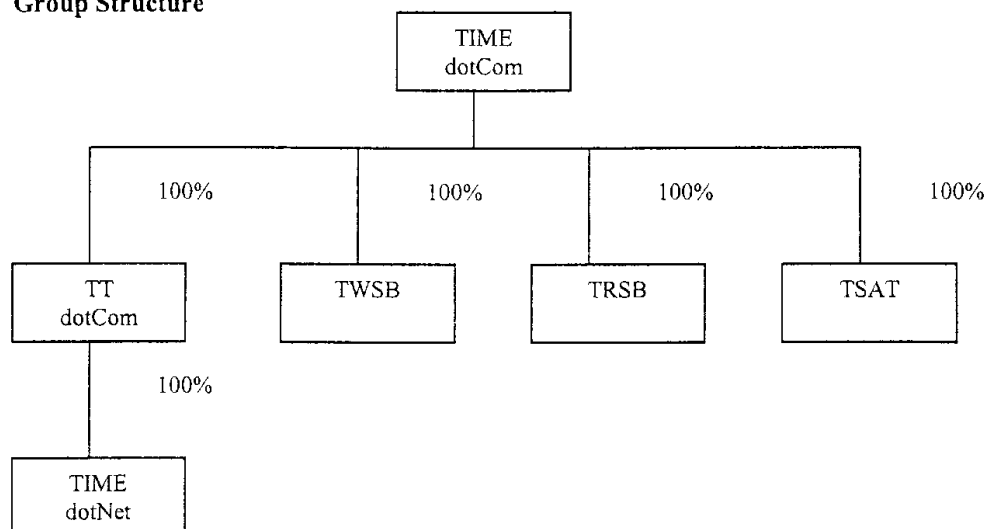
### 10.1 Incorporation and Principal Activities

TIME dotCom was incorporated on 11 December 1996 as a public company under the Companies Act, 1965 in Malaysia under the name of TIME Telecommunications Holdings Berhad. The Company assumed its present name on 17 January 2000. It was incorporated as a wholly-owned subsidiary of TIME, and there has been no change in the shareholder of TIME dotCom since incorporation until the completion of the acquisitions mentioned in Section 10.2.1 below on 26 December 2000 when SHSB and UTB were introduced as new shareholders of TIME dotCom in addition to TIME. Details of their respective shareholdings in TIME dotCom is set out in the diagrammatic illustration of the corporate structure of TIME dotCom at the end of Section 10.2.3 on page 53 of this Prospectus.

The principal activity of TIME dotCom is that of investment holding and the provision of management services whilst the principal activities of its subsidiaries are as follows:-

Name	Effective equity interest %	Principal activities
TT dotCom	100.0	Provision of voice, data, video and image communication services through its established domestic and international network
TWSB	100.0	Provision of the transmission of voice and data through the cellular system
TRSB	100.0	Provision of payphone services
TSAT	100.0	Provision of data communications facilities and services using satellite, microwave and wireless applications
TIME dotNet	100.0	Carrying on the business of providing and marketing of internet services to consumers 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

#### Group Structure



Currently, TIME dotCom does not have any associate company.

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**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)**


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**10.2 Flotation Scheme**

In conjunction with, and as part of the listing of and quotation for the entire issued and paid-up capital of 2,530,775,000 ordinary shares of RM1.00 each in TIME dotCom on the Main Board of the KLSE, the Company undertook a restructuring exercise involving the following transactions:-

**10.2.1 Acquisitions**

- (i) A corporate restructuring exercise was undertaken on 26 December 2000 which involved the acquisition by TIME dotCom of TIME's entire equity interest in TT dotCom (comprising 640.00 million ordinary shares of RM1.00 each representing the entire issued and paid-up share capital), TWSB (comprising 179.25 million ordinary shares of RM1.00 each representing 75% of the issued and paid-up share capital), TRSB (comprising 3.75 million ordinary shares of RM1.00 each representing 75% of the issued and paid-up share capital) and TSAT (comprising 39,706,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital) for a total consideration of RM862.706 million which was satisfied by the issuance of 862.706 million new ordinary shares of RM1.00 each credited as fully paid-up at par in TIME dotCom.

The aggregate purchase consideration of RM862.706 million for TIME's entire equity interest in TT dotCom, TWSB, TRSB and TSAT was arrived at based on the par value of the respective company's shares.

- (ii) Concurrent with the acquisition of TIME's equity interest in TT dotCom, TWSB, TRSB and TSAT, TIME dotCom acquired the following:-
- (a) 59.75 million ordinary shares of RM1.00 each representing 25% equity interest in the share capital of TWSB from SHSB for a consideration of RM59.75 million which was satisfied by the issuance of 59.75 million new ordinary shares of RM1.00 each in TIME dotCom credited as fully paid-up at par; and
- (b) 1.25 million ordinary shares of RM1.00 each representing 25% equity interest in the share capital of TRSB from UTB for a consideration of RM1.25 million which was satisfied by the issuance of 1.25 million new ordinary shares of RM1.00 each in TIME dotCom credited as fully paid-up at par.

The total purchase consideration of RM61.00 million for SHSB's and UTB's equity interest in TWSB and TRSB respectively has been arrived at based on the par value of the respective company's shares.

- (iii) The 640.00 million TT dotCom ordinary shares, 59.75 million TWSB ordinary shares, 1.25 million TRSB ordinary shares and 39,706,000 TSAT ordinary shares were acquired free from any mortgage, charge, lien or any other encumbrance and with all rights attaching thereto. The remaining 179.25 million TWSB ordinary shares and 3.75 million TRSB ordinary shares remained pledged to TIME's scheme creditors but were released free from encumbrances to TIME dotCom upon completion of the Debt Conversion exercise, details of which are set out in Section 10.2.2 below.

The abovementioned acquisitions resulted in an increase in the issued and paid-up share capital of TIME dotCom from RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each to RM924,706,000 comprising 924,706,000 ordinary shares of RM1.00 each.

