

# MAXIS BERHAD PROSPECTUS

(Company No. 867573-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING OF 2,250,000,000 ORDINARY SHARES OF RM0.10 EACH IN MAXIS BERHAD (“OFFER SHARES”) COMPRISING:

- (I) THE INSTITUTIONAL OFFERING OF 2,037,705,000 OFFER SHARES TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS AND BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
- (II) THE RETAIL OFFERING OF 212,295,000 OFFER SHARES TO THE MALAYSIAN PUBLIC, ELIGIBLE CUSTOMERS, DEALERS AND DISTRIBUTORS AND EMPLOYEES OF MAXIS BERHAD AND ITS SUBSIDIARIES AND THE DIRECTORS OF MAXIS BERHAD AND MAXIS COMMUNICATIONS BERHAD AT THE PRICE OF RM5.20 PER SHARE (“IPO PRICE”), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO A REFUND OF THE DIFFERENCE IN THE EVENT THAT THE FINAL IPO PRICE IS LESS THAN THE IPO PRICE.

THE FINAL IPO PRICE WILL EQUAL THE LOWER OF (I) THE IPO PRICE OF RM5.20 PER SHARE; AND (II) 95.0% OF THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING (SUBJECT TO ROUNDING TO THE NEAREST SEN).

Principal Adviser

**CIMB Investment Bank Berhad (18417-M)**  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Managing Underwriters for the Retail Offering

**AInvestment Bank Berhad**  
(Company Number: 23742-V)  
(A member of AInvestment Bank Group)

**CIMB Investment Bank Berhad**  
(18417-M)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

**Maybank Investment Bank Berhad**  
(15938-H)  
(formerly known as  
*Aseambankers Malaysia Berhad*)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

**RHB Investment Bank Berhad**  
(Company Number: 19663-P)  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

Joint Global Co-ordinators and Joint Bookrunners for the Institutional Offering

**CIMB Investment Bank Berhad (18417-M)**  
(A Participating Organisation of  
Bursa Malaysia Securities Berhad)

**Credit Suisse (Singapore) Limited**  
(Company Registration Number: 197702363D)

**Goldman Sachs (Singapore) Pte.**  
(Company Registration Number: 198602165W)

Joint Bookrunners for the Institutional Offering

**J.P. Morgan Securities Ltd**  
(Company Registration Number: 2711006)

**Nomura International plc**  
(Company Registration Number: 1550505)

**UBS AG**  
(Company Registration Number: F0009086)

Adviser to the Selling Shareholder

**RHB Investment Bank Berhad**  
(Company Number 19663-P)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH INVESTORS SHOULD CONSIDER, SEE “RISK FACTORS” IN SECTION 5 OF THIS PROSPECTUS.

LISTING SOUGHT : MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS DATED 28 OCTOBER 2009

THE DIRECTORS OF MAXIS BERHAD ("**COMPANY**") AND THE PROMOTER AND SELLING SHAREHOLDER, NAMELY MAXIS COMMUNICATIONS BERHAD, HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

CIMB INVESTMENT BANK BERHAD ("**CIMB**"), AS THE PRINCIPAL ADVISER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING ("**IPO**").

THE SECURITIES COMMISSION OF MALAYSIA ("**SC**") HAS APPROVED THE OFFER OR INVITATION IN RESPECT OF THE IPO AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS INVESTORS MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

THE COMPANY HAS OBTAINED THE APPROVAL-IN-PRINCIPLE OF BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES OF RM0.10 EACH IN THE COMPANY ("**SHARES**"). ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, THE COMPANY, OR THE SHARES.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES OF MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("**CMSA**").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE SHARIAH ADVISORY COUNCIL OF THE SC ("**SAC**") HAS CLASSIFIED THE SHARES AS SHARIAH-COMPLIANT BASED ON THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 OF THE SUBSIDIARIES OF THE COMPANY. THIS CLASSIFICATION REMAINS VALID UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

