15. THE MALAYSIAN TELECOMMUNICATIONS INDUSTRY

The following information has been extracted from various Government and publicly available documents, namely the Communications and Multimedia Industry Statistics issued by the Commission (March 2002), Global Mobile newsletter (Volume 9, Number 4, 27 February 2002), and country data published by the Economist Intelligence Unit (December 2001), which have not been prepared or independently verified by the Company, the Selling Shareholder or any of their affiliates or advisers.

15.1 Overview

The telecommunications industry in Malaysia has experienced significant growth in recent years. According to the Commission, the total number of mobile subscribers increased from 2.7 million at the end of 1999 to 7.5 million at the end of 2001 while mobile penetration increased from 12.0 per cent. to 31.4 per cent. during the same period. Over the same period, fixed line subscribers increased from 4.4 million to 4.7 million. The following table sets out certain information relating to the telecommunications industry in Malaysia as at 31 December 1999, 2000 and 2001.

	As at 31 December			Compound annual growth rate
	1999	**2000**	**2001**	**1999-2001**
Malaysian population[1] (in millions)	22.7	23.3	23.8	2.4%
Mobile subscribers[1] (in millions)	2.7	5.1	7.5	66.7%
Mobile penetration[1]&[2] (%)	12.0	22.0	31.4	61.8%
Fixed-line subscribers[1] (in millions)	4.4	4.6	4.7	3.4%
Fixed-line penetration[1]&[2] (%)	19.5	19.9	19.8	0.8%

Notes:

(1) Source: Commission's statistics (March 2002)

(2) Penetration refers to the total number of subscribers as a percentage of the total population

Growth in demand for mobile services has far exceeded that for fixed line services according to the Commission, with mobile penetration rates increasing from 7.1 per cent. in 1996 to 31.4 per cent. as at 31 December 2001. Mobile penetration overtook fixed line penetration levels during 2000 and this trend continued to increase in 2001. Maxis believes this trend has been largely driven by the favourable regulatory environment, declining entry cost for subscribers, lower tariffs and the commoditisation of mobile services through the introduction of prepaid services.

15.2 History

Prior to 1946 the Post and Telegraph Department was responsible for providing all telecommunications services throughout Malaysia. In 1946, the postal service was segregated with the formation of the Telecommunications Department in Peninsular Malaysia. This department was subsequently merged in 1968 with the Telecommunications Department in Sabah and Sarawak to form the Department of Telecommunications Malaysia (or Jabatan Telekomunikasi Malaysia ("JTM")).

In 1987, the operation of Malaysia's telecommunication services was transferred from JTM to Syarikat Telekom Malaysia Berhad, which became a publicly listed company in 1990. It assumed its present name, Telekom Malaysia Berhad, in 1991. The Government retained a majority shareholding in Telekom Malaysia Berhad as well as a "special share", to ensure that Telekom Malaysia's important operational decisions are consistent with Government policy.

Telekom Malaysia introduced mobile services into Malaysia in 1985. Since then, the Government granted a number of licences to private sector telecommunication operators in an effort to develop the country's telecommunications industry and infrastructure.

In 1999, the Government established the Commission as the regulatory body charged with overseeing the communications and multimedia industry under the direction of the Minister. The Minister is responsible for planning and formulating national policy on the communications and multimedia industry in Malaysia and for licensing telecommunications operators. The industry has transformed from a monopolistic regime with Telekom Malaysia's monopoly over mobile, fixed line and international telephony services to the current more transparent, more liberalised structure promoting increased competition.

In 1999, the Government introduced its "equal access" policy, firstly to allow Malaysian consumers to choose their long-distance and international telephone carriers and, secondly to provide Malaysian operators having fixed line licences the ability to supply trunk services to consumers directly connected to another network operator. The Government introduced this policy to facilitate improvement in the quality of telecommunications services and to facilitate price reductions as a result of enhanced operating efficiency. The Government also encouraged foreign investors to provide the necessary capital investment and technological know-how and experience to promote the rapid development of the telecommunications market in Malaysia. The Government also indicated that it will allow foreign ownership in Malaysian telecommunications companies of up to 61 per cent., subject to the conditions that the Government may impose, provided that the ownership percentage of foreign investors is reduced to 49 per cent. within five years of achieving the 61 per cent. threshold. Refer to Section 16 of this Prospectus.

15.3 Industry Size

The following table sets forth the services provided by the main operators in the Malaysian telecommunications market.

Operator	Maxis	Telekom Malaysia	Celcom	TIME	DiGi
Domestic Fixed Line	✓	✓	✓	✓	✓
International Gateway	✓	✓	✓	✓	✓
Equal Access Number	182	181	189	183	186
Spectrum	GSM900 (2 x 10 MHz)	PCN1800 (2 x 25 MHz) AMPS (2 x 11 MHz)	GSM900 + ETACS (2 x 17 MHz)	PCN1800 (2 x 25 MHz)	PCN1800 (2 x 25 MHz)
Brand					
Postpaid	*maxis*	TMTOUCH Mobifon 018/ ATUR011	Celcom GSM/ART900	TIMECEL 017 Postpaid	DiGi mobile one
Prepaid	*Hotlink*	TOUCH Advance	Celcom Prepaid/ ART900 Prepaid	TIMECEL 017 Prepaid	DiGi Prepaid Plus
Internet Service Provider	Maxis Net	TMNet	CelcomNet	TimeNet	iDigi
Payphone	x	✓	x	✓	x

The Minister announced on 15 October 2001, at the launch of the Framework for Industry Development 2001-2005, that the Government will be more circumspect with the licensing of network facilities providers, especially where the core network is concerned, and that entry into this market will be restricted.

15.4 Mobile Telecommunications Services

Mobile telecommunications services were first introduced in Malaysia in 1985, with the first mobile systems using analogue technology. In the 1980s, Telekom Malaysia used the Nordic system NMT450 for wide area coverage. In 1989, Celcom became the second Malaysian mobile operator, using its ETACS 900 analogue network to provide mobile services.

The mobile sector is one of the fastest growing sectors within the telecommunications industry in Malaysia. The mobile penetration rate in Malaysia remains relatively low compared to the mobile penetration rates in some of the more developed markets in Asia. The table below sets out comparative industry and economic information for Malaysia and other countries for the year 2001.

Country	Total mobile subscribers 2001[(1)]	Mobile penetration rate 2001	GDP per capita 2001[(2)]
	(in thousands)	(%)	(U.S.$)
India	5,478.9	0.5%	460
Indonesia	6,386.0	2.8%	670
Thailand	7,924.6	12.8%	1,810
China	145,000.0	11.4%	930
Philippines	10,447.1	12.6%	860
Malaysia	7,447.0	31.4%	3,680
Singapore	2,858.8	66.5%	20,880
Hong Kong	5,701.7	79.1%	24,050

Notes:

(1) Source: Global Mobile newsletter (Volume 9, Number 4, 27 February 2002) and Commission's statistics (March 2002)

(2) Source: Economist Intelligence Unit (December 2001)

The growth in demand for mobile telecommunications services has exceeded the growth for fixed line services, with mobile penetration overtaking the fixed line penetration in 2000. Mobile services in Malaysia grew at a compound annual rate of approximately 66.7 per cent. for the two years ended 31 December 2001, based on the total number of subscribers.

Maxis believes that the major factors contributing to these rates of growth are:

- increased competition within the telecommunications industry driving overall market expansion;
- continuing population growth and increasing GDP per capita;
- declining handset costs with increasing functionality, combined with the conversion of mobile handsets into a consumer product;
- initially low mobile penetration rate compared to other more developed Asian countries;
- a growing youth consumer segment, typically more receptive to new technologies than the rest of the population;
- introduction of the "calling party pays" billing and settlement standard;
- removal of import duty on handsets; and
- the growing affluence of Malaysians.

However, despite the significant growth, Malaysia's mobile penetration rate remains significantly below those of most developed markets such as Singapore and Hong Kong. In Asia, apart from the developed markets of Singapore and Hong Kong, Malaysia has significantly higher GDP per capita levels than other countries.

15.5 Fixed Line Telecommunications Services

The Commission calculates that fixed line telecommunications services in Malaysia grew at a compound annual rate of approximately 3.4 per cent. for the two years ended 31 December 2001 based upon the number of utilised direct exchange lines ("DELs"). The number of Malaysian mobile subscribers now exceeds that of fixed line subscribers and Maxis believes this trend is likely to continue as mobile increasingly acts as a substitute for fixed line service particularly in non-urban areas.

While demand for basic residential and business fixed line telephony has decreased, demand for leased line services providing integrated voice, facsimile and data transmission has increased significantly over the past five years.

Liberalisation of the telecommunications industry in Malaysia has contributed to increased growth in demand for telecommunications services. While the number of telephones per 100 inhabitants has grown significantly since 1990, telephony penetration rates remain low compared to developed countries. The Government has reported that the penetration rate for fixed line telephony increased from 17.8 per 100 inhabitants in 1996 to an estimated 19.8 per 100 inhabitants as at 31 December 2001. In comparison to other ASEAN countries, Malaysia has a relatively high level of service penetration, but compared to more developed countries such as Hong Kong and Singapore, Malaysia's level of service penetration is low, suggesting that there is potential for further growth in the Malaysian market.

Currently, there are seven licensed domestic network operators in Malaysia including Maxis Broadband, namely Telekom Malaysia Berhad, TT dotCom, Celcom Transmission (M) Sdn. Bhd., DiGi, Fiberail Sdn. Bhd. and Prismanet (M) Sdn. Bhd. Due to the established networks of its competitors, principally Telekom Malaysia and TIME dotCom, as well as the capital intensive nature of the fixed line segment, Maxis does not intend to compete widely in the fixed line business. Instead, Maxis has narrowed its focus in the fixed line business to high density commercial buildings in Klang Valley, where Maxis believes it can compete more effectively with its larger competitors and where the synergies with its leading mobile business will be greatest.

15.6 International Telecommunications Services

International traffic into and out of Malaysia has grown steadily over the last five years with traffic to and from Singapore accounting for the majority of international traffic flows. There are five operators licensed to provide IDD services in Malaysia including Maxis International, namely Celcom (M) Sdn. Bhd., DiGi, Telekom Malaysia Berhad and TT dotCom.

IDD services in Malaysia face increasing competition from alternative means of making international calls. Voice over internet protocol ("VOIP") services, which allow users to make international voice calls over the internet at lower rates than IDD calls, were launched in Malaysia in 1998.

15.7 Internet Services

The number of internet users in Malaysia has grown rapidly in recent years, in part due to Government initiatives to encourage Malaysians to adopt and develop information technology to stimulate demand for retail internet services. The Government has promoted public awareness of technology and encouraged the purchasing of personal computers by eliminating import duties on computers and providing various retail incentives.

As at 4 February 2002, the Commission had issued 50 Application Class Licences for internet access services. Maxis expects the number of internet service providers ("ISPs") in Malaysia to increase with the further liberalisation of the industry and the growing demand for internet access, resulting in a substantial increase in the level of competition.

According to the Commission, the number of internet users in Malaysia grew from 64,000 in December 1996 to 2.1 million in December 2001, representing a compound annual growth rate of 101 per cent.

15.8 Broadband Services

New technologies have been developed and introduced in Malaysia in recent years that offer internet access at speeds of up to 8-10 Mbps, generally referred to as broadband access. These technologies include satellite, terrestrial wireless and fibre optic-based solutions. However, the more recently introduced technology used in the provision of high speed internet access in Malaysia is asymmetric digital subscriber line ("ADSL"), which offers an access solution over existing telephone lines using a specialised modem. Currently, only the developed markets of Singapore, Korea and Hong Kong have a visible level of broadband penetration.

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16. THE REGULATION OF TELECOMMUNICATIONS IN MALAYSIA

16.1 Malaysia's World Trade Organisation Commitments

In April 1997, pursuant to the agreement on basic telecommunications services among members of the WTO, the Government entered into a Schedule of Specific Commitments (the "Schedule") with respect to telecommunications services under the GATS. In the Schedule, the Government made a commitment that foreign suppliers from other WTO member countries would be free to provide telecommunications services cross-border into Malaysia. Malaysian consumers would be free to purchase telecommunications service from providers in other WTO member countries, and foreign individuals who enter and temporarily stay in Malaysia to work in the telecommunications sector will be subject to the same measures as foreigners entering Malaysia to work in other sectors. Under the Schedule, the Government stipulated that foreign telecommunications services providers may establish, operate or expand a commercial presence in Malaysia only through the acquisition of shares of existing telecommunications operators in Malaysia.

Under the GATS, the Government is obligated to accord to services and service suppliers of any other WTO member operating in Malaysia treatment no less favourable than that which is accorded to domestic services and service suppliers. The Government has also undertaken to adhere to, *inter alia*, the pro-competitive regulatory principles set forth in the Reference Paper relating to basic telecommunications services, with respect to providing interconnection and protecting competition in the telecommunications sector.

16.2 New Regulatory Regime

The Government introduced a new regulatory regime in November 1998 to govern the telecommunications, broadcasting and internet industries (collectively referred to as the communications and multimedia industry). The Malaysian Communications and Multimedia Act, 1998 ("CMA") was enacted to address the convergence of the traditional telecommunications, broadcasting and internet industries and to promote greater transparency and clarity as well as industry self-regulation.

16.3 Regulator

The communications and multimedia industry is regulated by the Commission which assumed this responsibility on 1 April 1999. Previously, the telecommunications industry was regulated by the JTM, while the broadcasting industry was regulated by the Ministry of Information (Kementerian Penerangan). The Commission was established under the Malaysian Communication and Multimedia Commission Act, 1998 which came into force on 1 November 1998.

The Commission's functions include:

- advising the Minister on all matters concerning the national policy objectives for communications and multimedia activities;
- implementing and enforcing the provisions of the communications and multimedia laws;
- considering and recommending reforms to the communications and multimedia laws;
- supervising and monitoring communications and multimedia activities;
- encouraging and promoting the development of the communications and multimedia industry, including in the area of research and training; and
- encouraging and promoting self-regulation in the communications and multimedia industry.

Under the CMA, the Commission has the power to issue directions to licensees, to make determinations, to hold public inquiries and to conduct investigations. The Commission is responsible for policy implementation while the Minister is responsible for policy making in respect of the communications and multimedia industry. The Minister is also responsible for issuing licences to network and service providers under the recommendation of the Commission. The Minister is empowered to issue directions to the Commission on the exercise of its powers and performance of its functions under the CMA.

16.4 Legislation

The CMA and its subsidiary legislation are the principal legislation governing the communications and multimedia industry. The CMA (except certain sections) came into force on 1 April 1999 replacing the Telecommunications Act 1950 and the Broadcasting Act 1988.

The CMA sets forth the national policy objectives for the communications and multimedia industry. These include but are not limited to:

- establishing Malaysia as a major global centre and hub for communications and multimedia information and content services;
- promoting a high level of consumer confidence in service delivery from the industry;
- ensuring an equitable provision of affordable services over ubiquitous national infrastructure;
- facilitating the efficient allocation of resources; and
- promoting the development of capabilities and skills within Malaysia's convergence industries.

Subsidiary legislation made under the CMA include:

- Communications and Multimedia (Spectrum) Regulations 2000, which regulates the allocation of frequency spectrum and the use of radiocommunications equipment;
- Licensing Regulations, which regulates the procedures for the granting of licences under the CMA; and
- Communications and Multimedia (Technical Standards) Regulations 2000, which regulates the certification of communications equipment.

16.5 Licensing Regime

Under the CMA, the ownership or provision of any network facilities, the provision of any network services, the provision of any application services, or the provision of any content applications services requires a licence. The regulatory framework established by the CMA and the Licensing Regulations provide for four main categories of licences as follows:

- *Network facilities provider licence:* for the ownership and provision of physical infrastructure used to provide communications services (for example, fixed links and radiocommunication transmitters and links);
- *Network services provider licence:* for the provision of communications services over network facilities (for example, cellular mobile services and broadcasting distribution services);
- *Applications services provider licence:* for the provision of application services by means of network services (for example, PSTN telephony, public cellular telephony and IP telephony); and
- *Content applications services provider licence:* for the provision of content applications services (for example, satellite broadcasting and terrestrial free to air TV).

Within each of the above four categories, the CMA provides for the issuance of individual and class licences.

16.6 Individual Licences

The CMA and the Licensing Regulations do not impose any limit on the number of licences that can be issued, however, the Minister indicated on 15 October 2001 at the launch of the Framework for Industry Development 2001-2005 that the Government is more circumspect with the licensing of network facilities providers, especially where the core network is concerned, and entry into this market will be restricted.

Licence conditions consist of standard and special conditions which vary depending on the category of licences. The standard licence conditions applicable to individual licences generally include the following:

- the licensee shall be a company that is incorporated in Malaysia;
- the shareholding of the licensee shall comply with relevant Malaysian foreign investment restrictions;
- the licensee shall notify the Minister of any changes of shareholdings which are required to be notified to the relevant authority;
- the licensee shall notify the Minister of any joint ventures with other licensees into which the licensee enters;
- the licensee shall comply with the provisions of the CMA;
- the licensee shall comply with the provisions of any subsidiary legislation made, or other instruments, guidelines or regulatory policies issued, under the CMA; and
- the licensee shall indemnify the Minister and the Commission against any claims or proceedings arising from any breaches or failings on the part of the licensee.

The Minister may declare special licence conditions applicable to individual licences which may include but are not limited to the following:

- term of the licence;
- licence fees;
- licensed area;
- the percentage of the total services in operation in areas that are determined by the Commission to be "underserved areas" or provided to persons who are determined by the Commission to be "underserved groups within the community" under Section 202 of the CMA;
- specific undertakings with respect to levels of investment, specific activities and operations;
- specific rights and privileges agreed between the licensee and the government which are conditional upon the undertakings entered into by the licensee; and
- other special conditions and matters as declared by the Minister, or provided in any subsidiary legislation, under the CMA.

Under the CMA, the Minister is vested with the power to make a declaration at any time:

- to modify or vary the special or additional conditions (as distinguished from the standard conditions) of an individual licence;
- to revoke the special or additional conditions of an individual licence; or
- to impose further special or additional conditions on an individual licence.

The term of an individual licence (except an individual applications service provider licence) granted under the CMA is generally 10 years. However, where a licence granted under the Telecommunications Act, 1950 or the Broadcasting Act, 1988 for a similar activity or service which has a residual licence term exceeding 10 years from the date an individual licence is granted, the validity period of that individual licence is equivalent to the residual term of the licence granted under the Telecommunications Act, 1950 or the Broadcasting Act, 1988. An individual applications service provider licence is valid for a period not exceeding five years from 1 April 2000, but where a licence granted under the Telecommunications Act, 1950 or Broadcasting Act, 1988 for a similar activity or service has a residual licence term exceeding five years from 1 April 2000, the validity period of that individual applications service provider licence is to be equivalent to the residual term of the licence granted under the Telecommunications Act, 1950 or the Broadcasting Act, 1988. An individual licence may be suspended or cancelled by the Minister if:

- the licensee fails to pay any amount required under the CMA or the licence;
- the licensee fails to comply with the provisions of the CMA or the conditions of the individual licence;
- the licensee contravenes the provisions of any other written law relevant to the communications and multimedia industry;
- the licensee fails to comply with any instrument issued by the Minister or the Commission; or
- the suspension or cancellation is in the public interest.

16.7 Class Licences

Class licence conditions may include, among other things, that the licensee will:

- comply with the provisions of the CMA;
- comply with the provisions of any subsidiary legislation made, or other instruments, guidelines or regulatory policies issued, under the CMA;
- indemnify the Minister and the Commission against any claims or proceedings arising from any breaches or failings on the part of the licensee; and
- comply with any other standard conditions and matters as may be declared by the Minister, or provided in any subsidiary legislation, under the CMA.

A person who intends to operate under a class licence is required to register with the Commission. The registration is valid for one year. The Minister may by declaration amend the conditions of class licences.

16.8 Licences Held by Maxis

In 1993, Maxis was originally granted licences under the repealed Telecommunications Act, 1950, which were replaced by licences granted under the CMA. Maxis holds the following licences:

Entity	Date of Grant/Renewal	Licences	Expiry Date
Maxis Mobile		**Individual Licences:**	
	8 May 2001	• Network facilities provider individual licence for the provision of fixed links/ cables, radio communications transmitters/links, satellite hubs, towers, poles, ducts and pits	31 December 2012
	8 May 2001	• Network services provider individual licence for the provision of communications services over the network facilities	31 December 2012
	8 May 2001	• Applications services provider individual licence for the provision of applications services by means of network services	31 December 2012
		Class Licence:	
	26 February 2002	• Applications services provider class licence for the provision of audio text hosting services provided on an opt-in basis, directory services, internet access services, messaging services	Renewable annually
Maxis Broadband		**Individual Licences:**	
	8 May 2001	• Network facilities provider individual licence for the provision of earth stations, fixed links/cables, radio communications transmitters/links, satellite hubs, towers, poles, ducts and pits	28 February 2013
	8 May 2001	• Network services provider individual licence for the provision of communications services over the network facilities	28 February 2013
	8 May 2001	• Applications services provider individual licence for the provision of applications services by means of network services	28 February 2013

Entity	Date of Grant/Renewal	Licences	Expiry Date
		Class Licence:	
	26 February 2002	• Applications services provider class licence for the provision of audio text hosting services provided on an opt-in basis, directory services, internet access services, messaging services	Renewable annually
Maxis International		**Individual Licences:**	
	8 May 2001	• Network facilities provider individual licence for the provision of earth stations, fixed links/cables, satellite hubs, towers, poles, ducts and pits	28 February 2013
	8 May 2001	• Network services provider individual licence for the provision of communications services over the network facilities	28 February 2013
	8 May 2001	• Applications services provider individual licence for the provision of applications services by means of network services	28 February 2013

The conditions of all licences have been complied with. Maxis believes that its licences and approvals are in good standing and expects to be able to continue to fulfil its licence and approval terms to the satisfaction of the Commission. The CMA provides that the renewal of an individual licence shall be granted unless the Minister, on the recommendation of the Commission, determines that the licensee has failed to comply with any conditions of the licence, the CMA or any instrument issued by the Minister or the Commission.