## 10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)

### 10.2.2 Debt Conversion

Upon the completion of the Acquisitions mentioned in Section 10.2.1, page 48 of this Prospectus, the TIME dotCom Group undertook a debt conversion exercise on 26 December 2000, which involved the following steps:-

- (i) TIME dotCom Group novated to TIME a total amount of RM3,945.83 million owing by the TIME dotCom Group as at 30 June 2000 to its scheme creditors under its scheme of debt arrangement pursuant to Section 176 of the Companies Act, 1965. After the debt novation, the total amount owing by the TIME dotCom Group to TIME was RM4,294.16 million after including the intercompany balances owing by the TIME dotCom Group to TIME of RM348.33 million.
- (ii) The Telcos then novated all debts owing to TIME of RM3,350.33 million to TIME dotCom, which resulted in TIME dotCom owing TIME a total amount of RM4,294.16 million.

The debt novation steps are illustrated in the table below:-

	TIME dotCom	TT dotCom	TWSB	TRSB	TSAT	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Existing amount owing to TIME by the TIME dotCom Group	-	337,767	952	900	8,708	348,327
Total amount owing to scheme creditors by the TIME dotCom Group novated to TIME	943,834	1,284,951	1,165,608	530,744	20,695	3,945,832
Debt owing to TIME after the debt novation	943,834	1,622,718	1,166,560	531,644	29,403	4,294,159
Novation of debt owing to TIME by the Telcos to TIME dotCom	3,350,325	(1,622,718)	(1,166,560)	(531,644)	(29,403)	-
Amount owing by TIME dotCom to TIME after the debt novation	4,294,159	-	-	-	-	4,294,159

- (iii) In satisfaction of (ii) above, TIME dotCom issued 1,431.39 million new ordinary shares of RM1.00 each credited as fully paid-up to TIME on the basis of one (1) new TIME dotCom share for every RM3.00 debt owing by TIME dotCom to TIME.

Upon completion of the debt conversion, the issued and paid-up share capital of TIME dotCom increased to RM2,356.09 million comprising 2,356.09 million ordinary shares of RM1.00 each.

- (iv) The novation of the debts in (ii) above resulted in the Telcos owing TIME dotCom an aggregate amount of approximately RM4,291.40 million after including the existing intercompany balances owing by the Telcos to TIME dotCom of approximately RM941.07 million.

**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)**

	TT dotCom RM'000	TWSB RM'000	TRSB RM'000	TSAT RM'000	Total RM'000
Existing amount owing by the Telcos to TIME dotCom	493,158	442,845	5,066	-	941,069
Assumption by TIME dotCom of amount owing by Telcos to TIME	1,622,718	1,166,560	531,644	29,403	3,350,325
Total amount owing by Telcos to TIME dotCom	2,115,876	1,609,405	536,710	29,403	4,291,394

In satisfaction of debt owing by the respective Telco to TIME dotCom, each Telco issued one (1) new ordinary share of RM1.00 each credited as fully paid-up to TIME dotCom for every RM1.00 debt owing to TIME dotCom. The resultant share capital of the respective Telco are illustrated in the table below:-

	TT dotCom RM'000	TWSB RM'000	TRSB RM'000	TSAT RM'000
Existing share capital	640,000	239,000	5,000	39,706
Issuance of shares in settlement of amount owing to TIME dotCom	2,115,876	1,609,405	536,710	29,403
Resultant share capital	2,755,876	1,848,405	541,710	69,109

**10.2.3 Capital Reduction**

As part of the restructuring exercise of the TIME dotCom Group, TIME dotCom and its subsidiaries intend to apply to the High Court of Malaya to sanction the capital reduction of TT dotCom, TWSB, TRSB and TSAT under Section 64 of the Companies Act, 1965 as follows:-

**(i) Share capital of TT dotCom**

TT dotCom's issued and paid-up share capital of RM2,755.876 million comprising 2,755.876 million ordinary shares of RM1.00 each will be reduced to RM2,480.288 million comprising 2,755.876 million ordinary shares of 90 sen each. The reduction of 10 sen for every existing ordinary share of RM1.00 par value will give rise to a credit of RM275.588 million. The credit will be utilised to reduce TT dotCom's audited accumulated losses as at 31 December 1999 amounting to RM256.767 million. The remaining credit of approximately RM18.821 million will be capitalised as non-distributable reserve.

Forthwith upon the reduction of the paid-up share capital taking effect, the issued and paid-up share capital of TT dotCom will be consolidated in such manner that approximately every 1.11 ordinary shares of 90 sen each shall constitute one (1) ordinary share of RM1.00 each upon which the sum of RM1.00 each will be credited as having been fully paid-up, thereby consolidating the 2,755.876 million ordinary shares of 90 sen each into 2,480.288 million ordinary shares of RM1.00 each.

**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)**

A summary of the capital reduction is as follows:-

	No. of shares '000	Par value RM	Total value RM'000
Existing share capital	640,000	1.00	640,000
To be issued pursuant to Debt Conversion	2,115,876	1.00	2,115,876
Share capital after Debt Conversion	2,755,876	1.00	2,755,876
After reduction of 10 sen for every RM1.00 par value	2,755,876	0.90	2,480,288
After consolidation	2,480,288	1.00	2,480,288

**(ii) Share capital of TWSB**

TWSB's issued and paid-up share capital of RM1,848.405 million comprising 1,848.405 million ordinary shares of RM1.00 each will be reduced to RM1,293.884 million comprising 1,848.405 million ordinary shares of 70 sen each. The reduction of 30 sen for every existing ordinary share of RM1.00 par value will give rise to a credit of approximately RM554.522 million. The credit will be utilised to reduce TWSB's audited accumulated losses as at 31 December 1999 amounting to RM585.816 million.

Forthwith upon the reduction of the paid-up share capital taking effect, the issued and paid-up share capital of TWSB will be consolidated in such manner that approximately every 1.43 ordinary shares of 70 sen each shall constitute one (1) ordinary share of RM1.00 each upon which the sum of RM1.00 each will be credited as having been fully paid-up, thereby consolidating the 1,848.405 million ordinary shares of 70 sen each into 1,293.884 million ordinary shares of RM1.00 each.