INVESTORS SHOULD NOTE THAT ANY AGREEMENT BY THE JOINT MANAGING UNDERWRITERS NAMED IN THIS PROSPECTUS TO UNDERWRITE THE SHARES UNDER THE RETAIL OFFERING IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE SHARES BEING OFFERED.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE IPO ARE SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS WILL NOT BE DISTRIBUTED OUTSIDE MALAYSIA. THE COMPANY, PROMOTER AND SELLING SHAREHOLDER, PRINCIPAL ADVISER, JOINT MANAGING UNDERWRITERS, JOINT GLOBAL CO-ORDINATORS, JOINT BOOKRUNNERS AND LEAD MANAGERS NAMED IN THIS PROSPECTUS HAVE NOT AUTHORISED AND ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THE COMPANY, PROMOTER AND SELLING SHAREHOLDER, PRINCIPAL ADVISER, JOINT MANAGING UNDERWRITERS, JOINT GLOBAL CO-ORDINATORS, JOINT BOOKRUNNERS AND LEAD MANAGERS HAVE NOT TAKEN ANY ACTION TO PERMIT A PUBLIC OFFERING OF THE SHARES IN ANY JURISDICTION OTHER THAN MALAYSIA BASED ON THIS PROSPECTUS. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR PURCHASE OR INVITATION TO BUY THE SHARES OFFERED UNDER THE IPO IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF THE SHARES OFFERED UNDER THE IPO IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. THE COMPANY, PROMOTER AND SELLING SHAREHOLDER, PRINCIPAL ADVISER, JOINT MANAGING UNDERWRITERS, JOINT GLOBAL CO-ORDINATORS, JOINT BOOKRUNNERS AND LEAD MANAGERS REQUIRE INVESTORS TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PUBLISHED SOLELY IN CONNECTION WITH THE IPO. THE SHARES BEING OFFERED IN THE IPO ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND REPRESENTATIONS MADE IN THIS PROSPECTUS. NEITHER THE COMPANY NOR THE PROMOTER NOR SELLING SHAREHOLDER HAS AUTHORISED ANYONE TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS. ANY INFORMATION OR REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY, PROMOTER AND SELLING SHAREHOLDER, PRINCIPAL ADVISER, JOINT MANAGING UNDERWRITERS, JOINT GLOBAL CO-ORDINATORS, JOINT BOOKRUNNERS AND LEAD MANAGERS, ANY OF THEIR RESPECTIVE DIRECTORS OR ANY OTHER PERSONS INVOLVED IN THE IPO.

COPIES OF THIS PROSPECTUS ARE AVAILABLE FOR DOWNLOAD FROM THE WEBSITE OF BURSA MALAYSIA BERHAD AT [WWW.BURSAMALAYSIA.COM](http://WWW.BURSAMALAYSIA.COM).

IT IS TO BE NOTED THAT THE ROLE OF CREDIT SUISSE (SINGAPORE) LIMITED ("**CREDIT SUISSE**") IN THE IPO IS LIMITED TO BEING A JOINT GLOBAL CO-ORDINATOR AND JOINT BOOKRUNNER IN RESPECT OF THE INSTITUTIONAL OFFERING (OTHER THAN IN RESPECT OF THE OFFERING TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ("**MITI**")). CREDIT SUISSE DOES NOT HAVE ANY ROLE IN, AND DISCLAIMS ANY RESPONSIBILITY FOR, THE RETAIL OFFERING AND OFFERING TO BUMIPUTERA INSTITUTIONAL INVESTORS APPROVED BY MITI IN MALAYSIA.

IT IS TO BE NOTED THAT THE ROLE OF GOLDMAN SACHS (SINGAPORE) PTE. ("**GOLDMAN SACHS**") IN THE IPO IS LIMITED TO BEING A JOINT GLOBAL CO-ORDINATOR AND JOINT BOOKRUNNER IN RESPECT OF THE INSTITUTIONAL OFFERING OUTSIDE MALAYSIA ONLY. GOLDMAN SACHS DOES NOT HAVE ANY ROLE IN, AND DISCLAIMS ANY RESPONSIBILITY FOR, THE INSTITUTIONAL OFFERING AND RETAIL OFFERING IN MALAYSIA.

IT IS TO BE NOTED THAT THE ROLE OF J.P. MORGAN SECURITIES LTD ("**J.P. MORGAN**"), NOMURA INTERNATIONAL PLC ("**NOMURA**") AND UBS AG, HONG KONG BRANCH ("**UBS**") IN THE IPO IS LIMITED TO BEING A JOINT BOOKRUNNER IN RESPECT OF THE INSTITUTIONAL OFFERING OUTSIDE MALAYSIA ONLY. J.P. MORGAN, NOMURA AND UBS DO NOT HAVE ANY ROLE IN, AND DISCLAIM ANY RESPONSIBILITY FOR, THE INSTITUTIONAL OFFERING AND RETAIL OFFERING IN MALAYSIA.