The special conditions which are applicable to the individual licences provide that the licensed area is Malaysia and the annual licence fee is the greater of (i) 0.5 per cent. of the preceding financial year's gross turnover less applicable rebates for that year; (ii) 0.15 per cent. of the preceding financial year's gross turnover; or (iii) RM50,000. Further, the licensees have to give at least two months' written notice to the Minister and the Commission for suspension of facilities or services or application services and recommence within four months of the suspension (unless there is approval otherwise), submit separate accounting records to the Commission (when required) and notify the Minister of any restructuring or rationalisation, comply with the Commission's determination on universal service provision, inform the Commission of any proposed changes to the network facilities or services and/or means of access to the applications services or network facilities or services and, in relation to the changes, give advance notice to persons likely to be affected and publish (in consultation with the Commission) the licensees' consulting procedures containing a reasonable timeframe for resolving possible disruptions. The network facilities or services provider licences require the licensees to permit interconnection with the network facilities or services under terms which the Commission determines, and the licensees under the applications services provider licences are subject to rules on rate regulation for five years (or otherwise as the Minister decides) from the effective date of the Licensing Regulations.

16.9 Foreign Ownership Restrictions

A foreign company (as defined under the Companies Act) is ineligible to apply for an individual licence or to be registered as a class licensee. There are foreign ownership restrictions on local companies in Malaysia. The Government has announced a policy of allowing up to a 61 per cent.

ultimate non-Malaysian beneficial ownership of a company carrying on a telecommunications business, provided that such foreign ownership must be reduced to 49 per cent. within five years from achieving such 61 per cent. shareholding and provided further that all funds for the acquisition are sourced outside and brought into Malaysia. Each of the individual licences held by the Company's subsidiaries is terminable, and their registration to operate under the class licences may be cancelled, by the Minister on the recommendation of the Commission if they breach any relevant rules or laws pertaining to restrictions on foreign ownership. The licences are granted to the companies individually and termination is required to be effected individually as well.

16.10 Spectrum Allocation

Generally, under the CMA, the use of any frequency spectrum in Malaysia requires either a spectrum assignment, an apparatus assignment or a class assignment, all of which are issued by the Commission. Under the previous regulatory regime, Maxis was allocated 2 x 10 MHz of frequency spectrum in the 900 MHz band for its mobile network. Maxis has not been granted a spectrum assignment under the new regulatory framework on the basis that its right to the allocated frequencies is based on the previous regulatory regime. The Commission, in a letter dated 16 July 2001, has indicated that Maxis' spectrum allocation will continue to be made available to it until the expiry of the licence period. The use of spectrum allocation is subject to the application for use of frequency for each base station. The Minister has the right, under the CMA, after taking into account the recommendation of the Commission, to reallocate spectrum for spectrum assignments.

The Commission recently published the first edition of the Spectrum Plan for public consultation. The Spectrum Plan provides a guide on how the spectrum is currently used in Malaysia and how the Commission plans to develop its usage in the near future. The Spectrum Plan designates 880-890 MHz and 925-935 MHz for extended GSM. Maxis is currently preparing its comments on the Spectrum Plan and intends to revert to the Commission.

With respect to the allocation of 3G spectrum, refer to Section 16.21 of this Prospectus.

16.11 Restrictions on Anti-competitive Behaviour

The CMA prohibits a licensee from engaging in conduct which has the purpose of substantially lessening competition in any communications market in Malaysia. The CMA also prohibits certain collusive arrangements for rate fixing, market sharing or boycotts. Furthermore, if the Commission determines that a licensee is in a dominant position, it may direct the licensee to cease conduct which has or may have the effect of substantially lessening competition in any Malaysian communications market, and to implement appropriate remedies.

The Commission has formulated and published guidelines on "Dominant Position in a Communications Market" and "Substantial Lessening of Competition", both of which came into force on 1 February 2000. These guidelines underscore the Government's policy to develop a framework for competition in the communications and multimedia industry.

16.12 Interconnection and Access

The interconnection regime is currently in a transitional phase between the previous regime under the Telecommunications Act and the new regime under the CMA.

16.12.1 Interconnection regime under the Telecommunications Act

The General Framework for Interconnection and Access ("GFIA") was published by JTM, the Commission's predecessor, on 17 May 1996 and establishes the policy objectives and the regulatory principles in respect of interconnection and access between telecommunications networks in Malaysia. The GFIA applies to operators providing PSTN services and public land mobile services, and covers the licensed operations for local, long-distance and international services.

Under the GFIA, all licensed network operators have the right to interconnect with each other's networks on an equitable, reciprocal and non-discriminatory basis.

16.12.2 Interconnection prices

Prior to 1999, interconnection services were charged on a revenue sharing basis where revenue was split between the operator originating the call, the long distance carrier and the operator terminating the call according to an agreed proportion. A cost based interconnection regime was introduced under the GFIA and came into effect on 1 January 1999.

CPP is applied in Malaysia and the direction of interconnection payments is from the network of call origination to the network of call termination. In the case of equal access (applicable only for fixed line operators), the network of call origination will receive payment from the access network provider. Refer to Section 16.12.5 of this Prospectus.

JTM issued a determination of cost based interconnect prices and the cost of universal service obligation on 15 July 1998 which sets forth the cost based interconnection prices. Cost based interconnection prices are only applicable to "well-established" interconnection services where interconnection requires the use of "bottleneck facilities". A "bottleneck facility" is an essential facility required to deliver a service which is controlled by a single or limited number of operators. Bottleneck facilities include the local loop, the transmission network which connects mobile switching centres ("MSCs") in mobile networks, and trunk transmission which connect MSCs or an MSC to an international gateway switch. If the facilities required for interconnection are not bottleneck facilities, then the interconnection prices will not be subject to cost based pricing. Further, even if the facilities are bottleneck facilities, those interconnection services which are not well established will not be subject to cost based pricing.

During the two-year interim period beginning on 1 January 1999, JTM stated that the interconnection charges for termination on fixed networks would be set closer to the fully allocated cost, while for termination on mobile networks, the interconnection charges would be set closer to the long run incremental cost.

JTM established benchmark interconnection prices which continue to be in effect and set the following interconnection prices for fixed networks (payable by the originating operator to the terminating operator):

Interconnection service (fixed to fixed and mobile to fixed)	Peak (7 a.m. – 7 p.m.) Sen per minute	Off-peak (7 p.m. – 7 a.m.) Sen per minute
Local termination	2	2
Long distance		
Single tandem origination and termination	8.5	3
Double tandem origination and termination	18	8
Double tandem origination and termination via submarine cable between East and West Malaysia	26	11

In respect of mobile networks, JTM has set the following interconnection prices (payable by the originating operator to the terminating operator):

Interconnection service (fixed to mobile and mobile to mobile)	Peak (7 a.m. – 7 p.m.) Sen per minute	Off-peak (7 p.m. – 7 a.m.) Sen per minute
Call termination from Point of Interconnection ("POI") within the same home ATUR exchange area	13	6
Call termination from POI outside the home ATUR exchange area	18	8

16.12.3 Local termination

The above interconnection rates were fixed according to the cost based regime introduced in 1999, with the exception of the charges for local termination. Until 31 May 1996, all local calls were charged at 13 sen per call irrespective of the length of the call. The local termination interconnection charges were based upon the new fixed line tariff of three sen per minute introduced on 1 June 1996. The two sen local termination charge is not reflective of the relevant costs but was set at this level to avoid increasing the local call tariff.

On 13 May 2002, the Commission published a consultation paper on interconnection prices, based on a study by consultants engaged to calculate the long run incremental cost of interconnection services in Malaysia. The Commission is in the process of considering whether to revise the current rates. Maxis is currently reviewing the implication of any such changes.

16.12.4 Interconnection regime under the CMA

Under the CMA, the Commission has the power to determine that a network facility, a network service or any other facility or service which facilitates the provision of network services or applications services, be included or removed from the "access list". A licensee whose facilities or services are listed in the access list is under an obligation to provide access to any other network facilities provider, network services provider, applications services provider or content applications services provider who makes a written request for access on reasonable terms and conditions. Such access must be provided on an equitable and non-discriminatory basis.

The Commission has published a determination on access list which came into effect on 1 April 2001. The access list includes, *inter alia*, "fixed network origination service", "fixed network termination service", "mobile network origination service", "mobile network termination service", "domestic network transmission service" and "internet access call origination service".

16.12.5 Equal access

"Equal access" on a call-by-call basis was introduced in Malaysia on 1 January 1999. Equal access allows the customer to choose, by way of dialling an access code prior to dialling the destination, which carrier to use for domestic long-distance and international telephone services on fixed lines, irrespective of the local network to which the customer is directly connected.

Equal access only applies to domestic long-distance and international services offered by fixed line network providers. Under equal access, the local access provider receives an originating and terminating access charge for any calls requiring access to or from that local access provider's network. In addition, a floor price is set on domestic long-distance and international calls.

The next phase of equal access is the introduction of "pre-selection" which will allow customers to select their long-distance carrier in advance and access the pre-selected carrier without the need to dial the access code. The Government had intended to complete the introduction of pre-selection by 1 January 2001 but has since decided to defer this target date pending further review.

16.13 Rate Setting

Rates and tariffs for mobile services were previously regulated under the Telecommunications (Automatic Telephone Using Radio Services) Regulations, 1986 (the "ATUR Regulations"). Initially, fixed rates for calls were prescribed under the ATUR Regulations. In 1996, the ATUR Regulations were amended to prescribe a cap, such that operators were free to price below the cap. The Government abolished these controls on rate setting for mobile services on 1 August 2000 and as a result, mobile operators are not subject to any rate settings and are free to set prices for the services provided.

Generally, a facilities or services provider may set prices in accordance with market rates on the basis of the principles set forth below:

- rates must be fair and, for similarly situated persons, not unreasonably discriminatory;
- rates should be oriented towards costs and, in general, cross-subsidies should be eliminated;
- rates should not contain discounts that unreasonably prejudice the competitive opportunities of other providers;
- rates should be structured and levels set to attract investment into the communications and multimedia industry; and
- rates should take account of the regulations and recommendations of the international organisations of which Malaysia is a member.

The Minister has the power, on the Commission's recommendation, to intervene in determining and setting the rates for any competitive facilities or services for good cause, or as the public interest may require.

Currently, fixed line tariffs are regulated. On 9 February 2002, the Government announced the new tariff structure under which national calls will be reduced between 23 per cent. to 54 per cent. and international calls will be reduced between seven per cent. to 67 per cent. as compared to the current tariffs. For calls to border countries, there will be an increase from 13 sen per minute to 30 sen per minute.

For local calls, there will be a flat 8 sen charge for the first two minutes, followed by 4 sen for every additional minute. The current charge is a flat 9 sen for the first three minutes, followed by 3 sen for every additional minute. The rebates for local calls will be abolished and the monthly line rental will increase by RM5.00 for residential users on a staggered basis and RM10.00 for business users. For residential customers, the new line rental has increased by RM2.00 effective from 1 March 2002 to 28 February 2003, and by another RM3.00 in March 2003. The increase in line rental will only be applicable to areas where the capacity exceeds 500 exchange line capacity. In other words, customers in the rural areas will not be affected by this increase.

For public phones, there will be an increase from the current 10 sen for every three minutes to 10 sen for every two minutes.

The Government stated that the new fixed line tariff structure is required to provide incentive to the telecommunications operators to improve their level of services, in line with the Government's aspiration to close the gap between the services provided between the rural and urban areas. Further, the Government opines that the new tariff structure will not burden the consumers because the increase is minimal and will be off-set by the reduction in the national and international call tariffs.

16.14 Universal Service Obligation

Most telecommunications regulators impose on the dominant operator an obligation, known as a USO, to provide services to all parts of a particular country, including rural areas. Other operators commonly have to contribute to the costs of the dominant operator in providing such services to the extent that such provision is uneconomic. In Malaysia, USO is currently limited to the provision of basic telephony and public payphones in rural areas.

USO was introduced in 1999 together with the implementation of the cost based interconnection regime which came into effect on 1 January 1999. Under this system, the Commission has the discretion to designate an operator as the universal service provider. Telekom Malaysia was designated as the universal service provider for calendar years 1999, 2000 and 2001.

The USO cost incurred by Telekom Malaysia in providing universal service is shared by all fixed and mobile operators. The USO cost is determined by the Commission. For calendar year 1999, the total USO cost was RM300 million (being RM268 million for USO and RM32 million for the cost incurred by Telekom Malaysia to upgrade the emergency call services).

Once the USO cost for a particular year has been determined, the Commission will calculate the USO contribution of each fixed and mobile operator (including Telekom Malaysia). This contribution is proportional to the weighted net revenues of that operator compared to other operators' weighted net revenues in that year, excluding (in each case) local call revenues. In calculating such share, a weighting of "0" is given to local call revenue, a weighting of 0.5 is given to mobile revenues and 1.0 to fixed line revenues (on the basis that the marginal profit of IDD and domestic long distance is greater than that for mobile). The Commission determined Maxis' share of the USO costs in 1999 as RM35.2 million.

The Commission has not determined the amount of USO costs for 2000 and 2001, although Telekom Malaysia has submitted a claim to the Commission. The Commission has appointed a consultant to audit the claim.

16.15 Universal Service Provision

Commencing in 2002, a new system of USP will be introduced to replace the old USO regime. Under this new regime, universal service provision will be considered on a district by district basis, with the country being divided into 136 districts.

For each district, the Commission may designate a universal service provider. For instance, if only one operator has network facilities in the vicinity, the Commission will designate that operator as the universal service provider. Where there is more than one operator with network facilities in the vicinity, the Commission will invite the operators to submit universal service plans detailing how and the extent to which it would provide universal service and the cost at which it will provide the same. The Commission will determine and approve the winning universal service plan for each district. If no plans are received, the Commission may, at its own discretion, designate an operator as the universal service provider for that district.

Under the new USP regime, universal service will be extended in the following in order of priority:

- collective access to basic telephony and public payphone services;
- individual access to basic telephony services;
- collective access to internet access services; and
- individual access to internet access services.

A USP fund is to be established and will be used to assist the universal service providers in implementing their approved plans. Each licensee (unless its total revenue derived from designated services in a calendar year does not exceed RM500,000) will annually contribute six per cent. of its weighted designated revenue to the USP fund unless the Commission by written notification decides to reduce the contribution based on the Commission's assessment from time to time of the funds required to fulfil the universal service targets, the ability of the licensees to meet the obligation, the amount of moneys available in the USP fund and such other matters as may be relevant. The same weightings for fixed and mobile revenues as under the existing USO regime will also apply, except that a 0.5 weighting shall also be given to international roaming revenue.

The Government will also be contributing to the development of the underserved areas. As part of the Eighth Malaysian Plan, the Government will allocate RM119.8 million for the period 2001 to 2005.

16.16 Framework for Industry Development

The Commission issued the Framework for Industry Development ("FID") dated 27 August 2001, to provide a five-year perspective plan for the orderly development of the communications and multimedia industry in Malaysia. The FID was launched by the Minister on 15 October 2001. Specific items targeted in the FID for 2002 include the introduction of a national spectrum plan, and making available an access list and access codes for access to infrastructure.

16.17 Quality of Service

On 8 April 2002, the Commission published a public inquiry paper on mandatory standards for quality of service. In its paper entitled "Proposal For The Determination Of Mandatory Standards For Quality Of Service", the Commission invited submissions from members of the public and participants in the industry on the questions raised in the paper.

16.18 Internet Access

On 5 April 2002, the Commission issued a guideline on the provision of dial-up internet access service using a new special service number range. The purpose of the new number range is to facilitate the increasing number of dial-up internet access service providers and will be in the form of a 10-digit structure. The existing short code numbers for dial-up internet access will continue to be in use.

16.19 National Numbering and Electronic Addressing Plan

On 26 April 2002, under Part VII of the CMA, the Commission published a draft Numbering and Electronic Addressing Plan for public comment. This draft plan describes current and future developments that are likely to affect numbering and electronic addressing needs. As the plan is only in the draft stage, it is expected that the document will be going through modifications based on comments from the public. The closing date for submissions is 24 May 2002.

16.20 Radio Base Stations

On 2 November 2001, the Minister said that the Government was aware of the health concerns raised in relation to exposure to the radio frequency ("RF") emission from Radio Base Stations ("RBS"). The Minister said that Malaysia has adopted the RF emission guidelines which are comparable to the best international practices and that the Malaysian operators comply with the said RF emission guidelines.

The Minister said that the view of local and international experts is that exposure to the levels of RF emission emitted by RBS in Malaysia is not hazardous to public health.

On 8 April 2002, the Government announced a new development of guidelines on the construction of telecommunication structures and towers within the area of a local authority.

16.21 The 3G Spectrum

On 8 February 2002, the Minister stated that the Government would assign three 2 x 15 MHz blocks of 3G spectrum in 2002.

The Government has determined that up to three blocks of 3G spectrum will be assigned to successful candidates on the basis of a "beauty contest". The successful candidate would be granted a paired 2 x 15 MHz and an unpaired 1 x 5 MHz block of spectrum for a period of 15 years. Each block of 3G spectrum will be priced at RM50 million and may be paid in instalments. In addition, successful applicants will be required to pay an annual spectrum maintenance fee.

The Commission has released the Applicant Information Package setting out the procedures, timetable and evaluation criteria for the allocation of the 3G spectrum. Interested applicants must submit their bid by 29 May 2002 and the results will be announced on or before 30 July 2002. The

Commission will evaluate applications based on the applicants proposed Business Plan, which should demonstrate the applicant's capability and capacity to fulfil specific criteria set by the Commission. These "weighted" evaluation criteria include Service Roll-out and Coverage (35.0 per cent.), Infrastructure Sharing (20.0 per cent.), Roaming (12.5 per cent.) Financial Considerations (12.5 per cent.), Industry Development (10.0 per cent.) and Management and Technical Experience (10.0 per cent.). Applicants are required to submit service roll-out and coverage plans as part of their 3G spectrum bids, including outlining the plans for a pilot service in the shortest period possible before commencing commercial service, and commercial service to be introduced in the quickest period thereafter in no less than three distinct geographic locations. Applicants are also required to indicate when they believe 80 per cent. population coverage may be achieved and to indicate plans for infrastructure sharing and their commitment and capacity for domestic roaming arrangements.

16.22 Domestic Roaming

The Minister had issued a statement in the press on 13 April 2002 that the Commission has been directed to speed up negotiations among mobile operators for domestic roaming. Domestic roaming will allow users within Malaysia to operate their phones outside of the coverage area of their service provider as the call will be automatically transmitted by another operator's network. In order to provide domestic roaming, the operators will have to enter into bilateral arrangements between one another to agree on the terms and conditions for inter-operator roaming.

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17. TECHNOLOGY

17.1 Cellular Technology

17.1.1 GSM

Maxis employs the GSM standard for its mobile network. GSM was initially developed to standardise the use of mobile technology in Europe. It has since become one of the most widely used mobile standards in the world.

Mobile systems employ multiple access technology to enable more users to use the shared spectrum at the same time. GSM uses Time Division Multiple Access ("TDMA") which operates by dividing a band into eight time slots. Each mobile telephone would only transmit and receive during one time slot. One consequence of this is that the data transmission rate is reduced as a mobile telephone would only be able to transmit and receive one eighth of the time. GSM has an effective data transmission rate of 9.6 kbps for circuit switched data ("CSD").

GSM commonly uses the 900 MHz, 1800 MHz or 1900 MHz bands. The 900 MHz and 1800 MHz bands are generally used in Europe and Asia while the 1900 MHz band is used in the United States.

Generally, a greater amount of spectrum available will result in more capacity and reduced complexity in cellular design. However, one consequence of the higher frequency is that the maximum range of the cells is smaller (like for GSM1800 or GSM1900), with the result that more cells are required to cover the same geographic area as compared with a GSM900 network. Increasing the number of cells would increase the opportunity for frequency re-use and therefore creates additional capacity. Maxis believes that, in most cases, the GSM900 network provides the best combination of capacity and coverage options out of the three GSM frequency bands.

17.1.2 Digital Cellular network technology

Digital cellular network technology divides a given coverage area into a number of "cells". Cells vary in size, from 50 m to 35 km in radius, depending upon the terrain and physical obstructions to radio transmission. The cellular network may utilise the extended range calls ("ERC") technique which increases the radius of a cell by up to 120 km by combining two time slots together. Each cell contains at least one transmitter-receiver, each with a capacity to hold up to eight simultaneous calls, that communicates by radio signal with mobile telephones located in the cell. The transmitter-receivers are located at what are known as BTS, typically affixed to the top of buildings, towers or similar structures. The cells are usually designed on a grid, although terrain factors, including natural and man-made obstructions, signal coverage patterns and capacity constraints may result in irregularly shaped cells and overlaps. Cell boundaries are determined by local topography and the strength of the signal emitted by the cells' transmitter-receivers. Each cell is connected to a BSC which handles the call set-up and management and control of the cell including intra-BSC handover of calls. Each BSC is then connected to a MSC which is responsible for setting up, routing or switching calls from the originator to their destination via other MSCs, the PSTN for fixed domestic calls, the international gateway or to other licensed network operators.