TWSB will also reduce its entire share premium account of RM61.00 million as at 31 December 1999 and the credit arising therefrom will be utilised to further reduce TWSB's audited accumulated losses as at 31 December 1999 amounting to RM585.816 million. The remaining credit of approximately RM29.706 million will be capitalised as non-distributable reserve.

A summary of the capital reduction is as follows:-

	No. of shares '000	Par value RM	Total value RM'000
Existing share capital	239,000	1.00	239,000
To be issued pursuant to Debt Conversion	1,609,405	1.00	1,609,405
Share capital after Debt Conversion	1,848,405	1.00	1,848,405
After reduction of 30 sen for every RM1.00 par value	1,848,405	0.70	1,293,884
After consolidation	1,293,884	1.00	1,293,884

**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)****(iii) Share capital of TRSB**

TRSB's issued and paid-up share capital of RM541.710 million comprising 541.710 million ordinary shares of RM1.00 each will be reduced to RM487.539 million comprising 541.710 million ordinary shares of 90 sen each. The reduction of 10 sen for every existing ordinary share of RM1.00 par value will give rise to a credit of RM54.171 million. The credit will be utilised to reduce TRSB's audited accumulated losses as at 31 December 1999 amounting to RM47.499 million. The remaining credit of RM6.672 million will be capitalised as non-distributable reserve.

Forthwith upon the reduction of the paid-up share capital taking effect, the issued and paid-up share capital of TRSB will be consolidated in such manner that approximately every 1.11 ordinary shares of 90 sen each constituted one (1) ordinary share of RM1.00 each upon which the sum of RM1.00 each will be credited as having been fully paid-up, thereby consolidating the 541.710 million ordinary shares of 90 sen each into 487.539 million ordinary shares of RM1.00 each.

A summary of the capital reduction is as follows:-

	No. of shares '000	Par value RM	Total value RM'000
Existing share capital	5,000	1.00	5,000
To be issued pursuant to Debt Conversion	536,710	1.00	536,710
Share capital after Debt Conversion	541,710	1.00	541,710
After reduction of 10 sen for every RM1.00 par value	541,710	0.90	487,539
After consolidation	487,539	1.00	487,539

**(iv) Share capital of TSAT**

TSAT's issued and paid-up share capital of RM69.109 million comprising 69.109 million ordinary shares of RM1.00 each will be reduced to RM9.675 million comprising 69.109 million ordinary shares of 14 sen each. The reduction of 86 sen for every existing ordinary share of RM1.00 par value will give rise to a credit of RM59.434 million. The credit will be utilised to reduce TSAT's audited accumulated losses as at 31 December 1999 amounting to RM58.957 million. The remaining credit of RM477,000 will be capitalised as non-distributable reserve.

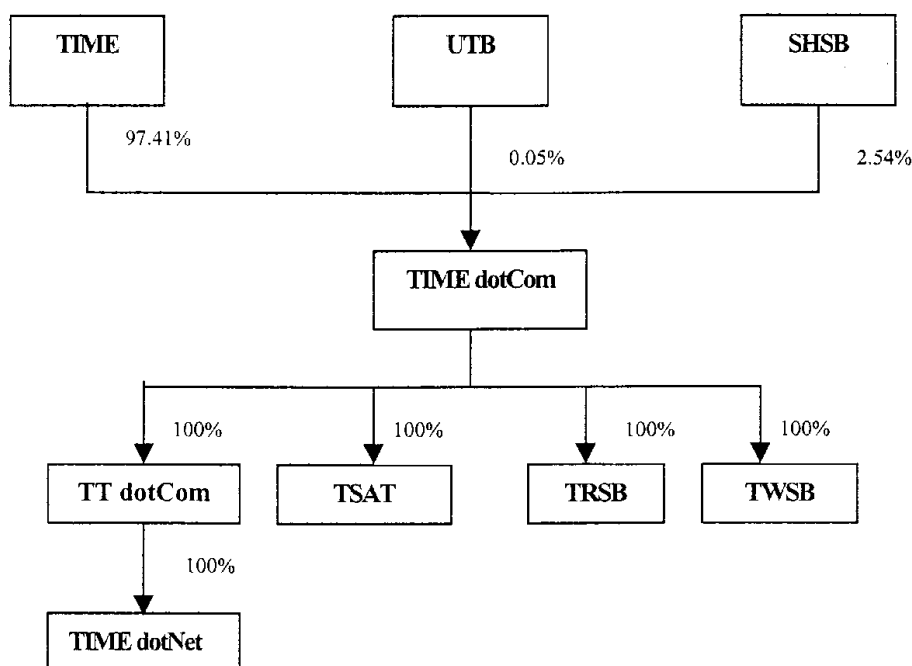
Forthwith upon the reduction of the paid-up share capital taking effect, the issued and paid-up share capital of TSAT will be consolidated in such manner that approximately every 7.14 ordinary shares of 14 sen each constituted one (1) ordinary share of RM1.00 each upon which the sum of RM1.00 each will be credited as having been fully paid-up, thereby consolidating the 69.109 million ordinary shares of 14 sen each into 9.675 million ordinary shares of RM1.00 each.