IT IS TO BE NOTED THAT THE ROLE OF CAZENOVE ASIA LIMITED (A STANDARD CHARTERED GROUP COMPANY) ("**CAZENOVE ASIA**"), DBS BANK LTD ("**DBS**") AND THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH ("**HSBC**") IN THE IPO IS LIMITED TO BEING A JOINT LEAD MANAGER IN RESPECT OF THE INSTITUTIONAL OFFERING OUTSIDE MALAYSIA ONLY. CAZENOVE ASIA, DBS AND HSBC DO NOT HAVE ANY ROLE IN, AND DISCLAIM ANY RESPONSIBILITY FOR, THE INSTITUTIONAL OFFERING AND RETAIL OFFERING IN MALAYSIA.

IT IS TO BE NOTED THAT THE ROLE OF ABN AMRO BANK N.V., HONG KONG BRANCH ("**ABN AMRO**") AND CLSA SINGAPORE PTE LTD ("**CLSA**") IN THE IPO IS LIMITED TO BEING A CO-LEAD MANAGER IN RESPECT OF THE INSTITUTIONAL OFFERING OUTSIDE MALAYSIA ONLY. ABN AMRO AND CLSA DO NOT HAVE ANY ROLE IN, AND DISCLAIM ANY RESPONSIBILITY FOR, THE INSTITUTIONAL OFFERING AND RETAIL OFFERING IN MALAYSIA.

THIS PROSPECTUS HAS BEEN PREPARED IN THE CONTEXT OF AN IPO UNDER THE LAWS OF MALAYSIA.

## **ELECTRONIC PROSPECTUS**

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. YOU MAY OBTAIN A COPY OF AN ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB AT [WWW.EIPOCIMB.COM](http://WWW.EIPOCIMB.COM) OR CIMB BANK BERHAD AT [WWW.CIMBCLICKS.COM.MY](http://WWW.CIMBCLICKS.COM.MY) OR MALAYAN BANKING BERHAD AT [WWW.MAYBANK2U.COM.MY](http://WWW.MAYBANK2U.COM.MY) OR RHB BANK BERHAD AT [WWW.RHBBANK.COM.MY](http://WWW.RHBBANK.COM.MY) OR AFFIN BANK BERHAD AT [WWW.AFFINONLINE.COM](http://WWW.AFFINONLINE.COM).

THE INTERNET IS NOT A FULLY SECURE MEDIUM. THE INTERNET SHARE APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF INVESTORS DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, INVESTORS SHOULD IMMEDIATELY REQUEST FROM THE COMPANY OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, INVESTORS ACKNOWLEDGE AND AGREE THAT:

- (I) THE COMPANY DOES NOT ENDORSE AND IS NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, THE COMPANY IS NOT RESPONSIBLE FOR THE AVAILABILITY OF OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. INVESTORS BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) THE COMPANY IS NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY TERMS OF ANY AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. THE COMPANY IS ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT INVESTORS MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT THE INVESTORS' OWN DISCRETION AND RISK. THE COMPANY IS NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO THE INVESTORS' COMPUTER SYSTEMS OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF AN INTERNET PARTICIPATING FINANCIAL INSTITUTION, INVESTORS ARE ADVISED THAT:

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA THE INVESTORS' WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO THE INVESTORS OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, THE INVESTORS OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON THE INVESTORS OR ANY THIRD PARTY'S PERSONAL COMPUTERS, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON THE INVESTORS' PERSONAL COMPUTERS.

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**INDICATIVE TIMELINE**

The following events are intended to take place on the following dates:

<b>Events</b>	<b>Date</b>
Opening of the Institutional Offering <sup>(1)</sup> .....	23 October 2009
Opening of the Retail Offering .....	10:00 a.m., 28 October 2009
Closing of the Retail Offering.....	5:00 p.m., 5 November 2009
Closing of the Institutional Offering.....	9 November 2009
Price Determination Date .....	9 November 2009
Balloting of applications for the Offer Shares offered under the Retail Offering.....	9 November 2009
Transfer of Offer Shares to successful applicants.....	17 November 2009
Listing .....	19 November 2009

**Note:**

<sup>(1)</sup> Other than the offering to the Cornerstone Investors. The master cornerstone placing agreement for the acquisition of the Offer Shares by the Cornerstone Investors was entered into on 20 October 2009.