All MSCs are interconnected to each other and to international gateway switches via a transmission network system. When a mobile customer in a particular cell dials a number, the mobile telephone transmits the call by radio signal to one of the cell's transmitter-receivers, which then directs it to the BSC and in turn to the MSC. The MSC completes the call by connecting it with another mobile unit (through another MSC, if necessary), a fixed domestic phone via the PSTN, a foreign party via the international gateway or another party served by another domestic operator's network. Incoming calls are received by the MSC, which instructs the appropriate cell, via the appropriate BSC, to complete the communications link by radio signal between one of the cell's transmitter-receivers and the mobile telephone. By leaving the mobile telephone on, a signal is emitted so the MSC can determine in which cell the mobile telephone is located. The MSC also records information on system usage and is linked to several databases. The home location register ("HLR") stores information relating to the subscriber such as current and most recently used network and location area. The visitor location register ("VLR") stores geographical location of users temporarily within an MSC's coverage.

The GSM network is connected to the fixed PSTN and other mobile operators via the gateway mobile switching centre ("GMSC").

The majority of mobile systems operate on assigned pairs of frequency bandwidths, one for transmitting (uplink) and one for receiving (downlink), which are allocated in Malaysia by the Commission. The allocated radio frequency is divided into a number of bands, each of which are sub-divided into radio channels.

Two distinguishing features of mobile systems are:

- frequency re-use – enabling the simultaneous use of the same frequency in two or more adequately separated cells; and

- call hand-off – where a user is switched from one cell to an adjacent cell on a different channel while a call is in progress due to a deteriorating signal in order to obtain a stronger signal and maintain the call.

A mobile system's frequency re-use and call hand-off features permit efficient use of available frequencies and enable a mobile system to process more calls in adjacent cells than would otherwise be possible.

The capacity of a mobile system is dependent on the amount of frequency spectrum available and the modulation and coding scheme used in the air-interface.

As system usage grows such that all existing channels capacity are frequently in use and congestion occurs, additional transmitter-receivers can be added at the relevant BTS up to the limits of the frequency spectrum available. Capacity can be increased further by "splitting" an existing cell into a number of smaller cells by adding new transmitter-receivers at new BTS locations within the original cell. Current technology allows small transmitter-receivers to be dedicated to quite localised areas (for instance buildings or even particular floors of buildings). These are known as "microcells" or "picocells".

17.1.3 GPRS

The GSM network can be upgraded to provide GPRS. GPRS integrates GSM and internet protocol technologies, providing continuous connection for data transfer. GPRS is specified to offer instant packet-switch data connections to data networks such as the internet, ISPs and corporate intranet at more than ten-fold the current speed of service. Maxis expects that GPRS will offer a higher capacity data transmission rate (up to 115 kbps payload capacity as opposed to 9.6 kbps for GSM networks) which is expected to enable users to have faster access to the internet using mobile telephones. GPRS' important characteristics include the following:

- it is an "always on" system where the connection to the internet is permanent and users do not wait for dial-up access; and

- it uses packet switching technology (as opposed to circuit switching which is commonly used for voice telephone systems) where data is transmitted in the form of packets allowing bandwidth to be used more efficiently.

17.1.4 GPRS network technology

In order to upgrade a GSM system to a GPRS system, packet control units ("PCUs") are needed to adapt the BTS to transmit and receive packet data. The equivalent of the MSC in a data network, the serving GPRS support node ("SGSN"), is required for the provision of GPRS.

All data communications networks require protocols or a set of agreed rules used for signalling and data transfer. In a GPRS network, the protocol used is called GPRS tunnelling protocol ("GTP"). In order to access data networks outside the GPRS networks, a gateway GPRS support node

("GGSN") is required to convert incoming data packets from TCP/IP, which is the protocol used for internet applications, to GTP and outgoing data packets from GTP to TCP/IP.

17.1.5 3G mobile communications

3G systems are expected to deliver high capacity, high data rate transmission allowing high speed wireless internet access, real time video-streaming and the use of other multimedia applications. 3G systems have been developed as a global system and the International Telecommunications Union has established the IMT-2000 as the global standard to be adopted for 3G. The industry expects 3G systems to offer a data transmission rate of between 144 kbps to 2 Mbps.

While the IMT-2000 standard is likely to establish a globally unified spectrum usage, there are two main competing transmission standards: Wideband Code Division Multiple Access ("W-CDMA") and Code Division Multiple Access 2000 ("CDMA2000"). W-CDMA standard evolved from the GSM standard while CDMA2000 evolved from Code Division Multiple Access One ("CDMA One") standard. Malaysia has adopted the W-CDMA standard.

17.2 Broadband Technology

17.2.1 Fibre optic transmission technology

Maxis Broadband uses synchronous digital hierarchy architecture which is a self-healing, dual counter-rotating ring system that allows for instantaneous re-routing in the event of a break in the fibre optic resulting in minimal downtime.

17.2.2 Digital subscriber line technology

Maxis offers xDSL services to enable high speed internet access for corporate customers within the Klang Valley. DSL stands for digital subscriber line, while the x represents different kinds of DSL, for example asymmetrical digital subscriber line ("ADSL").

DSL is a technology that can be employed over existing copper wires found in the "last mile". When copper wire is used to carry telephone calls, only a part of its capacity is being utilised. DSL takes advantage of the unutilised capacity of copper wire by transmitting data at different frequencies, without interfering with the frequencies that are used to carry voice traffic.

ADSL is designed on the basis that users generally download a significantly larger amount of data than they would upload data. ADSL provides for faster speed for downstream data which is sent to the user than upstream data which is sent by the user.

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18. UNDERWRITING

18.1 Underwriting for the Retail Offering

A retail underwriting agreement was entered into between the Company, the Selling Shareholder and the Retail Underwriters on 24 May 2002, to severally but not jointly underwrite up to 95,112,000 Shares under the Retail Offering subject to clawback and reallocation, for an underwriting commission of 1.75 per cent. of the Retail Price (the "Retail Underwriting Agreement").

Subject to certain conditions, each Retail Underwriter has agreed to underwrite the subscription for and the purchase of a certain number of Shares each.

Two or more Retail Underwriters which have agreed to underwrite more than 50 per cent. of the Shares which are underwritten under the Retail Underwriting Agreement (the "Majority Retail Underwriters") may elect to treat any misrepresentation or any breach of any representation, warranty and undertaking on the part of the Company or the Selling Shareholder set out in the Retail Underwriting Agreement as releasing and discharging the Retail Underwriters of their obligations under the Retail Underwriting Agreement. Further, if any of the conditions precedent set out in the Retail Underwriting Agreement are not satisfied on or before the date of Closing of the Retail Offering, the Majority Retail Underwriters will thereupon be entitled to terminate the Retail Underwriting Agreement by notice in writing to the Company, the Selling Shareholder and the Joint Lead Underwriters for the Retail Offering. Lastly, the Majority Retail Underwriters may by notice in writing to the Company and the Selling Shareholder given at any time before the date on which any Shares are issued pursuant to the Retail Offering, terminate the underwriting commitment of the Retail Underwriters upon the occurrence of certain events including any event of *force majeure*, suspension of trading of securities on the KLSE, any change in national or international monetary, financial (including stock market conditions and interest rates) political or economic conditions or currency exchange rates as would, in the opinion of the Joint Lead Underwriters for the Retail Offering, materially and adversely affect the business, financial condition or prospect of Maxis or the success of the Initial Public Offering (whether in the primary market or in respect of dealings in the secondary market), or if the Malaysian Placement Agreement or the International Placement Agreement has not been executed or is terminated or rescinded for any reason whatsoever or if less than 277,000,000 Shares under the Institutional Offering have been validly subscribed or purchased, as the case may be, or the subscription or purchase monies for such Shares have not been duly paid to the issuing house.

18.2 Placement Agreements for the Institutional Offering

Both the Malaysian Placement Agreement and the International Placement Agreement (collectively "Placement Agreements") are expected to be entered into on or about 16 June 2002, subject to agreement on pricing of the Shares, the final number of Offer Shares and Issue Shares to be offered and issued under the Initial Public Offering and the satisfaction of certain other conditions. Under the Placement Agreements, the Institutional Underwriters would severally agree to procure subscribers or purchasers for, or to subscribe or purchase themselves, the 205,793,000 Offer Shares and 214,207,000 Issue Shares initially being offered pursuant to the Institutional Offering. Under the Placement Agreements, the Company and the Selling Shareholder (as applicable) will pay to the Institutional Underwriters an underwriting and selling commission of up to 2.75 per cent. of the amount equal to the Institutional Price multiplied by the number of Shares issued or sold pursuant to the Institutional Offering.

19. DESCRIPTION OF MATERIAL INDEBTEDNESS

The following is a summary only of the principal terms of Maxis' material indebtedness. See the financial statements and the notes thereto elsewhere in this Prospectus for additional information with respect to Maxis' indebtedness.

As at 30 April 2002, Maxis had bank and other borrowings of approximately RM456.8 million and equipment and service suppliers under deferred payment schemes amounting to RM333.9 million.

19.1 Guaranteed Secured Ringgit Equivalent To U.S.$150 million Term Loan from BBMB

On 5 May 1999, BBMB provided a term loan to Maxis Broadband for the RM equivalent of U.S.$150 million which was converted directly to Ringgit on drawdown and consequently there is no exposure to U.S.$ exchange rate fluctuations. The loan was to refinance BBMB's original loan made in 1996 to bridge finance Maxis Broadband's fixed network operations and Maxis International's international gateway operations in Malaysia. The loan was sold by BBMB to Danaharta Urus Sdn. Bhd. ("Danaharta") on 1 January 2000. The loan matures in November 2005 with repayments of principal due in half yearly instalments commencing in May 2001. The interest rate applicable for this loan was fixed at 6.85 per cent. per annum effective 14 February 2000 to 31 March 2004, after which the applicable rate will be based on the cost of funds of Danaharta.

Covenants include a prohibition (which has been waived for the purposes of the Initial Public Offering) on Maxis Broadband changing the structure of its control, ownership or shareholding, and events of default include a distress, execution, attachment or other legal process being instituted or enforced against any of the land or assets of Maxis Broadband, Maxis International or Maxis Communications of more than RM3.8 million in aggregate and not discharged or stayed within 30 days.

Although the covenants only require that the Company utilise up to 20 per cent. of the proceeds of the Initial Public Offering towards the outstanding indebtedness under the term loan, the Company intends to repay the outstanding amount of the loan, which the Company estimates to be approximately RM384.0 million, in full.

19.2 Maxis Mobile's U.S.$200 million and RM640 million Term Loan Facilities and Maxis Communications' U.S.$235 million Term Loan Facility

On 13 May 2002, Maxis Mobile entered into U.S.$200 million syndicated facility agreement with ABN AMRO Bank N.V., Labuan Branch, Barclays Bank PLC, The Development Bank of Singapore Ltd, Labuan Branch, and Sumitomo Mitsui Banking Corporation as Coordinating Arrangers, and a RM640 million syndicated facility agreement with ABN AMRO Bank N.V., Labuan Branch, Bumiputra Commerce Bank Berhad/CIMB, EON Bank Berhad and RHB Bank Berhad as Coordinating Arrangers (together with the U.S.$200 million syndicated facility agreement, the "Maxis Mobile Loans") guaranteed by Maxis Communications, Maxis Collections and Maxis Management Services, and to be guaranteed by certain wholly-owned subsidiaries of Maxis Communications and, following the full repayment of the BBMB term loan referred to in Section 19.1 of this Prospectus, Maxis Broadband. The final maturity of the Maxis Mobile Loans is 5 years after first drawdown and the loans are payable by eight semi-annual instalments commencing 18 months after drawdown. The dollar facility is swapped with ABN AMRO Bank Berhad so that Maxis Mobile receives Ringgit at RM3.80 per U.S.$1.00 and pays KLIBOR in exchange for U.S.$ LIBOR. The gearing ratio on a proforma basis as at 31 March 2002 after adjusting for the drawdown of the U.S.$200 million and RM640 million syndicated loan is 0.9.

On 13 May 2002, Maxis Communications entered into a U.S.$235 million term loan facility with a syndicate of banks, ABN AMRO Bank N.V., Labuan Branch, Barclays Bank PLC, The Development Bank of Singapore Ltd, Labuan Branch, and Sumitomo Mitsui Banking Corporation as Coordinating Arrangers (the "Maxis Communications Loan") guaranteed by Maxis Mobile, Maxis Collections, Maxis Management Services and certain wholly-owned subsidiaries of Maxis Communications and, following the full repayment of the BBMB term loan referred to in Section 19.1 of this Prospectus, to be guaranteed by Maxis Broadband and Maxis International.

The purpose of the Maxis Mobile Loans is to repay advances from Maxis Communications, to pay for capital expenditures, to increase the working capital of Maxis Mobile, for the purchase of certain redeemable preference shares in Maxis International Sdn. Bhd. and to make certain investments in companies within the Group.

On 16 May 2002, an amount of RM1,060 million was drawn down from the syndicated multi-tranche term loan facility of U.S.$200 million and term loan of RM640 million. This would increase Maxis' total borrowings on a proforma basis from RM456.8 million to RM1,516.8 million.

The Maxis Communications Loan is expected to be used for general corporate purposes if and when the need arises.

The Maxis Mobile Loans and the Maxis Communications Loan contain a number of covenants requiring both Maxis Mobile and Maxis Communications to comply with certain financial tests. These tests include maintaining specified ratios as follows (both on the relevant company itself and on a consolidated basis of Maxis):

- Net Debt to EBITDA at all times at most 3 : 1
- EBITDA to Interest Expense at all times at least 3 : 1
- Debt Service Coverage Ratio at all times at least 1.1 : 1

The Maxis Mobile Loans and Maxis Communications Loan agreements contain a number of negative covenants that restrict Maxis Mobile, Maxis Communications, the guarantors under the facilities and in some cases, their subsidiaries from the ability to take certain actions without lenders' approval, including creating security interests, merging and consolidating with any other company, engaging in other forms of businesses, making investments (save for the investments allowed in the agreements), paying dividends (other than to a guarantor, and to other persons subject to such dividends not exceeding 50 per cent. of the consolidated net income of Maxis Communications), transactions with affiliates and shareholders which are not arm's length in the ordinary course of business, modification of constitutive documents and issuance and transfer of shares except certain types of preference shares.

Some of the financial and other restrictive covenants in the abovementioned agreements may affect the ability of Maxis Mobile, Maxis Communications and their subsidiaries to obtain future financing and conduct their business.

The Maxis Mobile Loans and the Maxis Communications Loan agreements contain customary and other default provisions that permit lenders to accelerate amounts due under the loans or to terminate their commitments. These default provisions include:

- cross defaults and cross accelerations that permit lenders to declare a default if Maxis Communications, Maxis Mobile or a guarantor incurs a default under another loan agreement. The event of default is triggered if there is non payment of indebtedness exceeding U.S.$15 million or if there is an event that results in debt exceeding U.S.$15 million of any of Maxis Communications, Maxis Mobile, any guarantor or any of its subsidiary to become due prior to its maturity or gives rights to holders of such debt to cause it to become due;
- any event or condition that would reasonably be expected to have a material adverse effect on the business or condition (financial or otherwise) of the borrower in each case and its subsidiaries taken as a whole;
- change in control of the relevant borrower; and
- other typical events of default including the commencement of bankruptcy, insolvency, liquidation or winding up proceedings.

As both loans are secured, the remedies for default are acceleration of loans and the enforcement of security.

The security for the Maxis Mobile Loans and Maxis Communications Loan, in addition to the guarantees, is a charge over 100 per cent. of the ordinary shares of Maxis Mobile.

19.3 Other Material Indebtedness

Maxis also has outstanding letters of credit and bank guarantees with HSBC Bank Malaysia Berhad totalling RM50.9 million and RM5.2 million respectively, bank guarantees of RM4.3 million with Bank Utama (Malaysia) Berhad, bank guarantees of RM1.6 million outstanding with RHB Bank Berhad and a number of equipment and service suppliers under deferred payment scheme totalling RM333.9 million as at 30 April 2002.

Maxis also has a hire purchase facility amounting to RM10 million with an outstanding balance of RM0.1 million with Hong Leong Finance (formerly known as Credit Corporation (Malaysia) Berhad) for the purchase of motor vehicles. Maxis Mobile has finance leases outstanding with Orix Rentec (Malaysia) Sdn. Bhd. and CPQ Facilities Services (Malaysia) Sdn. Bhd. amounting to RM1.1 million and RM10.6 million respectively as at 31 December 2001, and the property owned by RUSB had been charged to Mayban Finance in relation to an Islamic loan (Al-Bai Bithamin Ajil) totalling RM7.5 million with an outstanding balance of RM6.0 million.

The land owned by Maxis Mobile located in Likas, Kota Kinabalu and Kuching will also be charged to EON Bank when the documentation pertaining to the Islamic loan (Al-Bai Bithamin Ajil) amounting to RM12 million is completed. Maxis Communications has issued a guarantee of RM1.8 million to Telekom Malaysia for services provided to Maxis Broadband and Maxis International.

19.4 Principal Bankers

The principal bankers of Maxis are:

Bankers	Address
Bank Utama (Malaysia) Berhad	Ground Floor, President House 54, Jalan Sultan Ismail 50250 Kuala Lumpur
Bumiputra-Commerce Bank Berhad	Menara Olympia Jalan Raja Chulan 50200 Kuala Lumpur
HSBC Bank Malaysia Berhad	2, Leboh Ampang 50100 Kuala Lumpur
RHB Bank Berhad	Level 8, Tower Three RHB Centre Jalan Tun Razak 50400 Kuala Lumpur
ABN AMRO Bank Berhad	Level 27, MNI Twins, Tower 2 11, Jalan Pinang 50450 Kuala Lumpur
EON Bank Berhad	23rd Floor, Corporate Banking 1 Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur

20. CONDITIONS TO THE INITIAL PUBLIC OFFERING

The Initial Public Offering has received approvals from the following:

(i) The SC, which was obtained *vide* its letter dated 3 April 2002. The approval of the SC was subject to *inter-alia,* the following conditions:

No.	Conditions Imposed	Status of Compliance
(i)	The SC's approval should be sought for any changes to the use of proceeds, if such changes fall outside the core business of Maxis.	Will comply if applicable
(ii)	The approval from the shareholders of Maxis Communications has to be obtained for any changes to the use of proceeds with respect to 25 per cent. or more of the proceeds as originally proposed. If the change to be implemented involves less than 25 per cent., appropriate disclosure is required to be made to the shareholders of Maxis Communications.	Will comply if applicable
(iii)	Any extension of time from the time period which has been fixed by Maxis Communications for the use of proceeds must be approved through a resolution by the Board of Directors of Maxis Communications and full disclosure must be made to the KLSE.	Will comply if applicable
(iv)	Appropriate disclosure on the status of the use of proceeds is to be made in the quarterly reports and the annual reports of Maxis Communications until the proceeds have been fully utilised.	Will comply
(v)	Any proceeds from the Issue Shares that has not been utilised (except for the portion allocated for working capital purposes) must be placed in fixed deposit accounts.	Will comply
(vi)	RHB Sakura/CIMB/Maxis Communications must ensure that the Shares are free from the Maxis Legal Charge before the Shares can be deposited into the central depository securities ("CDS") accounts of the investors. Further, if the Maxis Legal Charge has not been released as at the date of the Prospectus, the application forms of Maxis Communications should state that the Shares are under the Maxis Legal Charge.	Complied
(vii)	Maxis Communications must make full and detailed disclosure in the Prospectus of the following issue and the steps taken to mitigate the related risk that may arise from the dispute with Motorola Inc.	Complied
(viii)	Maxis Communications must make full and detailed disclosure in the Prospectus with respect to any non-compliance with the requirements of the local authorities and their implications therefrom, especially in relation to the installation of the "base stations" without prior approvals and the non-compliance with the requirement of 30 per cent. Bumiputera content in relation to one of the landed properties in Johor and the steps taken to overcome those risks that could arise.	Complied
(ix)	The shares that are held by the eligible directors and employees of Usaha Tegas pursuant to the Retail Offering cannot be considered as public shareholding to determine whether requirement of 25 per cent. public shareholding spread has been met.	Complied
(x)	The Underwriting agreement must be in place for at least a minimum level of subscription (which is required to be disclosed in the Prospectus) before the Shares are offered to the public.	Will comply
(xi)	RHB Sakura/Maxis Communications must comply fully with the requirements of the SC's Policies and Guidelines on Issue/Offer for Securities ("Guidelines") in relation to the listing of companies.	Will comply

(ii) The FIC, which was obtained *vide* its letter dated 23 April 2002 and 11 May 2002. The approval of the FIC is subject to *inter-alia,* the following condition:

No.	Conditions Imposed	Status of Compliance
(i)	Maxis Communications is required to have at least 30 per cent. direct Bumiputera equity interest upon listing of Maxis Communications on the Main Board of the KLSE.	To be complied

20. CONDITIONS TO THE INITIAL PUBLIC OFFERING (Cont'd)

(iii) The MITI, which was obtained *vide* its letter dated 8 May 2002. The approval of the MITI is subject to *inter-alia,* the following conditions:

No.	Conditions Imposed	Status of Compliance
(i)	Maxis Communications is to obtain the approval of the SC and FIC.	Complied
(ii)	The existing Bumiputera shareholders of Maxis Communications namely: (a) Mujur Anggun Sdn. Bhd. (b) Anak Samudra Sdn. Bhd. (c) Dumai Maju Sdn. Bhd. (d) Nusantara Makmur Sdn. Bhd. (e) Usaha Kenanga Sdn. Bhd. (f) Cabaran Mujur Sdn. Bhd. (g) Tegas Sari Sdn. Bhd. are only allowed to dispose 30 per cent. of their existing shareholdings within 12 months after the date of the listing of the Company and the remaining shareholding may only be sold in stages subject to the prior approval of the MITI.	Will be complied by the respective shareholders
(iii)	The allocation of 105,556,000 ordinary shares to Bumiputera institutions and/or individuals nominated by the Company would require the prior approval of the MITI.	To be complied

(iv) The shareholders of the Company by way of a Members Circular Resolution in writing, which was passed on 15 May 2002; and

(v) The shareholders of the Selling Shareholder at an Extraordinary General Meeting, which was held on 15 May 2002.