**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)**

A summary of the capital reduction is as follows:-

	No. of shares '000	Par value RM	Total value RM'000
Existing share capital	39,706	1.00	39,706
To be issued pursuant to Debt Conversion	29,403	1.00	29,403
Share capital after Debt Conversion	69,109	1.00	69,109
After reduction of 86 sen for every RM1.00 par value	69,109	0.14	9,675
After consolidation	9,675	1.00	9,675

The corporate structure of the TIME dotCom Group after its restructuring scheme is as illustrated below:-

**10.2.4 Flotation**

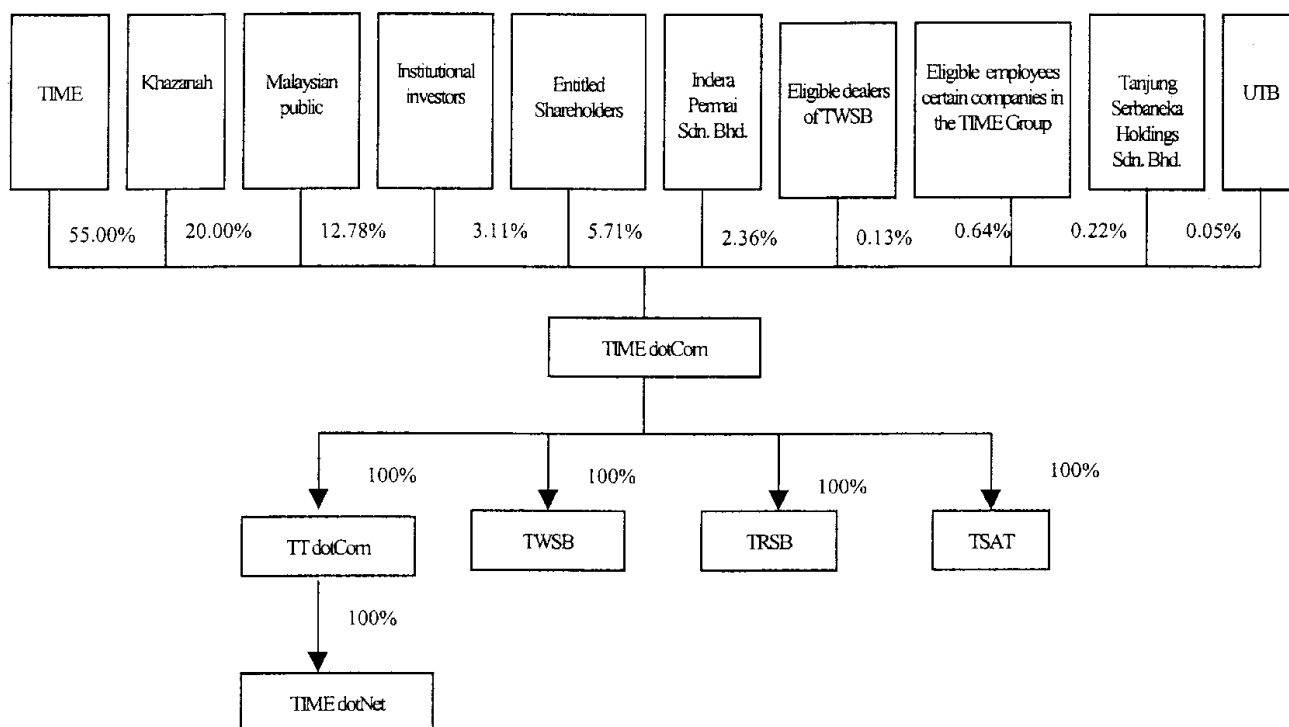
In conjunction with the listing of and quotation for TIME dotCom ordinary shares on the KLSE, TIME and TIME dotCom will undertake an initial public offering of TIME dotCom shares as follows:-

- (i) public issue by TIME dotCom of 169,227,000 TIME dotCom ordinary shares of RM1.00 each credited as fully paid-up at an issue price of RM3.30 per share to the eligible employees of certain companies in the TIME Group, eligible dealers of TWSB and the Malaysian public;
- (ii) placement by TIME dotCom of 5,455,000 new TIME dotCom ordinary shares of RM1.00 each credited as fully paid-up at a placement price of RM3.30 per share, payable in full upon placement, to a turnkey contractor of TWSB, namely Tanjung Serbaneka Holdings Sdn. Bhd.;
- (iii) offer for sale by TIME of 173,774,000 TIME dotCom ordinary shares of RM1.00 each at an offer price of RM3.30 per share, payable in full on application, (and any shares not subscribed for by the Entitled Shareholders under the Proposed Restricted Offer for Sale) to the Malaysian public;

## 10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)

- (iv) non-renounceable offer for sale by TIME of 144,538,930 TIME dotCom ordinary shares of RM1.00 each at an offer price of RM3.30 per share, payable in full on application, (and any shares not subscribed for under the Proposed Public Offer for Sale) to the Entitled Shareholders on the basis of one (1) TIME dotCom ordinary share for every two (2) existing TIME ordinary shares held; and
- (v) placement by TIME of 78,700,000 TIME dotCom ordinary shares of RM1.00 each at a placement price of RM3.30 per share, payable in full upon placement, to specific investors.

Upon completion of its flotation exercise, the shareholding and corporate structure of the TIME dotCom Group will be as follows:-



*Note:* Under the terms of the Share Sale Agreement dated 8 July 2000, Khazanah has a deemed interest pursuant to Section 6A of the Companies Act, 1965 in 10% of the resultant enlarged issued capital of TIME dotCom belonging to TIME by virtue of the irredeemable exchangeable secured bonds ("ESB") issued by TIME to Khazanah. The ESB is secured upon and exchangeable for 253,080,000 TIME dotCom shares.

### 10.3 Changes in Share Capital

The present authorised share capital of TIME dotCom is RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM1.00 each. The issued and paid-up capital of TIME dotCom is RM2,356,093,000 comprising 2,356,093,000 ordinary shares of RM1.00 each.



**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)**

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
11.12.96	2	1.00	Subscribers' shares	2
29.04.97	999,998	1.00	Cash	1,000,000
26.12.00	923,706,000	1.00	Issued at par as consideration for the acquisitions of the entire equity interest in TT dotCom, TWSB, TRSB and TSAT	924,706,000
26.12.00	1,431,386,454	1.00	Issued at an issue price of RM3.00 per share in settlement of every RM3.00 debt referred to Section 10.2.2(iii) above	2,356,092,454
26.12.00	546	1.00	Cash	2,356,093,000

**10.4 Substantial Shareholders**

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

Shareholder	-----No. of ordinary shares held----->			
	Direct '000	%	Indirect '000	%
TIME	2,295,093	97.41	-	-
Indera Permai Sdn. Bhd.	59,750	2.54	-	-
Renong <sup>^</sup>	-	-	2,295,093 <sup>#</sup>	97.41
Tan Sri Halim Saad	-	-	2,295,093 <sup>*</sup>	97.41
SHSB	-	-	61,000 <sup>+</sup>	2.59
Tan Sri Shamsuddin Kadir	-	-	61,000 <sup>++</sup>	2.59

<sup>^</sup> On 12 December 2000, Renong accepted an offer from United Engineers (Malaysia) Berhad for Renong to dispose of, inter-alia, its entire shareholding comprising 349,112,731 ordinary shares of RM1.00 each representing approximately 46.77% equity interest in TIME. This proposal is currently pending the execution of a definitive agreement between both parties.