Applications for the Offer Shares offered under the Retail Offering will close at the time and date stated above or such other date or dates as the Directors, the Selling Shareholder and the Majority Joint Managing Underwriters in their absolute discretion may decide. The Institutional Offering commenced on 23 October 2009 and will close on the date stated above or such other date or dates as the Directors, the Selling Shareholder and the Joint Global Co-ordinators in their absolute discretion may decide.

In the event that the closing date and time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting, transfer of the Offer Shares and the Listing may be extended accordingly. Any extension will be announced in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

All terms used are defined under "Presentation of financial and other information", "Definitions" and "Glossary of technical terms" commencing on pages (x), (xiv) and (xxi) respectively.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to the "Company" in this Prospectus are to Maxis Berhad. All references to "Maxis", "Maxis Group" and the "Group" in this Prospectus are to the Company and its consolidated subsidiaries taken as a whole. References to these terms with respect to events or periods prior to the Pre-Listing Restructuring described in Section 6.2 of this Prospectus, are to the combined group established by such restructuring as if such group had existed at such times or during such periods, as the case may be. All references to "MCB", "Promoter" and "Selling Shareholder" are to Maxis Communications Berhad.

In this Prospectus, references to the "Government" are to the Government of Malaysia; references to "Ringgit", "Ringgit Malaysia", "Malaysian Ringgit", "RM" and "sen" are to the lawful currency of Malaysia; references to "US Dollars" and "USD" are to the lawful currency of the United States of America; and reference to "SGD" and "Singapore Dollars" are to the lawful currency of Singapore. Any discrepancies in the tables included in this Prospectus between the amounts listed and the totals thereof are due to rounding. Other abbreviations used herein are defined in the "Definitions" section appearing on pages (xiv) to (xx) of this Prospectus. Certain acronyms and technical terms used herein are defined in the "Glossary of Technical Terms" appearing on pages (xxi) to (xxvi) of this Prospectus. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include corporations.

References to the "Latest Practicable Date" in this document are to 1 October 2009, which is the latest practicable date for certain information to be obtained and disclosed in the Prospectus prior to the registration of the Prospectus with the SC.

The information on Maxis' website, any website of MCB or any website directly or indirectly linked to such websites is not incorporated by reference into this Prospectus and should not be relied on.

This Prospectus includes statistical data provided by Maxis and various third parties and cites third-party projections regarding growth and performance of the industries in which Maxis operates. This data is taken or derived from information published by industry sources and from Maxis' internal data. In each such case, the source is acknowledged in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from Maxis. In particular, certain information in this Prospectus is extracted or derived from a report prepared by Frost & Sullivan Malaysia Sdn Bhd, an independent telecommunications industry consultant. Maxis believes that the statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the industries in which Maxis operates. However, none of the Company, the Selling Shareholder and Promoter, the Principal Adviser, the Joint Managing Underwriters, the Joint Global Co-ordinators, the Joint Bookrunners or Lead Managers have independently verified these figures. Moreover, the rapidly evolving nature of the telecommunications industry makes it difficult to obtain precise and accurate statistics. None of Maxis, the Selling Shareholder and Promoter, the Principal Adviser, the Joint Managing Underwriters, the Joint Global Co-ordinators, the Joint Bookrunners or Lead Managers make any representation as to the correctness, accuracy or completeness of such data and accordingly, prospective investors should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurances are or can be given that the estimated figures will be achieved, and prospective investors should not place undue reliance on the third-party projections cited in this Prospectus.

EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of Maxis' performance and liquidity that are not required by or presented in accordance with Malaysian GAAP. EBITDA is not a measurement of financial performance or liquidity under Malaysian GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with Malaysian GAAP or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible.

**PRESENTATION OF FINANCIAL AND OTHER INFORMATION** *(cont'd)*

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Maxis believes that EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because Maxis believes that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-GAAP financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of Maxis' ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and potential investors should not consider it in isolation from, or as a substitute for analysis of Maxis' financial condition or results of operations, as reported under Malaysian GAAP. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of Maxis' business.