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21. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

21.1 Related Party Transactions

Maxis has entered into a variety of related party transactions as follows:

(i) with companies directly or indirectly controlled by or associated with Usaha Tegas, as well as companies or entities directly or indirectly controlled by or associated with Ananda Krishnan Tatparanandam or in which he is deemed to have an interest, both of whom are deemed major shareholders of Maxis Communications;

(ii) with British Telecommunications and its affiliates during the period when British Telecommunications was a major shareholder of the Company;

(iii) with MediaOne and its affiliates during the period when MediaOne was a major shareholder of the Company;

(iv) with companies related by virtue of interests of directors of the Company; and

(v) with directors, key management and key technical personnel.

Set out below are descriptions of all related party transactions that Maxis has entered into in respect of which rights and obligations are subsisting at the date of this Prospectus. As at 31 December 2001, there were no outstanding loans or advances provided by any shareholder of the Company to Maxis.

The Company does not intend to use any proceeds from the Initial Public Offering to pay outstanding amounts due to Maxis' related parties.

Save as disclosed herein, none of the major shareholders or directors of the Company have any interest, direct or indirect, in the promotion of, or in any material assets which have been, within the two years preceding the date of this Prospectus, acquired or disposed of by or leased to or proposed to be acquired, disposed of by or leased to the Group.

21.1.1 Companies directly or indirectly controlled by or associated with Usaha Tegas as well as companies or entities directly or indirectly controlled by or associated with Ananda Krishnan Tatparanandam or in which he is deemed to have an interest, both of whom are deemed major shareholders of Maxis Communications

Many of the companies directly or indirectly controlled by or associated with Usaha Tegas, as well as companies or entities directly or indirectly controlled by or associated with Ananda Krishnan Tatparanandam or in which he is deemed to have an interest, are involved, and licensed where required, in a diverse range of industries such as telecommunications, media and broadcasting, leisure, power generation, property development and management. As such, Maxis has entered into various agreements as described below with such companies or entities and will continue in the future to explore any commercial opportunities and enter into agreements with such related parties in either their respective licensed areas of activity and/or other activities in the ordinary course of business. Many of these companies as well as other related parties not described below also subscribe to Maxis Mobile's mobile services and Maxis Broadband's fixed line services in the ordinary course of business and based on arm's length and customary terms.

UTSB Management Sdn. Bhd. ("UTSBM")

Pursuant to a consultancy and management services agreement dated 7 October 1998 made between the Company and UTSBM, a wholly-owned subsidiary of Usaha Tegas, UTSBM provides the Company with consultancy, legal, corporate finance and advisory services in respect of which it is well positioned to provide in view of the diverse activities and relationships of the UT Group, in particular in areas of strategic interests. The term of the agreement expired on 30 September 2001 and the Company on 14 February 2002 renewed the agreement for a further term of three years. For the first year of the renewed term, the Company is obliged to pay RM20 million and for the next two years, RM25 million per annum. Total amounts incurred pursuant to the agreement were RM5.3 million in

1999, RM5.3 million in 2000 and RM9.2 million in 2001. The agreement is considered by the Company to be material to its operations.

In addition, UTSBM previously provided certain key personnel for secondment to Maxis to assist in the operation and management of Maxis pursuant to a personnel support agreement entered into with the Company dated 2 September 1997. The term of the agreement is for an initial period of three years from 1 February 1996 and has been automatically extended annually since 31 January 1999. However, all key personnel are now directly employed by Maxis. UTSBM continues, under the agreement, to assist Maxis in administering the payment and/or provision of the salary, benefits and/or other costs and expenses relating to certain personnel and directors which are then charged by UTSBM to Maxis. Total amounts incurred under the agreement were RM3.9 million in 1999, RM6.8 million in 2000 and RM5.8 million in 2001. It is the intention of the Company's directors to continue the personnel support agreement following the Initial Public Offering. The Company considers that this agreement is material in view of its financial obligations thereunder.

As at 31 December 2001, Maxis owed UTSBM RM5.3 million pursuant to the consultancy and management services agreement and a further RM1.6 million pursuant to the personnel support agreement.

Binariang Satellite Systems

Binariang Satellite Systems is a licensed regional satellite network operator which owns and operates the MEASAT 1 and MEASAT 2 satellites and provides transponder capacity to customers in the communications and multimedia industry in the Asian region. When British Telecommunications became a shareholder of the Company in October 1998, the entire issued and paid-up capital of Binariang Satellite Systems was sold by the Company to MEASAT Global. Ananda Krishnan Tatparanandam controls Binariang Satellite Systems via MEASAT Global.

Maxis Broadband entered into a five-year lease agreement with Binariang Satellite Systems for the lease of transponders on MEASAT 1 and MEASAT 2 satellites commencing 1 January 2001. The value of the five-year lease agreement is the Ringgit equivalent of U.S.$5.8 million for MEASAT 1 and the Ringgit equivalent of U.S.$8.0 million for MEASAT 2, subject to any adjustments in rental during the term of the lease as permitted under the terms of the lease agreement based on any request by Maxis Broadband to vary the capacity leased. For MEASAT 1 and MEASAT 2, Maxis Broadband was granted an option to extend the transponder lease period for a further period of three years from expiration of the transponder lease period upon the same terms and conditions as provided in the lease agreement except for rental which will be agreed upon between the parties. The amounts owed by Maxis Broadband to Binariang Satellite Systems as at 31 December 2001 were RM1.5 million for MEASAT 1 and RM1.8 million for MEASAT 2. The lease is considered by the Company to be material to the operations of Maxis Broadband.

Since 1 October 1998, Maxis Mobile rents from Binariang Satellite Systems a BTS site located at Binariang Satellite Systems' Satellite Control Facility in Langkawi, Malaysia at a monthly rental of RM2,100 per month. The arrangement was formalised in an agreement dated 4 December 2001 which is valid until 30 September 2004. The site constitutes part of a piece of land currently occupied by Binariang Satellite Systems with the express consent of the Langkawi Development Authority ("LADA") pending finalisation and execution of a headlease between LADA and Binariang Satellite Systems. As at 31 December 2001, Maxis Mobile owed Binariang Satellite Systems RM0.08 million in relation to such rental. No amounts were incurred by Maxis Mobile for 1999 as the rental for 1998 and 1999 were accrued in Maxis Mobile's accounts only in 2000. Total amounts incurred by Maxis Mobile were RM56,700 in 2000 and RM25,200 in 2001. As the Satellite Control Facility is located on Malay Reserve Land in respect of which no right or interest is permitted to vest, whether by transfer, sale or otherwise in a person who is not a Malay, it is doubtful that Maxis Mobile has any valid right or interest over the BTS site. However, the BTS site is not considered by the Company to be material to the operations of Maxis Mobile.

Since 1 October 1998, Maxis Management Services and the Company charge Binariang Satellite Systems for the use of certain vehicles owned by Maxis Management Services and the Company which Binariang Satellite Systems' personnel continue to use. The arrangement with both Maxis Management Services and the Company were formalised in an agreement dated 5 March 1999 between the parties, which expired on 31 March 1999. Pursuant to two separate agreements dated 10 May 2001, the arrangement with Maxis Management Services and the Company was renewed. The renewals are effective from 1 April 1999 to 31 October 2003 under which, Binariang Satellite Systems pays Maxis Management Services, RM7,250 per month and the Company, RM3,636 per month. The amounts paid to Maxis Management Services and the Company were RM130,632 in 1999, RM130,632 in 2000 and RM117,120 in 2001. These agreements are not considered by the Company to be material to its operations nor that of Maxis Management Services.

When British Telecommunications became a shareholder of the Company in October 1998, the entire issued and paid-up capital of Binariang Satellite Systems was sold by the Company to MEASAT Global pursuant to a sale and purchase agreement dated 7 October 1998. Pursuant to the terms of the sale and purchase agreement, the Company holds on trust for the benefit of Binariang Satellite Systems all rights, entitlements and benefits under certain construction and landscaping contracts executed prior to October 1998 by the Company with third parties for the benefit of Binariang Satellite Systems. These contracts are (a) contract dated 5 June 1996 between the Company and APG Geo-Systems Sdn. Bhd. (b) contract dated 15 January 1996 between the Company and Sagascape Sdn. Bhd. and (c) contract dated 13 January 1995 between the Company and Bridgecon Engineering Sdn. Bhd. The trust arrangement is not considered by the Company to be material to its operations.

Under an agreement dated 4 October 1995 between SAP Aktiengesellschaft ("SAP"), SAP Data Processing (Malaysia) Sdn. Bhd. ("SAP Malaysia") and Maxis Management Services, Binariang Satellite Systems is authorised to use the SAP software licensed to Maxis Management Services by SAP. Binariang Satellite System's right to use will subsist until terminated by parties to the 4 October 1995 agreement. The right to use the software granted to Binariang Satellite Systems is not considered by the Company to be material to the operations of Maxis Management Services. In this connection, Binariang Satellite Systems pays Maxis Management Services its proportionate allocation of the licence fees charged to Maxis Management Services by SAP. The amounts paid to Maxis Management Services were RM5,777 in 1999, RM8,098 in 2000 and RM1,856 in 2001. This arrangement was formalised in an agreement dated 25 August 2000, which will subsist until terminated by the parties. The agreement is not considered by the Company to be material to the operations of Maxis Management Services. Further, Binariang Satellite Systems has executed a deed of indemnity dated 28 June 2000 in favour of Maxis Management Services to indemnify Maxis Management Services against all claims, losses or costs whatsoever arising in relation to its use of the SAP software. The deed is effective from 9 October 1998 and will subsist until terminated by the parties. The deed is not considered by the Company to be material to the operations of Maxis Management Services.

There is an arrangement where Maxis Mobile provides SAP information system support to Binariang Satellite Systems. No agreement has been entered into with respect to the arrangement. The arrangement is not considered by the Company to be material to the operations of Maxis Mobile.

Tanjong and its Affiliates

Tanjong is a public listed company quoted both on the KLSE and the London Stock Exchange. Usaha Tegas is a deemed major shareholder of Tanjong.

The Company entered into an agreement on 26 April 1999 with Tanjong Property, a wholly-owned subsidiary of Tanjong, to sub-lease for an irrevocable period of 15 years commencing 1 June 1998 levels 9 to 23 of its head office located at Menara Maxis in Kuala Lumpur. Total rent payable by the Company pursuant to this agreement is RM12.5 million per annum in respect of the first three years, following which the rental shall be revised upwards every three years on the third, sixth, ninth and twelfth anniversary by a rate equivalent to three per cent. per annum compounded for the three preceding years. The lease between Tanjong Property and the Company cannot be registered for the time being until the head lease between Tanjong Property and Impian Klasik Sdn. Bhd. is registered.

Impian Klasik Sdn. Bhd. is a subsidiary of Tanjong. See also Section 5.1.17 of this Prospectus. The sub-lease is considered by the Company to be material to its operations.

In addition, in connection with the lease of Menara Maxis, the Company has agreed to contribute to the facilities shared with the UT Group but since most of these shared facilities are not currently operational, the Company has not been invoiced for such charges as at 31 December 2001. The shared facilities include a small theatre, auditorium, conference centre and dining area. Pursuant to an agreement dated 26 April 1999 between the Company and Tanjong Property, the Company was granted the rights to name the building and to have signage space for RM20,000 per month. This agreement expired on 31 May 1999, and pending finalisation of the renewal, the Company expects its rights to continue as long as it continues to occupy its current head office. This agreement is not considered by the Company to be material to its operations. On 17 April 2001, the Company entered into an agreement to sub-lease additional space from Tanjong Property on the ground floor of Menara Maxis to house the Maxis i-centre for a period of three years from 1 April 2000 at a rental of approximately RM0.8 million per annum, with an option to extend for a further three year period. As at 31 December 2001, the Company owed Tanjong Property RM0.6 million in respect of utilities, maintenance and service charges. Tanjong Property is a wholly-owned subsidiary of Tanjong. The sub-lease is not considered by the Company to be material to its operations.

As part of Maxis One Club activities, Maxis Mobile has an arrangement with TGV, an associate company of Tanjong for Maxis Mobile to subsidise movie tickets purchased by Maxis One Club members from TGV on specified days and times. As at 31 December 2001, Maxis Mobile owed TGV RM1,329. This arrangement has not been formalised and is not considered by the Company to be material to the operations of Maxis Mobile. In addition, from time to time, Maxis advertises through TGV and rents cinema halls from TGV to host certain events and functions.

MEASAT Broadcast Network Systems and its Affiliates

MEASAT Broadcast Network Systems is the sole licensed provider of digital direct-to-home satellite pay television services in Malaysia under the ASTRO brand name. It operates a production and broadcasting facility, the All Asia Broadcast Centre in Malaysia, from which it broadcasts by satellite for receipt on home set-top boxes. Usaha Tegas and Ananda Krishnan Tatparanandam are deemed major shareholders of MEASAT Broadcast Network Systems.

Pursuant to an agreement dated 31 January 2000, MEASAT Broadcast Network Systems has granted to Maxis Broadband the non-exclusive licence and right to receive and distribute in Malaysia the ASTRO service to subscribers through the Maxis network. This agreement will subsist until terminated by the parties. As at 31 December 2001, there were approximately 4,295 Maxis Broadband subscribers in selected areas accessing the ASTRO service through a rented analogue set top box provided by Maxis Broadband. Maxis pays the ASTRO monthly subscription fees from the subscribers to MEASAT Broadcast Network Systems after netting off Maxis Broadband's carriage fees which are 25 per cent. of the subscription fees. As at 31 December 2001, Maxis Broadband owed MEASAT Broadcast Network Systems RM2.4 million. This agreement is not considered by the Company to be material to the operations of Maxis Broadband. Maxis Broadband and MEASAT Broadcast Network Systems have agreed to discontinue the distribution of ASTRO service through Maxis Broadband's cable network and Maxis Broadband is in the process of migrating its customers to the ASTRO satellite platform and the customer relationships will be taken over by MEASAT Broadcast Network Systems.

Maxis Broadband entered into an agreement dated 9 August 1999 with MEASAT Digicast, a wholly-owned subsidiary of MEASAT Broadcast Network Systems, to sub-lease for 30 years commencing 28 July 1995 a portion of land located at the All Asia Broadcast Centre, on which Maxis Broadband has constructed, and now operates and maintains, a telecommunications operation centre. Total lease payments for the 30 year sub-lease will amount to RM4.4 million and is payable in the following manner. A sum of RM873,109 is payable upon Maxis Broadband accepting the terms of the agreement dated 9 August 1999. A further RM1,309,664 is payable upon execution of the sub-lease between Maxis Broadband and MEASAT Digicast. The balance of the RM2,182,773 is payable in yearly instalments with the first payment upon execution of the sub-lease between Maxis Broadband

and MEASAT Digicast, and thereafter yearly until expiry of the 30 year term. As at 31 December 2001, Maxis Broadband owed MEASAT Digicast RM3.5 million. The registered proprietor of the land namely the Federal Lands Commissioner is in the process of finalising terms of a lease granted to Technology Park. Once the lease is executed, MEASAT Digicast intends to enter into a sub-lease with Technology Park. As neither the lease between Technology Park and the Federal Lands Commissioner, nor the sub-lease between Technology Park and MEASAT Digicast have been finalised, the sub-lease between Maxis Broadband and MEASAT Digicast cannot be registered for the time being. See also Section 5.1.16 of this Prospectus. The sub-lease of the portion of the land occupied by Maxis Broadband may be extended by Maxis Broadband for a further 30 years in the event MEASAT Digicast extends the lease with Technology Park for the same term. The sub-lease is considered by the Company to be material to the operations of Maxis Broadband.

Since 1 July 1997, Maxis Broadband provides VSAT services to MEASAT Broadcast Network Systems which links the All Asia Broadcast Centre in Kuala Lumpur to MEASAT Broadcast Network Systems' regional offices in East Malaysia as well as voice and data services. The arrangement was formalised in an agreement dated 22 April 2000 which will subsist until terminated by the parties. Charges for the services are mutually agreed on a project basis. Total amounts incurred by MEASAT Broadcast Network Systems were RM6.0 million in 1999, RM6.0 million in 2000 and RM6.5 million in 2001. As at 31 December 2001, MEASAT Broadcast Network Systems owed Maxis Broadband RM4.1 million. The agreement is not considered by the Company to be material to the operations of Maxis Broadband.

Since August 2000, Maxis International has been providing MEASAT Broadcast Network Systems internet bandwidth access. Total charges owed by MEASAT Broadcast Network Systems as at 31 December 2001 were RM2.6 million. This arrangement is being formalised and is not considered by the Company to be material to the operations of Maxis International.

MIT, a wholly-owned subsidiary of MEASAT Broadcast Network Systems, entered into an agreement with Maxis Mobile dated 20 March 2000 to integrate Maxis Mobile's system with MIT's electronic bill presentment and payment system enabling Maxis Mobile to offer electronic bill presentation and payment services ("E-billing Services") via the internet. RM1.1 million is payable by Maxis Mobile to MIT for the foregoing integration work. There are also provisions therein granting Maxis Mobile non-exclusive licence to use certain software. The agreement will subsist until terminated by the parties and is not considered by the Company to be material to the operations of Maxis Mobile. As at 31 December 2001, no amount was outstanding and payable by the Company.

In conjunction with the agreement for E-Billing Services, Maxis Mobile entered into another agreement also dated 20 March 2000 with MIT whereby MIT allows Maxis Mobile access to MIT's electronic bill presentment and payment system. In return, Maxis Mobile pays MIT a monthly connection fee of RM20,000, RM1.00 per payment transaction effected by Maxis Mobile's subscriber and a further RM1.00 per month per subscriber for allowing the subscriber to view bills. The agreement will subsist until terminated by the parties. No amounts were incurred by Maxis Mobile in 1999. Total amounts incurred by Maxis Mobile were RM0.1 million in 2000 and RM1.1 million in 2001. As at 31 December 2001, Maxis Mobile owed MIT RM0.4 million. The agreement is not considered by the Company to be material to the operations of Maxis Mobile.

Maxis Mobile engaged MIT to enhance the E-Billing Services to enable Maxis Mobile's subscribers to access the E-Billing services via handsets. Enhancements were completed on 1 March 2002. Upon completion of the enhancement, Maxis Mobile is obliged to pay MIT a fee of RM10,000 per month. The arrangement was formalised in an agreement dated 17 May 2002 and is not considered by the Company to be material to the operations of Maxis Mobile. As at 31 December 2001, MIT has yet to invoice Maxis Mobile.

From 1 January 2000, Maxis Mobile has been using MIT's system to deliver online information based services, which can be accessed by Maxis Mobile subscribers via SMS. From 1 January 2000, Maxis Mobile became obliged to pay MIT a monthly connection fee of RM21,500 for access to MIT's system and a user fee based on usage of the services by Maxis Mobile's subscribers. No amounts were incurred by Maxis Mobile in 1999. Total amounts incurred by Maxis Mobile were RM0.9 million in

2000 and RM0.03 million in 2001. As at 31 December 2001, Maxis Mobile owed MIT RM0.2 million. The arrangement was formalised in an agreement dated 17 May 2002 and is not considered by the Company to be material to the operations of Maxis Mobile.

From 1 March 2002, Maxis Mobile was granted access by MIT to MIT's WAP-STK platform which enables Maxis Mobile, using the platform, to offer electronic information and transaction based services to its subscribers. From 1 March 2002, Maxis Mobile became obliged to pay MIT a monthly connection fee of RM75,000 and a user fee of RM0.05 for each transaction requested by a subscriber. No amounts were incurred by Maxis Mobile in 1999 and 2000. As at 31 December 2001, Maxis Mobile owed MIT RM0.3 million. The arrangement was formalised in an agreement dated 17 May 2002 and is not considered by the Company to be material to the operations of Maxis Mobile.

From 1 March 2002, MIT also provides Maxis Mobile content and transaction based services, which is accessible by Maxis Mobile's subscribers via SMS. From 1 March 2002 Maxis Mobile is obliged to pay MIT various types of fees depending on the type of content accessed and type of transaction undertaken by Maxis Mobile's subscribers using the said services. As at 31 December 2001, MIT has yet to invoice Maxis Mobile. The arrangement was formalised in an agreement dated 17 May 2002 and is not considered by the Company to be material to the operations of Maxis Mobile.

In addition, Maxis Mobile and MIT are in negotiations for an arrangement to provide a solution to Maxis Mobile which will enable its customers to settle their Maxis Mobile bills via a mobile payment service, in collaboration with selected banks, such as Maybank Berhad ("MBB"). This service will only be offered to Maxis Mobile customers who are also MBB customers. The arrangement is being formalised and is not considered by the Company to be material to the operations of Maxis Mobile.