<sup>#</sup> Deemed interested through TIME.

<sup>\*</sup> Deemed interested through Renong.

<sup>+</sup> Deemed interested through UTB and Indera Permai Sdn. Bhd..

<sup>++</sup> Deemed interested through SHSB.

## 10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)

### 10.5 Directors

The Directors of TIME dotCom, all of whom are Malaysian, and their shareholdings in TIME dotCom according to the Register of Directors' Shareholdings as at 8 January 2001 are as follows:-

Shareholder	-----No. of ordinary shares held----->			
	Direct '000	%	Indirect '000	%
Tan Sri Abu Talib bin Othman	-	-	-	-
Dato' Zaidan bin Haji Othman	-	-	-	-
Tan Sri Halim Saad	-	-	2,295,093 <sup>#</sup>	97.41
Khairuddin bin Zainal	-	-	-	-
Michael Lim Hee Kiang	-	-	-	-

# Deemed interested through Renong.

### Other directorships and major shareholdings

Directorship and major shareholdings of the Directors in other public corporations for the past two (2) years from 8 January 2001 are as follows:-

Name	Company	Date appointed	Date resigned/ retired	-----Shareholding----->			
				Direct	%	Indirect	%
Tan Sri Abu Talib bin Othman	Crest Petroleum Berhad	31.05.94	-	-	-	-	-
	Tan & Tan Development Berhad	29.11.93	-	500,000	0.16	-	-
	Renong Berhad	01.04.99	-	120,000	0.005	-	-
	Sapura Telecommunications Berhad	25.01.94	-	-	-	-	-
	British American Tobacco (Malaysia) Berhad (formerly known as Rothmans of Pall Mall (M) Berhad)	24.06.94	-	1,000	*	-	-
	Pan Malaysia Holdings Berhad (formerly known as Pengkalen Holdings Berhad)	15.08.96	02.10.00	-	-	-	-
	IGB Corporation Berhad	18.07.95	-	-	-	-	-
	Sime Darby Berhad	16.11.98	-	10,000	*	-	-
	Multi-Purpose Bank Berhad	23.08.94	-	-	-	-	-
	Ganad Corporation Berhad	01.03.00	-	-	-	-	-
	MUI Continental Insurance Berhad	04.11.94	-	4,340,000	8.54	-	-
	Jaya Tiasa Holdings Berhad	27.03.95	18.07.98	721,000	0.26	8,212,500	2.91
	Straits Fund Berhad	23.07.99	09.05.00	-	-	-	-
Malaysia Plantations Berhad	24.04.00	13.11.00	-	-	-	-	
Prime Utilities Berhad	07.11.00	-	-	-	-	-	

**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)**

Name	Company	Date appointed	Date resigned/ retired	Shareholding			
				Direct	%	Indirect	%
Dato' Zaidan Hj Othman	George Kent (Malaysia) Berhad	01.06.88	-	-	-	-	-
	Kinta Kellas Public Limited Company	06.07.90	-	-	-	-	-
Tan Sri Halim bin Saad	Renong Berhad	25.05.90	-	80,716,731	3.47	1,526,121,860	65.68%
	United Engineers (Malaysia) Berhad	29.07.85	-	-	-	309,798,506	37.94
	Cement Industries of Malaysia Berhad	-	-	-	-	71,194,325	53.90
	Ho Hup Construction Company Berhad	-	-	-	-	19,500,120	32.50
	Projek Penyelenggaraan Lebuhraya Berhad	-	-	-	-	19,670,000	56.20
	Kinta Kellas Public Limited Company	06.07.90	-	-	-	98,795,600	62.40
	Crest Petroleum Bhd	-	-	-	-	29,222,203	38.60
	Park May Bhd	-	-	-	-	22,526,250	50.10
	TIME Engineering Berhad	-	-	-	-	349,112,731	46.77
	EPE Power Corporation Bhd	-	-	-	-	6,595,000	55.00
	Faber Group Bhd	18.06.90	-	-	-	194,484,537	60.00
	Jaya Jusco Stores Bhd	15.09.84	16.06.2000	-	-	-	-
Khairuddin bin Zainal	-	-	-	-	-	-	-
Michael Lim Hee Kiang	Renong Berhad	01.04.99	-	-	-	-	-
	Selangor Properties Berhad	04.03.93	-	1,000	*	-	-
	Diethelm Holdings (Malaysia) Berhad	24.12.91	-	10,000	*	-	-
	Insas Berhad	25.06.93	-	-	-	-	-
	Dijaya Corporation Berhad	20.09.93	-	-	-	-	-
	Paragon Union Berhad	08.03.99	-	-	-	-	-

\* *Negligible.*

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**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)****10.6 Profit and Dividend Records**

TIME dotCom commenced operations during the financial year ended 31 December 1998. The audited results of TIME dotCom for the two (2) years ended 31 December 1999 and the nine (9) months ended 30 September 2000 are set out below:-

	<---Year ended 31 December--->		9 months ended 30 September 2000
	1998 RM'000	1999 RM'000	RM'000
Turnover	140	115	-
Loss before interest, depreciation, taxation and amortisation	(3,514)	(2,758)	(1,767)
Depreciation	(159)	(159)	(152)
Amortisation	-	-	-
Fixed assets written-off	-	-	(25)
Interest expense	-	-	-
Loss before taxation	(3,673)	(2,917)	(1,944)
Taxation	-	-	-
Loss for the year/period	(3,673)	(2,917)	(1,944)
No. of shares in issue ('000)	1,000	1,000	1,000
Net loss per share (RM)	(3.67)	(2.92)	(2.59)*
Net liabilities (RM'000)	(2,673)	(5,590)	(7,534)
Net liabilities per share (RM)	(2.67)	(5.59)	(7.53)
Gross dividend rate (%)	-	-	-

\* *Annualised*

**Notes:-**

- (i) *There were no exceptional or extraordinary items for TIME dotCom during the years/period under review.*
- (ii) *The losses for the 2 years ended 31 December 1999 and 9 months ended 30 September 2000 were due to administration costs incurred.*

The proforma consolidated profit and loss accounts of the TIME dotCom Group is set out in page 200 in the Accountants' Report, Section 18 of this Prospectus.