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## FORWARD-LOOKING STATEMENTS

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This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding Maxis' financial position, business strategies, prospects, plans and objectives of Maxis for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Maxis, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Maxis' present and future business strategies and the environment in which Maxis will operate in the future. Such forward-looking statements reflect the Maxis' current views with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- Maxis' future overall business development, operations and financial performance;
- estimated financial information regarding, and the future development and financial performance of, Maxis' business;
- potential growth opportunities including advancements in products, services and developments in technology;
- financing plans;
- business strategies, trends and future plans;
- competitive position and the effects of competition;
- the general industry environment, including the demand for telecommunications products and services in Malaysia; and
- the regulatory environment and the effects of future regulation.

Actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, including, without limitation:

- continued availability of capital and financing;
- interest rates and foreign exchange rates;
- taxes and duties;
- fixed and contingent obligations and commitments;
- the competitive environment;
- the activities and financial health of customers, suppliers and other business partners;
- general economic and business conditions, political, economic and social developments and telecommunications products and services demand and supply, in each case, in Malaysia and globally;
- delays, cost overruns, shortages in labour or problems with new projects;

**FORWARD-LOOKING STATEMENTS** *(cont'd)*

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- significant capital expenditure requirements;
- future regulatory changes affecting Maxis or the telecommunications industry in Malaysia;
- liability for remedial actions under environmental and/or health and safety regulations;
- the cost and availability of adequate insurance coverage; and
- other factors beyond Maxis' control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 5 of this Prospectus on "Risk factors" and Section 12.2 of this Prospectus on "Management's discussion and analysis of financial condition and results of operations". Maxis cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. Maxis expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Prospectus to reflect any change in Maxis' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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**DEFINITIONS**

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

ABN AMRO	:	ABN AMRO Bank N.V., Hong Kong Branch
ABV	:	Althem B.V.
ACL	:	Aircel Cellular Limited
Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
Advanced Wireless Technologies	:	Advanced Wireless Technologies Sdn Bhd
Aircel	:	Aircel Limited
Aircel Group	:	Aircel, ACL and DWL, collectively
ASTRO	:	ASTRO ALL ASIA NETWORKS plc
ASTRO Group	:	ASTRO and its subsidiaries and associated companies
ATM	:	Automated teller machine
BAB	:	Bumi Armada Berhad
BAB Group	:	BAB and its subsidiaries and associated companies
BGSM	:	Binariang GSM Sdn Bhd
Board	:	Board of Directors of the Company
Bursa Depository or Central Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Bye-Laws	:	Bye-laws governing the ESOS
Cazenove Asia	:	Cazenove Asia Limited (a Standard Chartered Group company)
CDS	:	Central Depository System
Celcom	:	Celcom (Malaysia) Berhad
Central Depositories Act or SICDA	:	Securities Industry (Central Depositories) Act 1991
CIMB	:	CIMB Investment Bank Berhad
CLSA	:	CLSA Singapore Pte Ltd
CMA	:	Communications and Multimedia Act 1998, as amended from time to time and any re-enactment thereof
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
Commission	:	Malaysian Communications and Multimedia Commission
Company	:	Maxis Berhad
Cornerstone Investors	:	Employees Provident Fund Board, Fidelity Funds-Malaysia Fund, Kumpulan Wang Persaraan (Diperbadankan) and Permodalan Nasional Berhad, as set out in Section 4.3.2 of this Prospectus

**DEFINITIONS** (cont'd)

Credit Suisse	:	Credit Suisse (Singapore) Limited in respect of the Institutional Offering outside Malaysia and Credit Suisse Securities (Malaysia) Sdn Bhd in respect of the Institutional Offering in Malaysia (excluding the offering to Bumiputera investors approved by MITI)
CSS	:	Communications and Satellite Services Sdn Bhd
DBS	:	DBS Bank Ltd
DiGi	:	DiGi.Com Berhad
Directors	:	Directors of the Company
DWL	:	Dishnet Wireless Limited
EBITDA	:	Profit/(loss) before interest income, finance cost, taxation, depreciation, amortisation and allowance for write down of identified network costs
ECC	:	Equivalent cash consideration, being one-off options settlement cost of RM505.2 million
Electronic Share Application	:	Application for the Offer Shares through a Participating Financial Institution's ATMs
ESOS	:	Employee share option scheme adopted by the Board for the grant of Options to eligible employees of Maxis and Directors (executive and non-executive) to subscribe for new Shares
Excorp	:	Excorp Holdings N.V.
Final IPO Price	:	Final price per Offer Share equivalent to RM5.20 per Offer Share or 95.0% of the Institutional Price, whichever is lower, to be determined on the Price Determination Date
Friendster	:	Friendster Inc.
Frost & Sullivan	:	Frost & Sullivan Malaysia Sdn Bhd
FRS	:	Financial Reporting Standards
GAAP	:	Generally accepted accounting principles
GCSHL	:	Global Communication Services Holdings Ltd
Goldman Sachs	:	Goldman Sachs (Singapore) Pte.
GSM Network	:	GSM 900 MHz and GSM 1800 MHz digital mobile network
Harapan Nusantara	:	Harapan Nusantara Sdn Bhd
HSBB Project	:	Public-private partnership between the Government and TM to build HSBB infrastructure
HSBC	:	The HongKong and Shanghai Banking Corporation Limited, Singapore Branch
Huawei	:	Huawei Tech Investment Co. Ltd
IBM	:	IBM Malaysia Sdn Bhd