Pursuant to an agreement dated 21 December 1999, MEASAT Broadcast Network Systems began providing Maxis Mobile with printing and bulk mailing services for marketing letters issued by Maxis Mobile to its subscribers, at the rate of RM0.15 per account. The agreement is for an initial term of 12 months commencing 12 April 1999 and will continue for automatic successive periods of twelve (12) months until terminated in accordance with the provisions of the agreement. Total charges incurred by Maxis Mobile were RM0.6 million in 2000 and RM0.2 million in 2001. As at 31 December 2001, Maxis Mobile owed MEASAT Broadcast Network Systems RM0.1 million. The agreement is not considered by the Company to be material to the operations of Maxis Mobile.

Pursuant to an agreement dated 26 August 1998, MEASAT Broadcast Network Systems participates in the BonusLink Loyalty Programme described below and MEASAT Broadcast Network Systems has agreed to pay for such amount of marketing fees and for such number of BonusLink points totalling 20 per cent. of Maxis' commitment to BonusKad under the Marketing Agreement signed between Maxis Mobile and BonusKad. The agreement expired on 31 January 2001 and parties have continued with the arrangement set out therein. As at 31 December 2001, MEASAT Broadcast Network Systems owed Maxis Mobile RM0.02 million pursuant to this arrangement. This arrangement is not considered by the Company to be material to the operations of Maxis Mobile.

Pursuant to an agreement dated 4 October 1995 between SAP, SAP Malaysia and Maxis Management Services, MEASAT Broadcast Network Systems is an authorised user of the SAP software. MEASAT Broadcast Network Systems pays Maxis Management Services its proportionate allocation of the licence fees charged to Maxis Management Services by SAP. No agreement has been entered with respect to this arrangement which is not considered by the Company to be material to the operations of Maxis Management Services. In addition, MEASAT Broadcast Network Systems has executed a deed of indemnity dated 27 February 1997 in favour of Maxis Management Services to indemnify Maxis Management Services against all claims, losses or costs whatsoever arising in relation to its use of the SAP software. This deed is not considered by the Company to be material to the operations of Maxis Management Services.

Maxis periodically engages in joint promotions and activities with MEASAT Broadcast Network Systems. From time to time, Maxis advertises through MEASAT Broadcast Network Systems and MEASAT Broadcast Network Systems' affiliates, including MEASAT Publications Sdn. Bhd. and Airtime Management Sdn. Bhd.

On 24 May 2002, the Company entered into a Memorandum of Understanding with MBNS in respect of a 25 per cent. equity participation by MBNS in AWT, a wholly owned subsidiary of the Company established for the purpose of applying for 3G Spectrum. Further, the Company has entered into a non-binding Memorandum of Understanding dated 24 May 2002 with MBNS for a strategic alliance for the provision of *inter alia* mobile content and applications by MBNS and its group of companies to Maxis.

Other companies directly or indirectly controlled by or associated with Usaha Tegas as well as companies or entities directly or indirectly controlled by or associated with Ananda Krishnan Tatparanandam or in which he is deemed to have an interest, both of whom are deemed major shareholders of Maxis Communications

Pursuant to a marketing agreement dated 20 February 1998, Maxis Mobile participates in the BonusLink Loyalty Programme, which is operated by BonusKad Loyalty Sdn. Bhd. ("BonusKad"), an associate company of Usaha Tegas. The marketing agreement is valid until 31 December 2003. Maxis Mobile is obliged to pay marketing fees of RM0.01 per point recorded by BonusKad in relation to purchases of qualifying goods or services by members from nominated retailers. The total charges incurred by Maxis Mobile pursuant to the marketing agreement were RM7.1 million in 1999, RM3.9 million in 2000 and RM3.8 million in 2001. As at 31 December 2001, Maxis Mobile owed BonusKad RM2.7 million. The marketing agreement is not considered by the Company to be material to the operations of Maxis Mobile.

Pursuant to an agreement dated 16 May 2002, Maxis Mobile outsources certain of its call centre functions for mobile services and other telemarketing services to SRG Asia Pacific Sdn. Bhd. ("SRG"), of which Usaha Tegas is a 70 per cent. shareholder. The agreement is effective from 4 December 2001 to 3 November 2002. Under the agreement, SRG is paid a training, project management and call attendance fee. These rates are dependant on the type of training and where the call personnel are stationed. As at 31 December 2001, Maxis Mobile owed SRG RM0.5 million. The agreement is not considered by the Company to be material to the operations of Maxis Mobile.

The Company pays KLCC Parking Management Sdn. Bhd., a wholly-owned subsidiary of KLCC (Holdings) Bhd. ("KLCCH"), charges for providing parking facilities for certain employees of Maxis. Ananda Krishnan Tatparanandam and Usaha Tegas are deemed major shareholders of KLCCH. No formal written agreement has been entered into with respect to the arrangement, which is not considered by the Company to be material to its operations. As at 31 December 2001, the Company owed KLCC Parking Management Sdn. Bhd. RM6,242.

Asas Klasik Sdn. Bhd. owns the Mandarin Oriental Hotel located at the Kuala Lumpur City Centre. Maxis, from time to time, utilises the facilities of the hotel, including hosting certain functions and events at the hotel. No formal written agreement has been entered into with respect to the arrangement which is not considered by the Company to be material to the operations of Maxis. Pursuant to an agreement dated 17 May 2002, Maxis Mobile rents from Asas Klasik Sdn. Bhd. a space at the Mandarin Oriental Hotel for the installation of BTS. The agreement is effective from 1 January 2001 for an initial term of three years. Thereafter Maxis Mobile is entitled to renew the term for four successive terms of three years each up to a maximum of fifteen years at rentals to be mutually agreed between the parties. A monthly sum of RM4,000 is payable by Maxis Mobile for the initial term of three years. The agreement is not considered by the Company to be material to the operations of Maxis Mobile. Asas Klasik Sdn. Bhd. is a subsidiary of KLCCH.

Maxis Mobile rents from Arena Johan Sdn. Bhd. a portion of the rooftop of Menara ESSO located at the Kuala Lumpur City Centre for the installation of BTS. A monthly sum of RM2,000 is payable by Maxis Mobile. The arrangement is being formalised and is not considered by the Company to be material to the operations of Maxis Mobile. KLCCH is a major shareholder of Arena Johan Sdn. Bhd.

21.1.2 Agreements with British Telecommunications and its Affiliates

Pursuant to an agreement dated 18 September 2000, British Telecommunications plc provides Maxis Mobile a satellite based aeronautical communication service ("Skyphone Services") which enables Maxis Mobile subscribers to receive and make calls on board certain aircraft using a Skyphone Mobile Connect Card provided by Maxis Mobile. The agreement is effective for five years from 13 July 2000. Under the agreement, charges payable by Maxis Mobile to British Telecommunications plc will be reviewed every six months. This agreement is not considered by the Company to be material to the operations of Maxis Mobile.

Pursuant to an agreement dated 12 November 1999, British Telecommunications plc licensed to Maxis Broadband, at a nominal fee of one pound sterling, a product management process used by Maxis for its product development process. The agreement is effective from 12 November 1999 until terminated by the parties. The agreement is not considered by the Company to be material to the operations of Maxis Broadband.

Maxis International entered into an International Private Circuit Services Agreement with British Telecommunications plc on 9 September 1999 for the joint provision of international private leased circuit services between the United Kingdom and Malaysia. The agreement is effective from 9 September 1999 until terminated by the parties. As at 31 December 2001, there is no amount outstanding and payable by Maxis Mobile and Maxis Broadband to British Telecommunications plc. Maxis International owed British Telecommunications plc RM25.7 million and British Telecommunications plc owed Maxis International RM4.9 million, as at 31 December 2001. The agreement is not considered by the Company to be material to the operations of Maxis International.

Pursuant to an agreement dated 17 January 2000 Concert Communications Company appointed Maxis Broadband to distribute Concert services to Maxis Broadband's customers. Maxis Broadband is paid fees calculated based on a pricing formula set out in the agreement. The agreement is effective from 17 January 2000 until terminated by the parties. The agreement is not considered by the Company to be material to the operations of Maxis Broadband. On 7 August 2001, Maxis Broadband notified Concert Communications Company of its intention not to renew this agreement. The effective date of the termination is one year from the date of the notice and Maxis Broadband is making arrangements to migrate its customers subscribing for Concert services to a third party provider or for its customers to contract with Concert Communications Company directly.

In connection with this agreement, Maxis Broadband entered into an agreement in October 2000 with Concert Management Services Inc, which will subsist until terminated by the parties. Under the agreement Maxis Broadband is provided with optional billing services to support the Concert services distributed by Maxis Broadband. The service charges payable by Maxis Broadband depends on the billing service selected by Maxis Broadband. The agreement is not considered by the Company to be material to the operations of Maxis Broadband.

Pursuant to an agreement dated 27 December 2001, BT Systems Malaysia Sdn. Bhd. provided Maxis Mobile with WAP gateway services. The agreement is effective from 1 January 2001 until terminated by the parties. Charges payable by Maxis Mobile comprise the Ringgit equivalent of U.S.$1.20 per Maxis Mobile subscriber per month who uses the service and the Ringgit equivalent of U.S.$0.45 per Maxis Mobile subscriber who registers for remote hosted mobile mail service. As at 31 December 2001, Maxis Mobile owed BT Systems Malaysia Sdn. Bhd. RM0.9 million. The agreement is considered by the Company to be material to the operations of Maxis Mobile.

21.1.3 Agreements with MediaOne and its Affiliates

A software licence agreement dated 20 November 1995 was entered into between Maxis Mobile and WatchMark Corp (previously known as US West International Systems Group Inc). The agreement is effective from 20 November 1995 until terminated by the parties. The one time licence fee payable by Maxis Mobile under the agreement is U.S.$1,833,333. As at 31 December 2001, no amount was outstanding and payable by Maxis Mobile to WatchMark Corp under this agreement. The agreement is not considered by the Company to be material to the operations of Maxis Mobile. In addition, an agreement was entered into on 7 January 2002 for provision of support services by WatchMark Corp to Maxis Mobile. The agreement is effective from 1 July 2001 to 31 December 2002. The fees payable by Maxis Mobile for the entire duration of the agreement is U.S.$366,666. The agreement is not considered by the Company to be material to the operations of Maxis Mobile.

21.1.4 Agreements with companies related by virtue of directors' interests

Pursuant to agreements dated 26 January 2000 and 15 October 1999, Maxis Mobile rents from Resorts World Bhd, portions of the rooftop of the Genting Highlands Resort building, for the installation of BTS. The agreements were effective from 1 January 1999 to 30 September 2000 and from 1 October 1998 to 30 September 2000, respectively. Monthly sums of RM10,200 and RM14,570 were payable by Maxis Mobile for the said tenancies, respectively. Since expiry of both the agreements, parties have continued with the arrangements set out therein pending execution of the renewal agreements. The agreements are not considered by the Company to be material to the operations of Maxis Mobile.

Pursuant to an agreement dated 14 August 1998, Maxis Mobile rents from Genting Highlands Berhad, a portion of the rooftop of the Kayangan Apartment building for the installation of BTS. The agreement was effective for two years from 1 October 1996. A monthly sum of RM5,000 was payable by Maxis Mobile. Since the expiry of the agreement, parties have continued with the arrangements set out in the agreement pending execution of the renewal agreements. The agreement is not considered by the Company to be material to the operations of Maxis Mobile.

There is an arrangement between Maxis Mobile and Genting Golf Course Berhad where Maxis Mobile is allowed to use a portion of the rooftop of the Awana Golf and Country Club building for the installation of BTS. A monthly sum of RM7,250 is payable by Maxis Mobile. The arrangement is being formalised and is not considered by the Company to be material to the operations of Maxis Mobile.

Tun Haji Mohammed Hanif bin Omar, a director and major shareholder of the Company, is also a shareholder and director of Genting Berhad. Genting Highlands Berhad, Resorts World Bhd. and Genting Golf Course Berhad are all related to Genting Berhad.

Pursuant to an agreement dated 28 October 1999, Maxis Broadband provides Star Cruise Administrative Services Sdn. Bhd. ("Star Cruise") services to manage and operate equipment located at Star Cruise's control centre at Pulau Indah in Port Klang and other telecommunications services. The agreement is effective from 1 November 1999 for five years. Maxis Mobile is paid a one off fee of RM200,000 for the duration of the agreement. In addition, Star Cruise will route not less than 75 per cent. of its total telecommunications traffic in any calendar quarter originating from the control centre and terminating in locations outside the control centre on Maxis Broadband's telecommunications infrastructure. The agreement is not considered by the Company to be material to the operations of Maxis Broadband. Genting Berhad is associated with Star Cruise.

Maxis Broadband is in discussions with Hei-Tech Padu Berhad to migrate Maxis Broadband's domestic frame relay customers to Hei-Tech Padu Berhad. Dato' Jamaludin bin Ibrahim, a director of the Company, is a shareholder and director of Hei-Tech Padu Berhad.

21.1.5 Agreements between Maxis and its directors, key management and key technical personnel

Save for the agreement described in Section 8.1.2 of this Prospectus between Maxis and Tun Haji Mohammed Hanif bin Omar who is a director and major shareholder of the Company, Maxis has no transactions with its directors.

Save for employment and services agreements between Maxis and its key management and key technical personnel, and the agreement described in Section 8.2.3 of this Prospectus between the Company and Dato' Jamaludin bin Ibrahim who is the Chief Executive Officer and a director of the Company, Maxis has no transactions with its key management or key technical personnel.

21.2 Declaration by Advisers on Conflicts of Interest

As at 18 May 2002, RHB Sakura's related corporation, RHB Bank Berhad, has an outstanding total loan balance of RM103.1 million due from Maxis Mobile, which forms part of the RM640 million syndicated facility as set out in Section 19.2 of this Prospectus. Part of the proceeds of the Initial Public Offering will be used to repay in part the said syndicated facility. RHB Sakura is the Financial Adviser to the Company and the Adviser for the Initial Public Offering. RHB Sakura is also the Joint Lead Underwriter and Joint Lead Manager for the Initial Public Offering.

Cheong Kee Fong & Co have acted as advisers for CIMB and another company controlled by CIMB, companies associated with the Global Co-ordinator and companies associated with ING and Goldman Sachs in other transactions as well as for Usaha Tegas including the transaction in relation to its acquisition of shares in the Company from British Telecommunications and MediaOne and for companies associated with Usaha Tegas in other transactions.

As at 18 May 2002, CIMB and its related corporation, Bumiputra-Commerce Bank Berhad, have outstanding principal loan balances of RM23.4 million and RM79.7 million respectively due from Maxis Mobile, which form part of the RM640 million syndicated facility as set out in Section 19.2 of this Prospectus. Part of the proceeds of the Initial Public Offering will be used to repay in part the said syndicated facility. CIMB is also one of the Advisers, Joint Lead Managers and Joint Lead Underwriters for the Initial Public Offering.

ABN AMRO Bank N.V., Labuan Branch, is one of the Co-ordinating Arrangers and ABN AMRO Bank Berhad is the Administrative Agent for the Maxis Mobile Loans, the Maxis Communications Loan and the U.S.$235 million facility to the Selling Shareholder, all entered into on 13 May 2002. For further details, refer to Section 19.2 of this Prospectus. Both these entities are affiliates of ABN AMRO Bank N.V., one of two banks trading as ABN AMRO Rothschild, the Global Co-ordinator.

As at 18 May 2002, ABN AMRO Bank N.V. and its related corporations have an outstanding total loan balance of U.S.$66.7 million due from Maxis Mobile. In addition, ABN AMRO Bank N.V. in its related corporation have an outstanding loan balance of U.S.$75.0 million due from the Selling Shareholder that is secured by, among other things, a charge on all of the ordinary shares of the Company owned by the Selling Shareholder excluding the Offer Shares. The facility will be settled through the proceeds of the Initial Public Offering received by the Selling Shareholder unless such proceeds fall short of the total amount outstanding under the said facility in which case it is proposed that the shortfall be settled through alternative funding to be arranged by the Selling Shareholder.

As at 18 May 2002, neither ING nor any of its related corporations have any outstanding loan balances due from the Company or the Selling Shareholder.

Clifford Chance has acted as advisers for the Global Co-ordinators, the Joint Bookrunners to the Institutional Offering and the other Institutional Underwriters and other companies controlled by or associated with any of them in other transactions.

21.3 Monitoring and Oversight of Related Party Transactions and Conflict of Interest Situations

21.3.1 Approval from Non-Interested Shareholders

When British Telecommunications became a shareholder of the Company, the Articles of Association of the Company were amended. The amended Articles of Association previously provided that the entry into, termination of or amendment in any related party transaction is a "Key Issue" which requires the affirmative vote of directors appointed by British Telecommunications and Usaha Tegas. The amended Articles of Association further provided that, in respect of any related party transaction which the director appointed by MediaOne considers not to be on arm's length commercial terms, the matter is to be referred to an Audit Committee of the Company of five members comprising appointees of British Telecommunications, Usaha Tegas and MediaOne as well as two independent members. All related party transactions entered into by Maxis between 7 October 1998 and 15 November 2001 (when British Telecommunications and MediaOne ceased to be shareholders of the Company) were entered into, terminated or amended in accordance with the procedure set out above. No related party transactions which are material have been entered into by the Company since 15 November 2001, except as otherwise disclosed in this Prospectus and except for the renewal of earlier transactions which have lapsed due to the passage of time. The said Articles of Association were further amended when British Telecommunications and MediaOne ceased to be shareholders in the Company. As such, the aforesaid requirements on related party transactions no longer apply.

21.3.2 Audit Committee Review

Following British Telecommunications and MediaOne's sale of their shares in the Company in November 2001, the Audit Committee of the Company was reconstituted on 18 January 2002 by the Board of Directors. The Audit Committee reviews any related party transaction and conflict of interest that may arise within Maxis. The Audit Committee periodically reviews the procedures set by the Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties dealing at arm's length and are not to the detriment of the Company's minority shareholders. All reviews by the Audit Committee are reported to the Board of Directors of the Company for its further action.

The composition of the Audit Committee was further revised on 18 May 2002 to conform to paragraph 15.10 of the KLSE Listing Requirements and comprises three members, the majority of whom are independent. Refer to Section 8.1.5 of this Prospectus for details of the Audit Committee.

21.3.3 Conflict of Interest

The related party transactions disclosed above, by their very nature, involve a conflict of interest between Maxis and the related parties with whom Maxis has entered into such transactions. Some of the officers and directors of Maxis are also officers and directors/shareholders of related parties of Maxis as stated above and, with respect to these related party transactions, may have conflicts of interest. It is the policy of companies within the Group not to enter into transactions with related parties unless these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to third parties dealing at arm's length with Maxis and are not to the detriment of the Company's minority shareholders.

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22. ADDITIONAL INFORMATION

22.1 Share Capital

22.1.1 No securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.

22.1.2 There are no founder, management or deferred shares. There is currently only one class of shares in the Company, namely ordinary shares of RM0.10 each, all of which have been issued and fully paid-up and rank *pari passu* with one another. There are no special rights attached to the ordinary shares of the Company.

22.1.3 Save as disclosed below and in Sections 8.1.2 and 8.2.2 of this Prospectus, as at the date of this Prospectus, no capital of the Company and its subsidiaries has been or agreed conditionally or unconditionally to be put under option.

Pursuant to an agreement dated 10 November 2001, in consideration of the sum of RM10.00, Cabaran Mujur Sdn. Bhd. ("Cabaran Mujur") granted Permodalan Nasional Berhad ("PNB"), a call option exercisable during the period commencing two business days after the admission and official quotation of the ordinary shares in the Company pursuant to the Initial Public Offering and expiring on 11 November 2002, to purchase 5,263,158 ordinary shares of RM1.00 each in Maxis Communications (together with any additional ordinary shares of Maxis Communications derived therefrom after 12 November 2001 by way of a bonus issue or the exercise of any share splits by Maxis Communications) for the price of RM380 million.

Pursuant to an employee share option scheme (the "Scheme") to be adopted by the Board of Directors of the Company in conjunction with the Initial Public Offering, the Company will make available ordinary shares in the Company not exceeding in aggregate 10 per cent. of the Company's issued and paid-up share capital at any time during the existence of the Scheme to be issued under options granted under the Scheme (the "Options") to executive directors and eligible employees of Maxis.

Prior to the listing of the ordinary shares of the Company on the Main Board of the KLSE, the directors of the Company propose to grant up to 36,000,000 Options to the executive director and eligible employees of Maxis (the "Initial Grant") of which up to 5,104,000 Options is proposed to be granted to one (1) executive director and thirteen (13) members of Maxis' senior management. The exercise price for the Options which are the subject matter of the Initial Grant is the Final Retail Price.

In addition to the Initial Grant, the Board of Directors of the Company may, within the duration of the Scheme, make offers to grant Options to executive directors and eligible employees of Maxis whom the Board of Directors may at their discretion select. Each such Option which is not part of an Initial Grant shall be exercisable at a price which is (i) the weighted average of the market price quotation of ordinary shares in the Company for the five market days immediately preceding the date on which the Option is granted less, if the directors of the Company shall decide at their discretion from time to time, a discount of not more than 10 per cent. or (ii) the nominal value of an ordinary share in the Company, whichever is higher.

Each Option shall become exercisable, to the extent of the shares covered thereby, on each of the first three anniversaries of the date of grant, if the holder of such Option shall have been in the continuous service of Maxis through such period. No Option shall be exercisable if the exercise thereof would violate any provision of applicable laws, nor shall any Option be exercisable more than 10 years from the date on which the Scheme shall become effective.