**10.7 Information on Subsidiaries****10.7.1 TT dotCom****(i) History and Business**

TT dotCom was incorporated in Malaysia under the Companies Act, 1965 as a private limited company under the name of TES Sdn. Bhd. on 17 November 1979. It changed its name to TIME Engineering and Slipway Sdn. Bhd. on 16 February 1981. On 14 June 1991, it changed its name to TIME Telecommunications Sdn. Bhd.. It assumed its present name on 28 February 2000.

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**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)**

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The principal activity of TT dotCom is the provision of voice, data, video and image communication services through its established domestic and international network. TIME was granted a Fibre-Optic Network Licence for a period of 20 years from 1 November 1992 by the MECM and the licence was transferred to TT dotCom on 15 September 1993. The Fibre-Optic Network Licence allows TT dotCom to provide telecommunications services on all PLUS's concession highways in Peninsular Malaysia and federal highways and roads. On 1 June 1994, it was issued a Domestic Operator (PSTN) Licence valid for 20 years by the MECM. The Domestic Operator Licence allows TT dotCom to establish and operate a telecommunications network in Malaysia using a fibre-optic network, domestic satellite earth stations with microwave links and switching centres to provide voice, data, visual and sound transmission services. On 1 December 1994, TT dotCom was issued an International Gateway Licence valid for 20 years by the MECM. The International Gateway Licence allows TT dotCom to establish, maintain and operate telecommunication systems, which comprises of international switching centres, satellite earth stations and submarine cable landing stations and other international telecommunication links.

TT dotCom's fibre trunk network comprises:-

- (a) over 3,600 km of terrestrial fibre-optic cable route linking the major towns of Peninsular Malaysia, including a main fibre-optic route of 900 km along the NSE belonging to PLUS; and
- (b) over 1,600 km of submarine festoon fibre-optic cable back-up system with 25 landing points installed around the perimeter of Peninsular Malaysia.

The combination of submarine and terrestrial cables provides for diversity and added resiliency along the routes. Construction of the basic infrastructure was completed in 1995, with the continuous upgrading of the network required to enhance coverage and to keep up with technological advances during the duration of the licences. TT dotCom launched its Voice Grade Services on 1 December 1995. Voice Grade Services is a basic telephony service that provides both incoming and outgoing telephone calls.

TT dotCom has completed the construction of a national SDH fibre-optic network in December 1995 and has transmission capacity available between all the major cities of Peninsular Malaysia. The transmission infrastructure is based on the latest technology of SDH with self-healing resiliency. The network is designed to increase the quality of TT dotCom services to its customers. The existing SDH network is made up of two main layer or architecture: trunk and MAN. At the trunk layer, it consists of national mesh network and regional ring network. The mesh network is made up of STM16 equipment, which is equivalent to 2.5 Gigabits per second bandwidth, while the regional ring is made up of STM4 equipment with 622 Megabits per second bandwidth. At the MAN layer, it is made up of two types of equipment; STM4 and STM1 (155 Megabits per second). This network is built around major cities such as Kuala Lumpur, Petaling Jaya, Johor Bahru, Ipoh, Penang, Prai and Kuantan, to name a few.

## 10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)

The trunk network is complimented by MAN within the central business districts of major cities and similar networks are being introduced to serve selected township, industrial areas (free trade zone areas such as Prai, Bayan Lepas, Sungei Way, Pasir Gudang, Shah Alam, etc) and residential areas (Lembah Beringin, Bandar Nusajaya, etc).

TT dotCom is connected to the rest of the world via investments in submarine cable systems. The partners who have entered into bilateral agreements include MCI WorldCom (USA), Teleglobe (USA/Canada), Telstra (Australia), C&W Optus (Australia), PLDT (Philippines), Indosat (Indonesia), TOT (Thailand), SingTel (Singapore), StarHub (Singapore), PCCW (Hong Kong), Dacom (South Korea), JTB (Brunei) and others.

TT dotCom is also connected to licensed operators via managed IP connectivity. TT dotCom will be undertaking the strengthening of its global presence and international products offering through collaboration with international partners. Recently, TT dotCom has signed an International Data Carrier Agreement with Global One Communications L.L.C. to enable it to deliver a suite of global IP, Frame Relay and ATM services to its corporate customers.

In July 2000, TT dotCom has achieved ISO 9002 certification for network provision of telecommunications services including activation, corrective actions and preventive maintenance for the entire company, and is currently undergoing an exercise to achieve full certification.

### (ii) Share capital

The present authorised share capital of TT dotCom is RM2,800,000,000 comprising 2,800,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of TT dotCom is RM2,755,876,143 divided into 2,755,876,143 ordinary shares of RM1.00 each.

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

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration</b>	<b>Total issued and paid-up capital RM</b>
17.11.79	2	Cash; subscribers' shares	2
14.01.93	4,999,998	Cash	5,000,000
30.09.94	35,000,000	Cash	40,000,000
02.12.96	600,000,000	Capitalisation of advances from TIME	640,000,000
26.12.00	2,115,876,143	Issued pursuant to the debt restructuring exercise mentioned in Section 10.2.2	2,755,876,143

**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)****(iii) Subsidiaries and Associated Companies**

As at 8 January 2001, TT dotCom held 20 shares of RM0.10 each representing 100% equity interest in TIME dotNet. TIME dotNet is a Malaysian incorporated company with an issued and paid-up share capital of RM2 comprising 20 ordinary shares of RM0.10 each as at 8 January 2001. Its principal activity is to 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.

**(iv) Profit and Dividend Records**

TT dotCom did not commercially commenced its operations until the financial year ended 31 December 1996. The audited results of TT dotCom for the four (4) years ended 31 December 1999 and the nine (9) months ended 30 September 2000 are set out below:-

	←—————Year ended 31 December—————→				9 months ended 30 September
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover	13,115	89,535	255,083	302,136	259,535
(Loss)Profit before interest, depreciation, taxation and amortisation	(47,573)	(19,430)	(34,294)	32,890	25,579
Depreciation	(5,837)	(11,554)	(16,604)	(14,408)	(8,210)
Amortisation/write off of telecommunications network and post commissioning interest capitalised	(79)	(7,528)	(17,716)	(51,486)	(11,561)
Amortisation of expenditure carried forward	(9,889)	(13,186)	(13,186)	(13,186)	(9,889)
Fixed asset written off	(5)	-	-	-	-
Interest expense	(12)	(9)	(1,342)	(12,333)	(17,252)
Loss before exceptional item and taxation	(63,395)	(51,707)	(83,142)	(58,523)	(21,333)
Exceptional items	-	-	-	-	22,974
Profit/(Loss) before taxation	(63,395)	(51,707)	(83,142)	(58,523)	1,641
Taxation	-	-	-	-	-
Net profit/(loss)	(63,395)	(51,707)	(83,142)	(58,523)	1,641
No. of shares in issue ('000)	640,000	640,000	640,000	640,000	640,000
EPS/Loss per share (sen)	(70.44)*	(8.08)	(12.99)	(9.14)	0.34+
NTA (RM'000)	520,566	482,044	412,088	366,751	378,281
NTA per share (RM)	0.81	0.75	0.64	0.57	0.59
Gross dividend rate (%)	-	-	-	-	-

\* Based on weighted average number of shares in issue of 90,000,000.

+ Annualised.

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**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)**


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**Notes:-**

- (i) *There were no extraordinary items during the years/period under review. The exceptional item for the 9 months ended 30 September 2000 represents the credit arising from the reduction in the cumulative amortisation of commissioned 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 TT dotCom.*
- (ii) *Loss incurred for the financial year ended 31 December 1996 was mainly due to high operating and maintenance cost of the telecommunications network.*
- (iii) *1997 saw the expansion of customer base, the roll-out of enhanced products and services and the integration of its business with TRSB and TWSB resulting in the significant increase in turnover and a reduction in the loss for the year.*
- (iv) *Despite the higher turnover recorded in 1998, the higher network maintenance cost, provision for doubtful debts and higher depreciation and amortisation charges resulted in a higher loss recorded in 1998.*
- (v) *The higher turnover in 1999 was mainly due to higher sales of its TIME Kontakt cards, increase in its international revenue and higher usage of Equal Access service by its customers. The higher turnover and the savings made on network maintenance and the reduction in advertisement costs resulted in a reduction in loss for the year in 1999.*

**10.7.2 TWSB****(i) History and Business**

TWSB was incorporated in Malaysia under the Companies Act, 1965 under the name of Electronics and Telematique (Malaysia) Sdn. Bhd. on 20 July 1981. It subsequently changed its name to Sapura Digital Sdn. Bhd. on 23 March 1995. TWSB changed its name to TIME PCN Sdn. Bhd. on 4 July 1997 and assumed its present name on 28 August 1997.

On 24 December 1993, the MECM awarded TWSB a PCN licence to operate a mobile telecommunications service. The 20-year licence enables TWSB to establish, maintain and operate the service as well as to place, lay, carry or maintain any posts, cables or wires required for the purpose of telecommunications throughout Malaysia.

PCN or better known as GSM 1800 is a second generation digital mobile communications technology which provides a clear voice, data and facsimile transmission and reception with full mobility. The PCN enables subscribers to gain access to other global PCN telecommunications networks as well as offering a range of value added services such as voice-mail and facsimile transmission.

TWSB, which utilises the GSM 1800 technology, trades under the brand name of "ADAM" and was launched on 8 August 1995. In 1995 and 1996, the network coverage was extended to all major cities and towns in the western region of Peninsular Malaysia and East Malaysia. In 1997, the network coverage was further extended into smaller towns and destinations, improving coverage quality and expanding capacity where necessary. In August 2000, TWSB renamed its brand from "ADAM" to "TIMECel" as part of its marketing effort to establish a new corporate identity.



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**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)**

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As part of the integration effort, TWSB has been using TT dotCom's fibre-optic network to support its own requirements and for coverage of the NSE. The NSE is the backbone supporting all economic activities in the West Coast of Peninsular Malaysia as the NSE links all major towns, commercial and industrial areas, population concentration areas, airports and seaports along the West Coast. TWSB completed its NSE coverage to about 85% in the last quarter of 1998 and now provides the most comprehensive coverage for NSE. TWSB is expected to complete the remaining 15% of the NSE coverage by the first half of next year.

Features of TWSB's services include interconnection with local fixed and mobile local and international operators, value-added services such as text messaging and voice-mail services, and international roaming services. International roaming, which allows a TIMECel subscriber to use his mobile phone whilst overseas, is currently available in more than 50 countries and over 80 licensed operators worldwide.

TWSB also provide an information directory service called Smartinfo. In 1999, TWSB further enhanced this product by adding new services such as e-mail alerts and SMS to emails. The SIM Toolkit technology was also implemented to ease customer access to its service. As prepaid services and mobile internet become new marketing tools to increase subscriber base, TWSB launched its prepaid service to the public on 22 November 1999 and its mobile internet service using WAP technology on 19 June 2000.