As the purpose of the Scheme is to promote ownership of shares in the Company by executive directors and eligible employees of Maxis, thereby reinforcing a mutuality of interest among security holders and to enable Maxis to attract, retain and motivate employees by permitting them to share in the growth of Maxis, only a nominal consideration of RM1.00 will be given for each Option to be granted.

No Option shall be granted pursuant to the Scheme on or after the tenth anniversary of the date on which the Scheme shall become effective. In accordance with the terms of the lock-up agreement to be entered into by the Company and referred to in Section 23 of this Prospectus, the Company will not for a period commencing from the date of the lock-up agreement until one hundred and eighty (180) days from the date on which the share capital of the Company shall be admitted to the Official List of the Main Board of the KLSE grant any Options save for the Initial Grant.

The new ordinary shares to be issued upon the exercise of an Option shall rank *pari passu* in all respects with the then existing issued ordinary shares save that they will not entitle the holders thereof to receive any rights and bonus issues which entitlement date precedes the date of the exercise of the Option or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the Option and will be subject to all the provisions of the Memorandum and Articles of association of the Company.

22.1.4 As at the date of this Prospectus, the Company and its subsidiaries does not have any outstanding convertible debt securities or outstanding warrants.

22.1.5 Save as disclosed above, no shares, stock or debentures of the Company and its subsidiaries have been issued or been agreed to be issued or are proposed to be issued as fully or partly paid-up for cash or otherwise within the two years preceding the date of this Prospectus.

22.1.6 Save as disclosed in Sections 5.1.13 and 8 of this Prospectus, there are no other persons who, directly or indirectly, jointly or severally, exercise control over the Company and its subsidiaries.

22.1.7 Save for the 18,000,000 ordinary shares of RM0.10 each reserved for subscription by eligible directors, senior management and employees of Maxis as disclosed in Section 8 of this Prospectus, there are no schemes involving the staff in the share capital of the Company and its subsidiaries as at the date of this Prospectus.

22.2 Extracts of Articles of Association

The following is extracted from the Articles of Association of the Company and is qualified in its entirety by the remainder of the provisions of the Articles of Association and by applicable law.

22.2.1 Changes in Capital and Variation of Class Rights

"23. Notwithstanding Article 24 hereof, the repayment of preference share capital other than redeemable preference shares, or any other alteration of preference shareholder rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

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

25. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that

class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

73. The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid-up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

75. (1) The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Act) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards dividends, return of capital voting or otherwise over the other or others of such shares;

(c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

(d) increase its share capital by such sum to be divided into shares of such amount as the resolution may prescribe.

(2) The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by the law.

76. Anything done in pursuance of the last preceding Article shall be done in the manner provided and subject to any conditions imposed by the Act so far as they shall be applicable, and so far as they are not applicable, in accordance with the terms of the resolution authorising the same, and so far as such resolution shall not be applicable, in such manner as the Directors deem most expedient."

The above provisions are not more stringent than those required by law.

22.2.2 Remuneration of Directors

"122 (1) The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:

(a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

(b) remuneration payable to Director(s) holding executive position(s) under Article 151(1) may not include a commission on or percentage of turnover;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

(d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

123. (1) The Directors (including alternate Directors) shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

(2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

(3) In case the Company be wound up for any reason or purpose whatsoever, a Director shall not be entitled to any compensation in respect of the period which elapses between the date of the said winding up and the date at which, if the Company has not been wound up, he would have retired under these Articles.

(4) Any extra remuneration payable to:

(a) a non-executive Director shall not include a commission on or percentage of profits or turnover; and

(b) an executive Director shall not include a commission on or percentage of turnover."

22.2.3 Transfer of Securities

"50. Subject to the provisions of the Act, these Articles, the Central Depositories Act and the Rules with respect to transfer of Deposited Security, all transfers of securities which are shares:

(i) to the Central Depository or its nominee company or;

(ii) prior to the listing and quotation of such shares on the Exchange, may be effected by transfer in writing in the usual common form conforming with the Act and/or approved by the Exchange, or such form as may from time to time, be prescribed under the Act or approved by the Exchange. Subject to these Articles, there shall be no restriction on the transfer of fully paid-up shares except where required by law.

51. The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act, and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Deposited Security.

54. Subject to the Central Depositories Act and the Rules, the instrument of transfer of a share lodged with the Company for registration must be signed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register.

55. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

57. (1) With the exception of transfer in favour of the Central Depository and subject to the provisions of the Central Depositories Act and the Rules, the Directors may subject to Article 57(4) decline to register the transfer of any share (not being a fully paid share) and may also decline to register the transfer of any share on which the Company has a lien or if the registration of the transfer would result in a contravention of or failure to observe the provisions of a law in Malaysia.

(2) The Directors may decline to recognise any instrument of transfer, unless:

(a) such fee, not exceeding Ringgit Malaysia Three (RM3.00) per transfer or such other sum as may be permitted by the Exchange plus the amount of the proper duty with which each certificate is chargeable under the law relating to stamp duty as the Directors may from time to time require, is paid to the Company in respect thereof; and

(b) the instrument of transfer together with the certificate is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so.

(3) All instruments of transfers which are registered may be retained by the Company.

(4) Subject to the provisions of the Central Depositories Act and the Rules, if the Directors decline to register any transfer they shall within ten (10) Market Days (or such other period specified by the Exchange) after the date on which the transfer was lodged with the Company send to the transferor, lodging broker and to the transferee written notice of refusal and the precise reasons thereof. Any instrument of transfer which the Directors may decline to register shall be returned to the person who tendered the same for registration save and except in cases where the Directors suspect fraud.

58. The registration of transfers may be suspended at such time and for such period as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year. At least twelve (12) clear Market Days' (or such other period specified by the Exchange) notice of such closure shall be given to the Exchange stating the period and the purpose or purposes of such closure. In relation to such closure, the Company shall give notice, in accordance with the Central Depositories Act and the Rules, to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors."

22.2.4 Voting and Borrowing Power of Directors

"127. (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party PROVIDED ALWAYS that nothing contained in these Articles shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

(2) The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.

(3) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

137. (1) A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under these Articles vested in or exercisable by the Directors generally. Subject to these Articles, questions arising at any meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote except where:

(a) only two (2) Directors form a quorum and only such a quorum is present, or

(b) where only two (2) Directors are competent to vote on the question at issue,

whereupon the status quo of the Company shall be maintained in respect of such matter or thing contained in the resolution as it stood immediately before the resolution was placed before the Board. The other business of the Company not affected by such resolution shall continue as usual.

143. No Director may vote in respect of any contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that company or as a holder of shares or other securities in that other company.

145. A Director may be or become or continue to be a director, managing director, manager or other officer or member of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director, managing director, manager or other officer or member of, or from his interest in, such corporation, whether as a nominee of the Company or otherwise, unless the Company otherwise directs at the time of his appointment. The Director may provided that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by him as directors of such other corporation in such manner and in all respects as he thinks

fit but a Director may not vote in favour of the exercise of such voting rights in the manner aforesaid, if he may be, or is about to be appointed a director, managing director, manager or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid."

22.3 Directors and Substantial Shareholders

22.3.1 The direct and indirect shareholdings of the directors in the Company as at 18 May 2002 and after giving effect to the issue of 410,875,000 Issue Shares and sale of 241,460,000 Offer Shares (being the maximum number of Issue Shares that may be issued and Offer Shares which may be sold pursuant to the Initial Public Offering) are set forth below:

	Before Initial Public Offering				After Initial Public Offering				
	Direct		Indirect		Direct		Indirect		
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	Nationality
Tun Haji Mohammed Hanif bin Omar	–	–	598,950,665(1)	29.36	3,000,000	0.1224	598,950,665(1)	24.44	Malaysian
Dato' Seri Syed Anwar Jamalullail(2)	–	–	–	–	250,000	0.0102	–	–	Malaysian
The Lord Killearn(3)	–	–	–	–	250,000	0.0102	–	–	British
Timothy Hugh Ling	–	–	–	–	250,000	0.0102	–	–	United States of America
Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	–	–	–	–	500,000	0.0204	–	–	Malaysian
Khoo Teng Bin	–	–	–	–	500,000	0.0204	–	–	Malaysian
Augustus Ralph Marshall	–	–	–	–	500,000	0.0204	–	–	Malaysian
Tan Poh Ching	–	–	–	–	500,000	0.0204	–	–	Malaysian
Dato' Jamaludin bin Ibrahim	–	–	–	–	400,000	0.0163	–	–	Malaysian

Notes:

(1) Deemed to have an interest in the shares of Maxis Communications in which Harapan Nusantara has an interest, by virtue of his interest in Harapan Nusantara. Harapan Nusantara is deemed to have an interest in all of the shares of Maxis Communications in which Mujur Anggun, Cabaran Mujur, Anak Samudra Sdn. Bhd., Dumai Maju Sdn. Bhd., Nusantara Makmur Sdn. Bhd., Usaha Kenanga and Tegas Sari Sdn. Bhd. (the "Harapan Nusantara Subsidiaries") have an interest, by virtue of Harapan Nusantara being entitled to control the exercise of not less than 15 per cent. of the equity interest in the Harapan Nusantara Subsidiaries. However, he does not have any economic interest in these shares.

(2) Dato' Seri Syed Anwar Jamalullail's name as per his Identity Card is Syed Zainol Anwar

(3) Previously The Hon. Victor Lampson

The interest of the directors as disclosed above is based on the assumption that the director exercises the allocation of the Shares reserved for the director under the preferential share allocation scheme where the director will have to make an application on the Pink Application Forms as referred to elsewhere in this Prospectus.

22.3.2 The names and the respective proforma interests of the substantial shareholders in the shares of Maxis Communications before and after the Initial Public Offering after taking into consideration the corporate restructuring exercises are as follows:

22. ADDITIONAL INFORMATION (Cont'd)

Substantial Shareholder	Before the Initial Public Offering No. of Shares of RM0.10 each over which substantial interest subsists				After the Initial Public Offering No. of Shares of RM0.10 each over which substantial interest subsists			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Maxis Holdings Sdn. Bhd.	639,309,171[A]	31.34	–	–	397,849,171	16.23	–	–
Mujur Anggun Sdn. Bhd.	50,214,543	2.46	61,665,722[1]	3.02	50,214,543	2.05	61,665,722[1]	2.52
Tenaga Tegap Sdn. Bhd.	–	–	111,880,265[2]	5.48	–	–	111,880,265[2]	4.56
Desa Bidara Sdn. Bhd.	–	–	111,880,265[3]	5.48	–	–	111,880,265[3]	4.56
Angsana Kukuh Sdn. Bhd.	–	–	111,880,265[4]	5.48	–	–	111,880,265[4]	4.56
Beduk Selatan Sdn. Bhd.	–	–	111,880,265[5]	5.48	–	–	111,880,265[5]	4.56
Indomurni Sdn. Bhd.	–	–	111,880,265[6]	5.48	–	–	111,880,265[6]	4.56
Badai Jaya Sdn. Bhd.	–	–	111,880,265[7]	5.48	–	–	111,880,265[7]	4.56
Badai Maju Sdn. Bhd.	–	–	111,880,265[8]	5.48	–	–	111,880,265[8]	4.56
Bagan Budiman Sdn. Bhd.	–	–	167,378,718[9]	8.20	–	–	167,378,718[9]	6.83
Usaha Kenanga Sdn. Bhd.	200,853,534	9.85	35,148,789[10]	1.72	200,853,534	8.20	35,148,789[10]	1.43
Nusantara Tegas Sdn. Bhd.	–	–	236,002,323[11]	11.57	–	–	236,002,323[11]	9.63
Harapan Nusantara Sdn. Bhd.	–	–	598,950,665[12]	29.36	–	–	598,950,665[12]	24.44
Tun Haji Mohammed Hanif Bin Omar	–	–	598,950,665[13]	29.36	–	–	598,950,665[13]	24.44
Dato' Haji Badri Bin Haji Masri	–	–	598,950,665[13]	29.36	–	–	598,950,665[13]	24.44
Hj. Affendi Bin Tun Hj. Mohd Fuad Stephens	–	–	598,950,665[13]	29.36	–	–	598,950,665[13]	24.44
Mohamad Shahrin Bin Merican	–	–	598,950,665[13]	29.36	–	–	598,950,665[13]	24.44
Pacific Fortune Sdn. Bhd.	–	–	167,378,718[14]	8.20	–	–	167,378,718[14]	6.83
MAI Holdings Sdn. Bhd.	–	–	167,378,718[15]	8.20	–	–	167,378,718[15]	6.83
Ananda Krishnan Tatparanandam	–	–	801,740,164[16]&[17]	39.30	–	–	801,740,164[16]&[17]	32.71
Wilayah Resources Sdn. Bhd.	133,901,584	6.56	–	–	133,901,584	5.46	–	–
Tegas Puri Sdn. Bhd.	167,378,718	8.20	–	–	167,378,718	6.83	–	–
Besitang Barat Sdn. Bhd.	133,901,583	6.56	–	–	133,901,583	5.46	–	–
Besitang Selatan Sdn. Bhd.	117,164,175	5.74	–	–	117,164,175	4.78	–	–
Wilayah Bintang Sdn. Bhd.	–	–	133,901,584[18]	6.56	–	–	133,901,584[18]	5.46
Tegas Mahsuri Sdn. Bhd.	–	–	167,378,718[19]	8.20	–	–	167,378,718[19]	6.83

22. ADDITIONAL INFORMATION (Cont'd)

Substantial Shareholder	Before the Initial Public Offering No. of Shares of RM0.10 each over which substantial interest subsists Direct	%	Indirect	%	After the Initial Public Offering No. of Shares of RM0.10 each over which substantial interest subsists Direct	%	Indirect	%
Besitang (M) Sdn. Bhd.	–	–	133,901,583 [20]	6.56	–	–	133,901,583 [20]	5.46
Besitang Utara Sdn. Bhd.	–	–	117,164,175 [21]	5.74	–	–	117,164,175 [21]	4.78
Usaha Tegas Equity Sdn. Bhd.	–	–	552,346,060 [22]	27.08	–	–	552,346,060 [22]	22.54
Usaha Tegas Sdn. Bhd.	–	–	552,346,060 [23]	27.08	–	–	552,346,060 [23]	22.54
Pacific States Investment Limited	–	–	552,346,060 [24]	27.08	–	–	552,346,060 [24]	22.54
Excorp Holdings N.V.	–	–	552,346,060 [17]	27.08	–	–	552,346,060 [17]	22.54
PanOcean Management Limited	–	–	552,346,060 [17]	27.08	–	–	552,346,060 [17]	22.54
East Asia Telecommunications Ltd	–	–	639,309,171 [25]	31.34	–	–	397,849,171 [25]	16.23
Global Multimedia Technologies (BVI) Ltd	–	–	639,309,171 [25]	31.34	–	–	397,849,171 [25]	16.23
Worldwide Communications Technologies Ltd.	–	–	639,309,171 [25]	31.34	–	–	397,849,171 [25]	16.23
First East Asia Investments N.V.	–	–	639,309,171 [26]	31.34	–	–	397,849,171 [26]	16.23

Notes:

(A) 19.5% of Maxis Holdings' interest in Maxis Communications is held by ABN AMRO Bank Berhad under a legal charge pursuant to a financing facility obtained by Maxis Holdings.

(1) Deemed interest by virtue of its interest in Cabaran Mujur

(2) Deemed interest by virtue of its interest in Mujur Anggun Sdn. Bhd. ("Mujur Anggun"), the immediate holding company of Cabaran Mujur

(3) Deemed interest by virtue of its interest in Tenaga Tegap Sdn. Bhd. ("Tenaga Tegap") which in turn has a direct interest in Mujur Anggun. See Note (2) above

(4) Deemed interest by virtue of its interest in Desa Bidara Sdn. Bhd. which in turn has a direct interest in Tenaga Tegap Sdn. Bhd. See Note (3) above

(5) Deemed interest by virtue of its interest in Tenaga Tegap Sdn. Bhd. which in turn has a direct interest in Mujur Anggun. See Note (2) above

(6) Deemed interest by virtue of its interest in Beduk Selatan Sdn. Bhd. which in turn has a direct interest in Tenaga Tegap Sdn. Bhd. See Note (5) above

(7) Deemed interest by virtue of its interest in Tenaga Tegap Sdn. Bhd. which in turn has a direct interest in Mujur Anggun. See Note (2) above

(8) Deemed interest by virtue of its interest in Badai Jaya Sdn. Bhd. which in turn has a direct interest in Tenaga Tegap Sdn. Bhd. See Note (7) above

(9) Deemed interest by virtue of its interests in Samudra Capital Sdn. Bhd. and Alam Nahkoda Sdn. Bhd. which are the immediate holding companies of ASSB and DMSB respectively. ASSB and DMSB collectively hold more than 5 per cent. direct equity interest in Maxis Communications

(10) Deemed interest by virtue of its interest in Citra Cekal Sdn. Bhd. ("CCSB"), the immediate holding company of TSSB

(11) Deemed interest by virtue of its interest in Usaha Kenanga Sdn. Bhd. ("UKSB"), which holds more than 5 per cent. direct equity interest in Maxis Communications

(12) Harapan Nusantara is deemed to have an interest in all of the shares of Maxis Communications in which Mujur Anggun, Cabaran Mujur, Anak Samudra Sdn. Bhd., Dumai Maju Sdn. Bhd., Nusantara Makmur Sdn. Bhd., Usaha Kenanga Sdn. Bhd. and Tegas Sari Sdn. Bhd. (the "Harapan Nusantara Subsidiaries") have an interest, by virtue of Harapan Nusantara being entitled to control the exercise of not less than 15 per cent. of the equity interest in the Harapan Nusantara Subsidiaries. Mujur Anggun, ASSB, DMSB, NMSB and UKSB hold their respective interests in Maxis Communications as trustees under discretionary trusts for Bumiputera objects. As such, Harapan Nusantara does not have any economic interest in these shares

(13) Deemed to have an interest in the shares of Maxis Communications in which Harapan Nusantara has an interest, by virtue of his interest in Harapan Nusantara. See Note (12) above. However, he does not have any economic interest in these shares

(14) PFSB's deemed interest arises by virtue of its interests in Ria Utama and Tetap Emas respectively (collectively, "PFSB Subsidiaries"). The shares of Ria Utama and Tetap Emas are held by ABN AMRO Bank Berhad pursuant to the Ria Utama – legal charge and the Tetap Emas – legal charge, respectively. These charges are expected to be released after the Initial Public Offering. The PFSB

22. ADDITIONAL INFORMATION (Cont'd)

Subsidiaries hold in aggregate more than 5 per cent. direct equity interest in Maxis Communications. PFSB is deemed to have an interest in all of the shares in Maxis Communications in which the PFSB Subsidiaries have an interest, by virtue of PFSB's direct interests in the PFSB Subsidiaries

(15) MAIH is deemed to have an interest in all of the shares in Maxis Communications in which PFSB has an interest, by virtue of MAIH's direct interest in PFSB. See Note (14) above

(16) Deemed interest by virtue of his interest in:-

(i) MAI Sdn. Berhad, the immediate holding company of Terang Equity Sdn. Bhd. which in turn has a direct interest in Wangi Terang Sdn. Bhd. ("WTSB"). The shares of WTSB are held by ABN AMRO Bank Berhad pursuant to the WTSB – legal charge. This charge is expected to be released after the Initial Public Offering; and

(ii) MAI Holdings Sdn. Bhd. ("MAIH"), the immediate holding company of Pacific Fortune Sdn. Bhd. ("PFSB") which in turn has a direct interest in Ria Utama and Tetap Emas respectively. See Note (15) above

(17) The shares in PSIL are held by Excorp which is in turn held by PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purpose. Although PanOcean and Ananda Krishnan Tatparanandam are deemed to have an interest in the shares of Maxis Communications by virtue of the trust and related arrangements, they do not have any economic or beneficial interest in the shares

(18) Deemed interest by virtue of its direct interest in Wilayah Resources

(19) Deemed interest by virtue of its direct interest in Tegas Puri

(20) Deemed interest by virtue of its direct interest in Besitang Barat

(21) Deemed interest by virtue of its direct interest in Besitang Selatan

(22) UTES's deemed interest arises by virtue of its interests in the UT Subsidiaries. The UT Subsidiaries hold in aggregate 27.08 per cent. equity interest (before the Initial Public Offering) in Maxis Communications. See Notes (18) to (21) above. UTES is deemed to have an interest in all of the shares in Maxis Communications in which the UT Subsidiaries have an interest, by virtue of UTES being entitled to control the exercise of not less than 15 per cent. of the equity interest in the UT Subsidiaries

(23) Usaha Tegas is deemed to have an interest in all of the shares in Maxis Communications in which UTES has an interest, by virtue of Usaha Tegas being entitled to control the exercise of not less than 15 per cent. of the equity interest in UTES. See Note (22) above

(24) PSIL is deemed to have an interest in all of the shares in Maxis Communications in which Usaha Tegas has an interest, by virtue of PSIL being entitled to control the exercise of not less than 15 per cent. of the equity interest in Usaha Tegas. See Note (23) above

(25) Deemed interest by virtue of its direct interest in Maxis Holdings

(26) First East Asia Investments N.V. ("FEAI") is deemed to have an interest by virtue of its aggregated equity interests in Global Multimedia Technologies (BVI) Ltd, East Asia Telecommunications Ltd and WCT respectively. The shares of FEAI are bearer shares

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22.3.3 The board of directors of Usaha Tegas has, as a policy, supported all of its associates and affiliates in developing their businesses. Usaha Tegas intends to continue to assist Maxis in its further development. Usaha Tegas will only participate in any opportunities in the telecommunications sector in Malaysia if it is determined by Usaha Tegas that such participation will be in the best interest of Maxis and Usaha Tegas will also provide Maxis with the opportunity to participate in such business. This policy is only a statement of Usaha Tegas' intention and is not a legally binding agreement. Investors generally will not have the ability to compel Usaha Tegas to comply with the terms of the policy. Usaha Tegas' board of directors, in the exercise of its business judgement, may also amend or rescind the policy or change its strategic direction at any time.