TWSB suffered a contraction in its subscriber base in 1998 primarily due to the financial difficulties faced by TWSB, the economic downturn and coupled by the launch of prepaid service by other operators in 1998. Due to financial constraints, TWSB was unable to continue to subsidise handsets which was the practice of the industry then. Many subscribers switched to other operators because of the competitive pricing offered. Under these circumstances, TWSB was forced to device a pricing strategy to regain market share in January 1999 by offering subscription package with access fee of RM10 per month for the first 18 months. The new subscribers are also required to pay an upfront fee of RM168 to the dealers as commission. This strategy also takes into account the theory of 'sunk cost' of network capacity. The program enjoyed good support and has been a measured success since its launch.

The following are the key achievements of TWSB todate:-

- TWSB was the first operator to launch fax and data service. Mobile Office service, which includes fax, data and virtual fax services, was launched May 1996;
- TWSB received its ISO 9002 Certification for Customer Management Division on 27 February 1997;
- TWSB was the first to introduce information service using the Text Message Service. The service is called SmartInfo and was launched in December 1997;
- TWSB was the second cellular operator to launch its WAP service to the market, which offers internet based information service via the mobile phone; and
- TWSB was the first cellular operator to commercially launch its GPRS service on 19 December 2000.

**10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)****(ii) Share capital**

The present authorised share capital of TWSB is RM1,900,000,000 divided into 1,900,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of TWSB is RM1,848,405,263 comprising 1,848,405,263 ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Consideration	Total issued and paid-up capital RM
20.07.81	2	Cash; subscribers' shares	2
28.11.94	49,999,998	Cash	50,000,000
18.01.96	50,000,000	Cash	100,000,000
09.04.97	139,000,000	Conversion of RM139,000,000 nominal value of 2% irredeemable convertible unsecured loan stocks 1995/2000	239,000,000
26.12.00	1,609,405,263	Issued pursuant to the debt restructuring exercise mentioned in Section 10.2.2	1,848,405,263

**(iii) Subsidiaries and Associated Companies**

As at 8 January 2001, TWSB does not have any subsidiary or associate company.

**(iv) Profit and dividend records**

The following is a summary of the audited results of TWSB for the two (2) financial years ended 31 January 1997, the eleven (11) month period ended 31 December 1997, the two (2) financial years ended 31 December 1999 and the nine (9) months ended 30 September 2000:-

	Year ended 31 January		11 month period ended 31 December 1997	Year ended 31 December		9 months ended 30 September 2000
	1996 RM'000	1997 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover	7,921	59,728	143,807	140,099	136,328	178,717
(Loss)/Profit before interest, depreciation taxation and amortisation	(39,056)	(90,787)	(65,888)	(72,695)	(20,480)	10,219
Depreciation	(3,321)	(8,106)	(9,917)	(12,900)	(9,208)	(7,581)
Amortisation of telecommunications network and post commissioning interest capitalised	(31)	(794)	(2,367)	(23,127)	(16,291)	(9,358)
Amortisation of deferred expenditure and expenditure carried forward	(5,446)	(18,508)	(49,514)	(55,049)	(18,965)	(165)
Fixed assets written off	-	-	-	-	(9,383)	-
Interest expense	(2,087)	(5,512)	(2,351)	(8,374)	(35,969)	(20,303)
Loss before exceptional item and taxation	(49,941)	(123,707)	(130,037)	(172,145)	(110,296)	(27,188)

## 10. INFORMATION ON THE TIME DOTCOM GROUP (Cont'd)

	Year ended 31 January		11 month period ended 31 December	Year ended 31 December		9 months ended 30 September
	1996	1997	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exceptional item	-	-	-	-	-	20,719
Loss before taxation	(49,941)	(123,707)	(130,037)	(172,145)	(110,296)	(6,469)
Taxation	-	-	-	34	-	-
Net loss	(49,941)	(123,707)	(130,037)	(172,111)	(110,296)	(6,469)
No. of shares in issue ('000)	100,000	100,000	239,000	239,000	239,000	239,000
Weighted average no. of shares in issue ('000)	52,083	100,000	213,727	239,000	239,000	239,000
Net EPS/(loss per share) (sen)	(95.89)	(123.71)	(66.37)#	(72.01)	(46.15)	(3.61)#
NTA/(Net liabilities) (RM'000)	99,857	(47,754)	(47,567)	(187,811)	(285,980)	(292,284)
NTA/(Net liabilities) per share (RM)	1.00	(0.48)	(0.20)	(0.79)	(1.20)	(1.22)
Gross dividend rate (%)	-	-	-	-	-	-

# Annualised.

**Notes:-**

- (i) There were no extraordinary items for TWSB during the years/periods under review. The exceptional item for the 9 months ended 30 September 2000 represents the credit arising from the reduction in the cumulative amortisation of commissioned 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 TWSB.
- (ii) During the financial ended 31 December 1997, TWSB changed its accounting policy on the amortisation of commissioned telecommunications network cost from a straight line basis over ten (10) years to revenue method. The effects of such change on the profit and loss account of TWSB for the financial years ended 31 January 1996 and 1997 resulted in the overstatement of loss of RM11.33 million and RM49.11 million respectively. The above results have been adjusted to reflect the overstatement.
- (iii) TWSB commenced operations in financial year 1996. Turnover represents mainly airtime charges and sale of handsets. The company incurred loss in financial year 1996 mainly due to depreciation charges, site rentals, and lease line charges incurred, which are fixed in nature.
- (iv) Turnover for the financial year 1997 increased to RM59.73 million which corresponds to the increase in subscribers base. The increase in the subscriber base has also caused a substantial increase in the operational and financial activities of TWSB resulting in RM123.71 million loss in financial year 1997.
- (v) Turnover for the 11 month period ended 31 December 1997 increased further to RM143.8 million following further increase in TWSB's subscriber base. The marginal increase in loss after taxation was due to the network rationalisation and integration exercise with TT dotCom's network.
- (vi) The higher losses before taxation recorded in 1998 compared to 1997 was mainly due to significant provision for doubtful debts and the write-off of handset subsidy due to the defaulting and inactive subscribers. The increase in amortisation and depreciation charges has also contributed to the higher loss.
- (vii) The lower loss before taxation recorded in 1999 as compared to 1998 was mainly due to the savings in operation costs and the reduction in provision made for doubtful debts.