22.3.4 Save as disclosed herein, none of the major shareholders or directors of the Company has any interest, direct or indirect, in the promotion of, or in any material assets which have been, within the two years preceding the date of this Prospectus, acquired or disposed of by or leased to or proposed to be acquired, disposed of by or leased to the Group.

22.4 General

22.4.1 During the last financial year and current financial year up to the date of this Prospectus, there were no public take-over offers by third parties in respect of the Company's ordinary shares or public take-over offers by the Company in respect of any other company's shares.

22.4.2 No amount has been paid or benefit given within the two years preceding the date of this Prospectus, nor is it intended to be so paid or given, to the Promoter by the Company.

22.4.3 The consolidated financial statements of Maxis as at and for the years ended 31 December 1997, 1998, 1999, 2000 and 2001 and as at and for the three months ended 31 March 2002 included in this Prospectus have been audited in accordance with approved auditing standards in Malaysia by PricewaterhouseCoopers, Reporting Accountants as stated in their report appearing in this Prospectus.

22.5 Expenses and Commissions

The Company shall be responsible and shall pay for all expenses of this Initial Public Offering and for the selling and underwriting commissions, brokerage, registration fees and other expenses and fees incidental to the issue and sale of the Issue Shares. The Selling Shareholder shall be responsible for and shall pay the selling and underwriting commissions, brokerage, stamp duty and share transfer fees payable in relation to the offer and sale of the Offer Shares. Refer to Sections 6.11 and 18 of this Prospectus.

22.6 Legal Proceedings

As at the date of this Prospectus, Maxis is involved in the legal proceedings described below which, if determined against Maxis, could individually or in the aggregate, materially affect the business or financial position of Maxis. In each case, any provision made by Maxis is considered by it to be a full provision, except as otherwise stated.

Dato' Shahrudin bin Ismail has filed a claim against Maxis Mobile for the activation of a particular phone number, a declaration that Maxis Mobile's termination of the service, was not valid, for an order that Maxis Mobile resolve alleged difficulties with his service and for damages of RM20.0 million plus interest and costs. The plaintiff has also made an interlocutory application for the immediate reinstatement of his mobile telephone service and an order that Maxis Mobile be prohibited from terminating the service. Maxis believes that the plaintiff's claim is without merit and intends to defend the claim. Maxis Mobile has filed a counterclaim for recovery of approximately RM14,127 in arrears of service charges by plaintiff.

A number of housing developers have made separate claims against Maxis Broadband for various forms of relief including specific performance, indemnities and/or damages totalling approximately RM28.5 million, general damages, interest and costs for alleged failures by Maxis Broadband in the provision of certain services relating to the supply of telecommunications infrastructure to their housing development projects. Adequate provision has been made in Maxis' financial statements in respect of these claims.

Maxis is also aware of the following issues, which, if not resolved in Maxis' favour, could materially affect its business or financial position:

- Maxis Mobile is claiming that one of its principal equipment suppliers, Motorola has failed to meet certain agreed equipment and software delivery milestones and performance standards for the supply of base stations and network switching systems. There are also issues between Maxis Mobile and Motorola regarding the price payable for certain goods and services. The parties are currently in discussion on these issues. In the meantime, equipment and services are being provided by Motorola and both parties have taken steps to address Maxis' network quality concerns.

Except as described above, neither the Company nor any of its subsidiaries are involved in any litigation which would have a material adverse effect on the business or financial position of Maxis and the Company is not aware of any information likely to give rise to any legal proceedings which would materially affect the business or financial position of Maxis.

22.7 Material Contracts

Except for the agreements with UTSB Management Sdn. Bhd. referred to in Section 21.1 of this Prospectus and the Retail Underwriting Agreement referred to in Section 18 of this Prospectus, there are no material contracts which are not in the ordinary course of the business of the Company and its subsidiaries entered into during the two years preceding the date of this Prospectus.

22.8 Material Agreements

Save as disclosed below, there are no other subsisting material agreements which have been entered into by Maxis:

(A) Banking Facilities

Maxis Entity	Financier	Type of Facility (Date of loan agreement)	Facility Amount Limit (RM'000)	Collateral
Maxis Communications	HSBC Bank Malaysia Berhad	Overdraft	1,000	Nil
		Foreign Exchange Contract Limit	10,000	
		Omnibus line consisting of Import line of Bankers Acceptance/ Loan Against Import/ Deferred Payment Credit and Bank Guarantee (offer letter dated 25 September 2001 and related documents)	Combined limit of 60,000	
Maxis Communications	Hong Leong Finance Berhad	Hire Purchase (Offer Letter dated 6 February 1996 and related documents)	10,000	1. Ownership claim over asset financed 2. Corporate Guarantee of Maxis Communications for facilities taken up by any member of Maxis

22. ADDITIONAL INFORMATION (Cont'd)

Maxis Entity	Financier	Type of Facility (Date of loan agreement)	Facility Amount Limit (RM'000)	Collateral
Maxis Communications	Bank Utama (Malaysia) Berhad	Overdraft	5,000	Nil
		Omnibus line consisting of Bankers Acceptance/Bank Guarantee/Letter of Credit (Offer Letter dated 21 August 2000 and related documents)	40,000	
		Foreign Exchange Contract Limit	10,000	
Maxis Communications	RHB Bank Berhad	Overdraft	10,000	Nil
		Omnibus line consisting of Trust Receipt/Bankers Acceptance/Shipping Guarantee/Letter of Credit	15,000	
		Bank Guarantee (Offer Letter dated 28 June 2001 and related documents)	55,000	
Maxis Communications	EON Bank Berhad	Bank Guarantee (Offer Letter dated 29 May 2001 and related documents)	20,000	Nil
Maxis Mobile	EON Bank Berhad	Al-Bai Bithamin Ajil (Offer Letter dated 11 December 2000 and related documents)	12,000	1. First legal charge over land held under Title No. CL 015551283 Likas District of Kota Kinabalu, Sabah. 2. First legal charge over land known as part of Sublot M, Lot 1945 Section 66, Kuching Town Land District Sarawak. Pending issuance of separate individual title, the facility will be secured by a Deed of Assignment. 3. Assignment of all insurance policies taken out in respect of the Technical Operating Centres in Kota Kinabalu and Kuching.
Maxis Mobile	Orix Rentec (Malaysia) Sdn. Bhd.	Financial Lease (Master Rental Agreement dated 9 November 2000 and related documents)	4,460	Ownership claim over asset financed
Maxis Mobile	CPQ Facilities Services (Malaysia) Sdn. Bhd.	Financial Lease (Master Lease and Financing Agreement dated 22 December 2000 and related documents)	24,881	Ownership claim over asset financed

22. ADDITIONAL INFORMATION (Cont'd)

Maxis Entity	Financier	Type of Facility (Date of loan agreement)	Facility Amount Limit (RM'000)	Collateral
Maxis Broadband	Danaharta Urus Sdn. Bhd.	Term Loan RM Equivalent to U.S.$150.0m (Facilities Agreement dated 5 May 1999 and related documents)	569,816	1. Debenture over the fixed and floating assets of Maxis Broadband 2. A third party debenture over the fixed and floating assets of Maxis International 3. Corporate Guarantee from Maxis Communications
RUSB	Mayban Finance Berhad	Al-Bai Bithamin Ajil — Property Loan (Property Sale Agreement dated 22 October 1996 and related documents)	7,500	1. First legal charge over property held under Title No. H.S(D) 80062, PT 14375, Mukim of Damansara District of Petaling, Selangor. 2. One (1) month instalment to be placed under Al-Wadiah Security Deposit Account as amount for due performance during the whole financing period. 3. Letter of Undertaking from Maxis Communications to pay the instalments in the event that RUSB is unable to pay.
Maxis Mobile	ABN AMRO Bank N.V., Labuan Branch, Bumiputra-Commerce Bank Berhad / CIMB, EON Bank Berhad and RHB Bank Berhad as Coordinating Arrangers	Term Loan (Credit Facility Agreement dated 13 May 2002 and related documents)	640,000	1. Guarantee by Maxis Communications, and certain subsidiaries of Maxis Communications (Refer to Section 19.2 of this Prospectus for further details). 2. Charge over 100 per cent. of ordinary shares of Maxis Mobile.
Maxis Mobile	ABN AMRO Bank N.V., Labuan Branch, Barclays Bank PLC, The Development Bank of Singapore Ltd, Labuan Branch, and Sumitomo Mitsui Banking Corporation as Coordinating Arrangers	Term Loan (Credit Facility Agreement dated 13 May 2002 and related documents)	US$200 million	1. Guarantee by Maxis Communications, and certain subsidiaries of Maxis Communications (Refer to Section 19.2 of this Prospectus for further details). 2. Charge over 100 per cent. of ordinary shares of Maxis Mobile.
Maxis Communications	ABN AMRO Bank N.V., Labuan Branch, Barclays Bank PLC, The Development Bank of Singapore Ltd, Labuan Branch, and Sumitomo Mitsui Banking Corporation as Coordinating Arrangers	Term Loan (Credit Facility Agreement dated 13 May 2002 and related documents)	US$235 million	1. Guarantee by certain subsidiaries of Maxis Communications (Refer to Section 19.2 of this Prospectus for further details). 2. Charge over 100 per cent. of ordinary shares of Maxis Mobile.

22. ADDITIONAL INFORMATION (Cont'd)

(B) Business Agreements

(i) Maxis Communications

(a) Maxis Communications has on 25 August 2000 entered into a Microsoft Enterprise Select agreement with Microsoft Operations Pte Ltd in respect of the use of Microsoft Corporation's desktop software products by the Maxis Group. The license fees is determined according to the number of users of the desktop software products. The duration of this agreement is for three (3) years commencing from 25 August 2000 to 24 August 2003.

(b) Maxis Communications has on 26 April 1999 entered into an agreement with Tanjong Property for the lease of Levels 9 to 23 of Menara Maxis, and subsequently on 17 April 2001 for the lease of part of the ground floor of Menara Maxis, further details of which are disclosed in Section 21 of this Prospectus.

(c) Maxis Communications has on 2 September 1997 entered into a personnel support agreement with UTSBM, further details of which are disclosed in Section 21 of this Prospectus.

(d) Maxis Communications has on 7 October 1998 entered into a consultancy and management agreement with UTSBM, further details of which are disclosed in Section 21 of this Prospectus.

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(ii) Maxis Mobile

(a) Maxis Communications has on 15 October 1994 entered into an agreement with Motorola Inc. for the supply, installation, testing and commissioning of a GSM mobile network operating in the 900MHz band. The price for the initial deliverables to be supplied under this agreement is approximately USD16.2 million, subject to any variations permitted under the agreement. Payment for the initial order is milestone based. The agreement also enables Maxis Mobile to place orders for additional equipment, software and services based on unit prices set out in the agreement. This agreement was novated by Maxis Communications to Maxis Mobile on 4 April 1995.

(b) Maxis Mobile has on 2 February 2001 entered into an agreement with Motorola Electronics Sdn. Bhd. for the supply, installation, testing and commissioning of a network switching and base station system of the GSM mobile network and provision of services. The effective date of this agreement is 6 November 2000 and it continues until obligations are fully performed.

(c) Maxis Communications has on 21 December 1994 entered into an agreement with Siemens Aktiengesellschaft for the supply, installation and commissioning of the equipment and software for a network switching system of the GSM mobile network. The price for the initial deliverables to be supplied under this agreement is approximately DeutschMark 16.5 million, subject to any variations permitted under the agreement. Payment for the initial order is milestone based. The agreement also enables Maxis Mobile to place orders for additional equipment, software and services based on unit prices set out in the agreement. The effective date of this agreement is 21 December 1994 and it continues until terminated by either party. This agreement was novated by Maxis Communications to Maxis Mobile on 1 March 1995. The local services portion was assigned by Siemens Aktiengesellschaft to Siemens Malaysia Sdn. Bhd. (formerly known as Siemens Electrical Engineering Sdn. Bhd.) on 2 March 1995.

(d) Maxis Mobile has on 29 June 2001 entered into an agreement with Siemens Malaysia Sdn. Bhd. for the delivery and commissioning of equipment and software and provision of services for the plesiochronous digital hierarchy (PDH) microwave system. This is a master agreement where all deliverables are ordered by way of purchase order issued from time to time and all terms and conditions of the master agreement apply to all purchase orders issued. The unit prices for equipment, software and services are set out in the master agreement and payment is milestone based. This agreement is effective for two (2) years commencing 29 June 2001. Maxis Mobile has an option to renew this agreement for a further period of one (1) year upon terms and conditions mutually agreed by the parties.

(e) Maxis Mobile has on 8 April 1995 entered into an agreement with Orga Kartensysteme GmbH for the supply of SIM Cards, and related hardware, software, tapes and/or diskettes for use in the GSM/DCS1800 network. This agreement is effective for one (1) year commencing 8 April 1995 and it is automatically renewed from year to year unless otherwise notified by Maxis Mobile.

(f) Maxis Mobile has on 5 August 1999 entered into an agreement with Orga Card Systems (Singapore) Pte Ltd for the supply, installation, testing & commissioning of the Orga Prepaid Service Center (OPSC) System and provision of services. The effective date of this agreement is 5 August 1999 and it continues until terminated by either party.

(g) Maxis Communications has on 28 November 1994 entered into an agreement with Trisilco Folec Sdn. Bhd. (formerly known as Folec Communications (M) Sdn. Bhd.) ("Trisilco Folec") for the supply, installation, testing and commissioning of equipment and software for a digital microwave system and provision of engineering services. The price for the initial deliverables to be supplied under this agreement is approximately RM21.5 million, subject to any variations permitted under the agreement. Payment for the initial order is milestone based. The effective date of this agreement is 28 November 1994 and it continues until terminated by either party. This agreement was novated by Maxis Communications to Maxis Mobile on 14 June 1995. Subsequently, Maxis Mobile entered into a supplemental agreement on 10 September 1998 to extend the scope of the principal agreement to include the construction, supply, installation and commissioning of antenna together with microwave systems for Maxis Mobile's BTS on a turnkey basis. This supplemental agreement is effective for three (3) years commencing 1 August 1998 and has been extended to end in May 2002. All deliverables to be provided under this supplemental agreement is by way of work orders issued from time to time and all terms and conditions of the supplemental agreement apply to all work orders issued. The unit prices for equipment, software and services are set out in the supplemental agreement and Folec is entitled to invoice for the work order upon issue of the relevant certificate of final acceptance. A further agreement was entered into on 28 August 2001 for the delivery and commissioning of equipment and software and provision of services in respect of the digital microwave equipment at revised prices. This agreement is for a period of two (2) years and expires on 19 June 2003. Maxis Mobile has an option to renew this agreement for a further period of one (1) year upon terms and conditions mutually agreed by the parties.

(h) Maxis Mobile has on 7 April 1995 entered into an agreement with Trisilco Folec for the supply, installation, testing and commissioning of hardware and software for a voice messaging system and a short messaging system and provision of system integration services. The price for the initial deliverables to be supplied under this agreement is approximately RM4.8 million, subject to any variations permitted under the agreement. Payment for the initial order is milestone based. The agreement also enables Maxis Mobile to place orders for additional equipment, software and services based on unit prices set out in the agreement. The effective date of this agreement is 7 April 1995 and it continues until terminated in accordance with the terms of the agreement.

(i) Maxis Communications has on 30 June 1995 entered into an agreement with LHS Projects GmbH for the supply, customisation, installation, testing and commissioning of a Business Support and Control System (BSCS) and the provision of on-site support services. The effective date of this agreement is 18 April 1995 and it continues until terminated. LHS Projects GmbH novated this agreement to LHS Asia Pacific Sdn. Bhd. on 1 April 1997 and Maxis Communications novated this agreement to Maxis Mobile on 7 October 1998.

(j) Maxis Mobile has on 7 December 2001 entered into an agreement with Cell Network Malaysia Sdn. Bhd. for the provision of design and support services in respect of Maxis' websites. The services are requested by Maxis Mobile from time to time by way of an order which will set out the prices for the services requested. This agreement expired on 31 March 2002 and has been extended to 30 June 2002 by a letter dated 4 April 2002.

(k) Maxis Mobile has on 31 December 1999 entered into a software licence and maintenance agreement with Clarify Inc in respect of the Clarify software for the Customer Management Services System. The license fee payable is dependent on the number of users and Clarify Inc provides maintenance and support services in respect of the software. The price for the initial deliverables under this agreement is approximately RM3.4 million and for subsequent deliverables, the price is as invoiced by Clarify Inc. depending on the number of users. The obligations of Clarify Inc have since been assumed by Amdocs Inc. The effective date of this agreement is 31 December 1999 and it continues until terminated by either party.

(l) Maxis Mobile has on 14 July 2000 entered into an agreement with EAC Holdings (Malaysia) Sdn. Bhd. ("EAC") for SIM Pack Packaging Services and Prepaid Distributor services in West Malaysia. Pursuant to the agreement, EAC is responsible for packing Maxis' prepaid mobile services packs ("SIM Packs") and for storing such packs prior to distribution by EAC to specified distribution outlets. The total fees payable to EAC for packing and transport services varies depending on the number of cartons transported and the destination. In addition EAC purchases SIM packs and top up tickets ("TUTs") from Maxis Mobile at a discounted price between the range of RM51.84 to RM180.48 (depending on product) for subsequent resale and distribution to resellers.

This agreement is effective for one (1) year commencing 19 October 1999 and has since been extended to 31 December 2003.

(m) Maxis Mobile has on 12 April 2002 entered into an exclusive dealership agreement with EAC Holdings (Malaysia) Sdn. Bhd. for dealership services in East Malaysia such as collection of bill payments, registration of new subscribers and sales of Maxis' products and services. For every bill payment collected, Maxis Mobile pays a commission of RM2.00 per transaction. For every registration of new subscribers, a commission of RM8.00 per registration is payable. For every SIM Pack sold, a commission of RM50.00 is payable whilst a commission of between RM6.00 to RM10.00 is payable for TUTs sold. This agreement is effective for four (4) years commencing 1 May 2001.

(n) Maxis Mobile has on 4 January 2002 entered into a distributorship agreement with Dancom Telecommunications (M) Sdn. Bhd. for the distribution of SIM Packs and TUTs. Dancom Telecommunications (M) Sdn. Bhd. purchases SIM Packs and TUTs from Maxis Mobile at a discounted price between the range of RM51.84 to RM180.48 (depending on product) for subsequent resale and distribution to resellers. This agreement is effective for two (2) years commencing 1 January 2001 with an option to renew by Maxis for further automatic successive periods of one (1) month.

(o) Maxis Mobile has on 7 March 2000 entered into a distributor agreement with E-Pay (M) Sdn. Bhd. for the distribution of top up pin numbers. The agreement is effective for a period of twelve (12) calendar months commencing 1 March 2000 with an option for Maxis Mobile to renew the agreement for further one (1) year periods. This agreement has since been extended to 31 December 2003.

(p) Maxis Mobile has on 30 June 1999 entered into an agreement with TM Cellular Sdn. Bhd. for the interconnection of Maxis' mobile telecommunications network and the latter's mobile telecommunications network. The charges payable by each party for provision of certain interconnect services are cost based prices in accordance with TRD006/98-Determination of Cost-Based Interconnect Prices and the Cost of Universal Service Obligation. Charges for other services are commercially negotiated and agreed.

The effective date of this agreement is 1 January 1999 and it continues until terminated in accordance with the terms of the agreement.

(q) Maxis Mobile has on 4 December 1998 entered into an agreement with Telekom Malaysia Bhd. for the interconnection of Maxis' mobile telecommunications network and the latter's fixed telecommunications network. The charges payable by each party for provision of certain interconnect and access services are cost based prices in accordance with TRD006/98- Determination of Cost-Based Interconnect Prices and the Cost of Universal Service Obligation. Charges for other services are commercially negotiated and agreed. The effective date of this agreement is 1 January 1999 and it continues until terminated in accordance with the terms of the agreement.

(r) Maxis Mobile has on 29 June 1999 entered into an agreement with Celcom (Malaysia) Sdn. Bhd. for the interconnection of Maxis' mobile telecommunications network and the latter's mobile telecommunications network. The charges payable by each party for provision of certain interconnection services are cost based prices in accordance with TRD006/98- Determination of Cost-Based Interconnect Prices and the Cost of Universal Service Obligation. Charges for other services are commercially negotiated and agreed. The effective date of this agreement is 1 January 1999 and it continues until terminated in accordance with the terms of the agreement.

(s) Maxis Mobile has on 2 February 1999 entered into an agreement with Digi Telecommunications Sdn. Bhd. for the interconnection of Maxis' mobile telecommunications network and the latter's mobile telecommunications network. The charges payable by each party for provision of certain interconnect services are cost-based prices in accordance with TRD006/98- Determination of Cost-Based Interconnect Prices and the Cost of Universal Service Obligations. Charges for other services are commercially negotiated and agreed. The effective date of this agreement is 1 January 1999 and it continues until terminated in accordance with the terms of the agreement.

(t) Maxis Mobile has on 18 November 1999 entered into an agreement with TimeCel Sdn. Bhd. (formerly known as Time Wireless Sdn. Bhd.) for the interconnection of Maxis' mobile telecommunications network and the latter's mobile telecommunications network. The charges payable by each party for provision of certain interconnect services are cost-based prices in accordance with TRD006/98- Determination of Cost-Based Interconnect Prices and the Cost of Universal Service Obligations. Charges for other services are commercially negotiated and agreed. The effective date of this agreement is 1 January 1999 and it continues until terminated in accordance with the terms of the agreement.

(u) Maxis Mobile has on 20 May 2002 entered into an agreement with Leighton Contractors (Malaysia) Sdn. Bhd. ("Leighton") for the design and construction of base transceiver stations, the installation, testing and commissioning of the antenna and feeder systems and provision of certain services for the base transceiver station. This is a master agreement where the deliverables are ordered by way of work order and all the terms and conditions of the master agreement applies. The unit prices for equipment and services (other than in respect of the antenna and feeder systems) are set out in the master agreement. The deliverables are invoiced upon completion and payable within eighteen (18) months. The agreement is effective for a period of two (2) years commencing 20 May 2002.

(v) Maxis Mobile has on 27 December 2001, entered into an agreement with BT Systems Malaysia Sdn. Bhd. for the provision of WAP gateway services, further details of which are disclosed in Section 21 of this Prospectus.

(iii) Maxis Broadband

(a) Maxis Communications has on 24 August 1995 entered into an agreement with Siemens Malaysia Sdn. Bhd. (formerly known as Siemens Electrical Engineering Sdn. Bhd.) for the supply, installation, testing and commissioning of equipment and software for a fixed network switching system. The price for the initial deliverables to be supplied under this agreement is approximately RM17.6 million, subject to any variations permitted under the agreement. Payment for the initial order is milestone based. The agreement also enables Maxis Communications to place orders for additional equipment, software and services based on unit prices set out in the agreement. The effective date of this agreement is 24 August 1995 and it continues until terminated in accordance with the terms of the agreement. This agreement was novated by Maxis Communications to Maxis Broadband on 29 March 1996.

(b) Maxis Communications has on 1 September 1995 entered into an agreement with Siemens Malaysia Sdn. Bhd. (formerly known as Siemens Electrical Engineering Sdn. Bhd.) for the supply, installation, testing and commissioning of the Synchronous Digital Hierarchy ("SDH") microwave radio system. The price for the initial deliverables to be supplied under this agreement is approximately RM15 million, subject to any variations permitted under the agreement. Payment for the initial order is milestone based. The agreement also enables Maxis Communications to place orders for additional equipment, software and services based on unit prices set out in the agreement. The effective date of this agreement is 1 September 1995 and it continues until terminated in accordance with the terms of the agreement. This agreement was novated by Maxis Communications to Maxis Broadband on 29 March 1996.

(c) Maxis Communications has on 11 January 1996 entered into an agreement with Fujitsu Telecommunications Asia Sdn. Bhd. for the supply, installation, testing and commissioning of SDH system transmission equipment. The effective date of this agreement is 11 January 1996 and it continues until terminated in accordance with the terms of the agreement. This agreement was novated by Maxis Communications to Maxis Broadband on 19 January 1996.

(d) Maxis Broadband has on 24 April 1996 entered into an agreement with NEC Corporation and Mitsui & Co. Ltd for the supply, installation, testing and commissioning of satellite earth stations for uplinking services. The price for the deliverables to be supplied under this agreement is approximately RM5.5 million, subject to any variations permitted under the agreement. Payment is milestone based. The effective date of this agreement is 4 January 1996 and it continues until terminated in accordance with the terms of the agreement.

(e) Maxis Broadband has on 30 August 2000 entered into an agreement with NEC Corporation and Itochu Corporation for the supply, installation, testing and commissioning of satellite earth stations for uplinking services for East Malaysia. This is a master agreement where all deliverables are ordered by way of purchase order issued from time to time and all terms and conditions of the master agreement apply to all purchase orders issued. The unit prices for equipment, software and services are set out in the master agreement and payment is milestone based. This agreement is effective for three (3) years commencing 7 March 2000. Maxis Broadband has an option to extend the agreement for a further two (2) years upon the same terms and conditions.

(f) Maxis Broadband has on 8 August 2000 entered into service agreements with Fiberail Sdn. Bhd. in relation to the use of dark fibre optic cores and cabin space for the installation of telecommunications equipment, fibre optic cables and other associated cables. The agreement in relation to the use of dark fibre optic cores is effective from 8 August 2000, is for an initial three month period and is automatically renewed for a further eleven successive three month periods unless terminated in accordance with the terms of the agreement. The agreement in relation to the use of cabin space is effective from 8 August 2000. The rights to use the cabin space commence from the handover dates of the respective cabins, are for an initial three month period and are automatically renewed for further eleven successive three month periods unless terminated in accordance with the terms of the agreement.

(g) Maxis Broadband has on 20 September 1996 entered into an agreement with Hughes Network Systems, Inc. for the supply, installation, testing and commissioning of the Very Small Aperture Terminal ("VSAT") network system. This is a master agreement where the deliverables are ordered by way of purchase order and all the terms and conditions of the master agreement applies. The unit prices for the deliverables are set out in the master agreement and payment is milestone based. This agreement is effective for five (5) years commencing 20 September 1996 and continues thereafter until terminated in accordance with the terms of the agreement.

(h) Maxis Broadband has on 20 September 1996 entered into an agreement with Northern Telecom Singapore Pte Ltd for the supply, installation, testing and commissioning of the fixed network switching systems and growth jobs. This is a master agreement where the deliverables are ordered by way of purchase order and all the terms and conditions of the master agreement applies. The unit prices for the deliverables are set out in the master agreement and payment is milestone based. The commencement date of this agreement is 20 September 1996 and it continues until terminated by either party.

(i) Maxis Broadband has on 16 February 2001 entered into an agreement with Leighton Contractors (Malaysia) Sdn. Bhd. ("Leighton") for the turnkey design, building and construction of Maxis' national optical fibre network. The price for the deliverables to be supplied under this agreement is approximately RM112.5 million, subject to any variations permitted under the agreement. Leighton invoices Maxis Broadband on a monthly basis. The effective date of this agreement is 31 January 2001 and it continues until all obligations are fully performed by Leighton.

(j) Maxis Broadband has on 30 August 2000 entered into an agreement with Petrofibre Network (M) Sdn. Bhd. (formerly known as Celcom Petro Network (M) Sdn. Bhd.) for the lease of fibre optic cores and cabins. The annual fees for the lease is approximately RM5.2 million for the southern and eastern links. The annual fees for the lease of the northern link will be determined on completion of the link but is subject to a maximum of RM3 million. This agreement is effective for two (2) years commencing 30 August 2000 with an option to renew for a further period of one (1) year upon the same terms and conditions.

(k) Maxis Broadband has on 25 October 1999 entered into an agreement with Compaq Computer Corporation Malaysia Sdn. Bhd. for the commissioning of Maxis Broadband's internet service provider platform and for the provision of associated service. The effective date of this agreement is 25 October 1999 and it continues until terminated in accordance with the terms of the agreement.

(l) Maxis Broadband has on 21 May 2000 entered into a Commercial Service Provider licence agreement with Microsoft Operations Pte Ltd in respect of certain Microsoft Corporation's software products used in Maxis' internet service provider platform. The agreement is effective for two (2) years commencing 21 May 2000.

(m) Maxis Broadband has on 28 February 2001 entered into a software licence and service agreement with Lucent Technologies Malaysia Sdn. Bhd. in relation to the Arbor Convergent Software for Maxis' internet service provider platform. The effective date of this agreement is 28 February 2001 and it continues until terminated in accordance with the terms of the agreement.

(n) Maxis Broadband has on 9 August 1999 entered into an agreement with Measat Digicast to lease the land at All Asia Broadcast Centre, Technology Park Malaysia, further details of which are disclosed in Section 21 of this Prospectus.

(o) Maxis Broadband has on 24 August 2001 entered into an agreement with Binariang Satellite Systems to lease the transponder known as Measat 1, further details of which are disclosed in Section 21 of this Prospectus.

(p) Maxis Broadband has on 24 August 2001 entered into an agreement with Binariang Satellite Systems to lease the transponder known as Measat 2, further details of which are disclosed in Section 21 of this Prospectus.

(q) Maxis Broadband & Maxis International have on 4 December 1998 entered into an agreement with Telekom Malaysia Bhd. for the interconnection of Maxis' fixed telecommunications network and the latter's fixed telecommunications network. The charges payable by each party for provision of certain interconnect and access services are cost based prices in accordance with TRD006/98- Determination of Cost-Based Interconnect Prices and the Cost of Universal Service Obligation. Charges for other services are commercially negotiated and agreed. The effective date of this agreement is 1 January 1999 and it continues until terminated in accordance with the terms of the agreement.

(iv) Maxis International

(a) Maxis International has on 18 April 2000 entered into a construction and maintenance agreement with a consortium of companies from various countries in respect of the Asia Pacific Cable Network 2 cable system. Maxis International's allocated capacity in the cable system is 8 MIU (or minimum investment unit which is equivalent to one whole STM-1 ring, allowing the use of two (2) half STM-1 ring circuits on any path within the cable system). Maxis International's proportion of investment share, ownership interest, voting interest and allocation of capital costs and operation and maintenance costs is 1.72493 per cent. The duration of this agreement is twenty five (25) years from the ready for service date.

(b) Maxis International has on 15 January 1997 entered into a construction and maintenance agreement with a consortium of telecommunications companies from various countries in respect of its participation in the South East Asian-Indian Subcontinent-Middle East- Western Europe 3 ("SEA-ME-WE 3") cable system. Maxis International's allocated capacity in the cable system is 2 MIU (or minimum investment unit which is a unit of capacity with effective usage of 2.048 Mbits per second in each direction). Maxis International's proportion of voting interest, ownership of Segment S, allocation of capital costs and operation and maintenance costs of Segment S is 0.514185 per cent. The duration of this agreement is twenty five (25) years from the ready for service date.

(C) *Service Contracts with Directors*

The salient terms of the service contracts of Tun Haji Mohamed Hanif bin Omar, a director and the chairman of the Company, and Dato' Jamaludin bin Ibrahim, a director and the Chief Executive Officer of the Company, are set out in Sections 8.1.2 and 8.2.3 respectively of this Prospectus.

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23. SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of the Company's ordinary shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Company's ordinary shares.

The Selling Shareholder, Mujur Anggun, Anak Samudra Sdn. Bhd., Dumai Maju Sdn. Bhd., Nusantara Makmur Sdn. Bhd., Usaha Kenanga, Tegas Sari Sdn. Bhd., Cabaran Mujur, Wilayah Resources, Tegas Puri, Besitang Barat, Besitang Selatan, Wangi Terang Sdn. Bhd. ("Wangi Terang"), Ria Utama and Tetap Emas (together the "Substantial Shareholders") will own in aggregate 1,798,540,000 ordinary shares of the Company or approximately 73.38 per cent. of the issued share capital of the Company after the Initial Public Offering.

Except as mentioned below, the Substantial Shareholders (other than Cabaran Mujur and Wangi Terang) will undertake not to transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares of the Company or any part of their interest in the ordinary shares of the Company for a period commencing from the date of the lock-up agreement until 180 days from the listing date. Transfers or disposals can be made sooner with the prior written consent of the Global Co-ordinator.

Cabaran Mujur and Wangi Terang will own 61,665,722 and 82,015,386 ordinary shares of the Company respectively or approximately 2.52 per cent. and 3.35 per cent. respectively of the share capital of the Company after the Initial Public Offering.

Cabaran Mujur granted a call option dated 10 November 2001 to Permodalan Nasional Berhad ("PNB") to purchase 5,263,158 ordinary shares of RM1.00 each in Maxis Communications (together with any additional shares of Maxis Communications derived therefrom after 12 November 2001 by way of a bonus issue or the exercise of any share splits by Maxis Communications). For further details refer to Section 22.1.3 of this Prospectus.

The Company, the Promoter and the Selling Shareholder will be entering into a lock-up agreement as described above under which the Company will agree not to issue, save for the Initial Grant, and the Selling Shareholder will agree not to transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares, from the date of the lock-up agreement until 180 days from the date of commencement of trading on the KLSE. Transfers or dispositions can be made sooner with the prior written consent of the Global Co-ordinator. If the Company's shareholders sell substantial amounts of ordinary shares in the public market following the 180-day period, the market price of the Shares could fall.

After the issue of 410,875,000 Issue Shares (being the maximum number of Issue Shares that may be issued) pursuant to the Initial Public Offering, the Company will have 2,450,875,000 issued and outstanding ordinary shares. All of these shares will be freely tradable on the Main Board of the KLSE, and will be capable of being transferred in the United States in compliance with the restrictions under Rule 144A under the Securities Act and outside the United States in compliance with the restrictions under Regulation S under the Securities Act. It is also possible that the Company may issue additional shares after 180 days have elapsed following the date of commencement of trading on the KLSE in connection with financing activities, acquisition activities or otherwise. Any ordinary share that the Company issues will also be freely tradable on the Main Board of the KLSE and, depending on the circumstances of their issuance, may also be transferable in the United States.

24. DESCRIPTION OF SHARE CAPITAL

The following description of the ordinary shares is a summary of the material terms of, and should be read with, the Company's Memorandum and Articles of Association. It is also a summary of certain material rights and restrictions based on applicable provisions of Malaysian law. A copy of the Company's Memorandum and Articles of Association is available for inspection at the Registered Office of the Company. This summary is not intended to be complete or to constitute a definitive statement of the rights and liabilities of the Company's shareholders and is qualified in its entirety by reference to the Company's Memorandum and Articles of Association and Malaysian law. Extracts from the Company's Articles of Association, including in relation to the transfer of ordinary shares, are included in Section 22.2 of this Prospectus.

24.1 General

The authorised share capital of the Company as at the date of this Prospectus is RM2,000,000,000 divided into 20,000,000,000 ordinary shares of RM0.10 each.

All of the ordinary shares are issued in registered form (there are no bearer shares) and the Company maintains a list of shareholders in its register of members, which the Company is required by law to keep in its registered office. Every such shareholder has the right to attend any general meeting of the Company and to speak and vote on any resolution before the meeting, except that a shareholder is not entitled to vote unless all calls and other monies due and payable in respect of his shares have been paid.

Except as ordered by a court of competent jurisdiction or as required by law or as provided by the Company's Articles of Association, no person shall be recognised as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise any equitable, contingent, future or partial interest in any share.

24.2 Voting Rights

Under the Companies Act, any action to be taken by the shareholders in a general meeting requires the affirmative vote of either an ordinary or a special resolution passed at such meeting. An ordinary resolution is one passed by the majority of such shareholders as are entitled to, and do, vote in person or by proxy at a general meeting of the Company. A special resolution is one passed by not less than three-quarters of such shareholders as are entitled to, and do, vote in person or by proxy at a general meeting of the Company of which not less than 21 days' notice specifying the intention to propose the resolution as a special resolution has been given. Generally, resolutions of the shareholders of the Company are passed by ordinary resolution. However, the Companies Act stipulates that certain matters may only be passed as special resolutions.

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded by the chairman of the meeting, or at least three members present in person or by proxy and entitled to vote at the meeting, or any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting, or any member or members present in person or by proxy and holding ordinary shares conferring a right to attend and vote at the meeting on which there have been paid-up sums in an aggregate amount equal to not less than one-tenth of the total sum paid-up on all ordinary shares conferring that right. On a show of hands every shareholder who (being an individual) is present in person or by proxy or by attorney or (being a corporation) is present by a representative duly authorised under Section 147 of the Companies Act has one vote, and on a poll every shareholder present in person or by proxy or by attorney or being a corporation, by duly authorised representative has one vote for every ordinary share of which he is the shareholder upon which all calls due to the Company have been paid. The ordinary shares held by or represented by a member present in person or by proxy or by attorney or duly authorised representative shall, in relation to the ordinary shares of a Depositor (as hereinafter defined) be the number of ordinary shares entered against his name on the record of depositors prepared for the relevant general meeting.

24.3 Modification of Rights

Subject to the Companies Act, any of the rights from time to time attaching to any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class.

Notwithstanding the above, the repayment of preference share capital other than redeemable preference, or any other alteration of preference shareholder rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

24.4 Issue of Shares

Subject to any direction to the contrary that may be given by the Company in a general meeting of shareholders, all new ordinary shares of the Company shall, before issue, be offered to the holders and Depositors (as defined below) of ordinary shares of the Company, as nearly as circumstances admit, to the amount of ordinary shares to which they are entitled.

24.5 Dividends

Dividends declared in relation to ordinary shares shall be applied in proportion to the amounts respectively paid-up thereon or credited as paid-up thereon at the end of the period in respect of which the dividend is declared. Under the Company's Articles of Association, dividends may be declared in a general meeting of the Company's shareholders upon the passing of an ordinary resolution but no dividend shall be payable except out of the distributable reserves of the Company and no dividend shall be in excess of the amount recommended by the directors. The Company is not permitted by law to pay any dividend except out of profits or pursuant to Section 60 of the Companies Act which allows the Company's share premium account to be applied, *inter alia*, in paying up unissued shares to be issued to members of the Company as fully paid bonus shares or in the payment of dividends if such dividends are satisfied by the issue of shares to members of the Company.

In addition to dividends declared in a general meeting upon the recommendation of the Board of Directors, the Board of Directors may, if they think fit, from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company. The directors may also pay half-yearly or at other intervals to be settled by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits justify such payment.

24.6 Winding Up

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

24.7 Calls

Calls may be made by the directors on shareholders in respect of all monies unpaid on the shares held by them.

24.8 Acquisition of Own Shares

The Company may purchase its own shares if the purchase is made through the KLSE, the purchase is made in good faith and in the interest of the Company and if the Company is solvent at the date of purchase.

24.9 Deposited Securities and Rights of Depositors

As the ordinary shares are proposed for quotation on the official list of the KLSE, such ordinary shares must be prescribed by the KLSE as shares required to be deposited with the MCD. Upon such prescription a holder of the ordinary shares must deposit his ordinary shares with the MCD on or before the date fixed by the KLSE, failing which (i) the share registrar of the Company will be required to transfer his ordinary shares to the Minister of Finance and (ii) such ordinary shares may not be traded on the KLSE.

Dealings in ordinary shares deposited with the MCD may only be effected by persons having securities accounts with the MCD ("Depositors") by means of entries in the securities accounts of the Depositors. Subject to the above, transfers of the ordinary shares may be effected by instruments of transfer in the prescribed form or in a form approved from time to time by the KLSE.

A Depositor whose name appears in the record of depositors maintained by the MCD in respect of the ordinary shares of the Company shall be deemed to be a shareholder of the Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such ordinary shares.

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25. CONSENTS

The written consents of the Financial Adviser, Global Co-ordinator, Joint Bookrunners to the Institutional Offering, Joint Lead Managers, Joint Lead Underwriters, Underwriters, Principal Bankers, Issuing House, Solicitors and Share Registrar to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion of their name, Accountants' Report and letters relating to the consolidated profit forecast for the year ending 31 December 2002 and proforma consolidated balance sheets as at 31 March 2002 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consents of Informa UK Ltd., the publisher of Global Mobile, and the Economic Intelligence Unit to the issue of this Prospectus with the inclusion in this Prospectus of their names and all statements based on statements made by them in the form and context in which such names and statements appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

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26. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Registered Office of Maxis Communications during normal working hours for a period of 12 months from the date of this Prospectus:

1. the Memorandum and Articles of Association of Maxis Communications and of its subsidiary companies;

2. the Reporting Accountants' Report dated 24 May 2002 reproduced under Section 27 in this Prospectus;

3. the Directors' Report dated 24 May 2002 reproduced under Section 29 in this Prospectus;

4. the Auditors' letters relating to the consolidated profit forecast for the financial year ending 31 December 2002 and the proforma consolidated balance sheets as at 31 March 2002 as reproduced under Sections 13.6 and 28.1 in this Prospectus, respectively;

5. the letters of consent as set forth in Section 25 of this Prospectus;

6. the audited consolidated financial statements of Maxis Communications for the five financial years ended 31 December 2001 and for the three months ended 31 March 2002;

7. the audited financial statements of Maxis Mobile, Maxis Broadband, Maxis International, Maxis Management Services and RUSB for the five financial years ended 31 December 2001 and for the three months ended 31 March 2002;

8. the audited financial statements of Maxis Online and CRESB for the five financial years ended 31 December 2001 and for the three months ended 31 March 2002;

9. the audited financial statements of Maxis Collections from 10 April 1996 (date of incorporation) to 31 December 1997 and for the four financial years ended 31 December 2001 and for the three months ended 31 March 2002;

10. the audited financial statements of MM(L) from 21 May 1998 (date of incorporation) to 31 December 1998 and for the three financial years ended 31 December 2001 and for the three months ended 31 March 2002;

11. the audited financial statements of Maxis Multimedia from 27 October 2000 (date of incorporation) to 31 December 2001 and for the three months ended 31 March 2002;

12. the writs and relevant cause papers in respect of all current material litigation and arbitration disclosed in Section 22.6 of this Prospectus;

13. the licences held by Maxis disclosed in Section 16.8 of this Prospectus;

14. the insurance policies;

15. the material contracts and material agreements referred to in Sections 22.7 and 22.8 of this Prospectus;

16. the related party agreements referred to in Section 21 of this Prospectus; and

17. service contracts of directors, key management and key technical personnel.