**DEFINITIONS** (cont'd)

Institutional Offering	:	Offering of 2,037,705,000 Offer Shares, subject to clawback and reallocation, to the following: <ul style="list-style-type: none"> <li>(i) Malaysian institutional and selected investors including Bumiputera investors approved by MITI;</li> <li>(ii) Institutional and selected investors outside the United States in reliance on Regulation S under the US Securities Act;</li> <li>(iii) QIBs in the United States in reliance on Rule 144A or pursuant to applicable exemption from registration under the US Securities Act; and</li> <li>(iv) Cornerstone Investors</li> </ul>
Institutional Price	:	Price per Offer Share to be paid by investors pursuant to the Institutional Offering (other than the Cornerstone Investors) which will be determined on the Price Determination Date by way of bookbuilding
International Placement Agreement	:	Placement agreement to be entered between the Company, the Selling Shareholder, the Joint Bookrunners and the Lead Managers (excluding AmInvestment Bank Berhad, Maybank Investment Bank Berhad and RHB Investment Bank Berhad) in respect of the placement of the Offer Shares offered under the Institutional Offering to institutional and selected investors outside Malaysia
Internet Participating Financial Institution	:	Participating financial institutions for the Internet Share Applications
Internet Share Application	:	Application for the Offer Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering of 2,250,000,000 Offer Shares by the Selling Shareholder, comprising the Retail Offering and Institutional Offering
IPO Price	:	Initial price of RM5.20 per Offer Share to be fully paid by applicants pursuant to the Retail Offering subject to adjustment as detailed in Section 4.4 of this Prospectus
Issuing House or MIH	:	Malaysian Issuing House Sdn Bhd
ITU	:	International Telecommunications Union
Joint Bookrunners	:	Collectively, CIMB, Credit Suisse, Goldman Sachs, J.P. Morgan, Nomura and UBS, being the Joint Bookrunners for the Institutional Offering
Joint Global Co-ordinators	:	Collectively, CIMB, Credit Suisse and Goldman Sachs, being the Joint Global Co-ordinators for the Institutional Offering
Joint Managing Underwriters	:	Collectively, AmInvestment Bank Berhad, CIMB, Maybank Investment Bank Berhad and RHB Investment Bank Berhad, being the Joint Managing Underwriters for the Retail Offering
J.P. Morgan	:	J. P. Morgan Securities Ltd
Khazanah	:	Khazanah Nasional Berhad
KLCC	:	Kuala Lumpur City Centre
KLCCCH	:	KLCC (Holdings) Sdn Bhd

**DEFINITIONS** (cont'd)

KLCCH Group	:	KLCCH and its subsidiaries and associated companies
KLCCP	:	KLCC Property Holdings Berhad
KLCCP Group	:	KLCCP and its subsidiaries and associated companies
Latest Practicable Date	:	1 October 2009
Lead Managers	:	Collectively, AmInvestment Bank Berhad, Cazenove Asia, DBS, Maybank Investment Bank Berhad, HSBC and RHB Investment Bank Berhad, being the Joint Lead Managers for the Institutional Offering, and ABN AMRO and CLSA, being the Co-Lead Managers for the Institutional Offering
Licensing Regulations	:	Communications and Multimedia (Licensing) Regulations 2000, as amended from time to time
Listing	:	Listing of and quotation for 7,500,000,000 Shares representing the entire existing issued and paid-up share capital of the Company on the Main Market
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Main Market	:	Main Market of Bursa Securities
Majority Joint Managing Underwriters	:	2 or more Joint Managing Underwriters who have agreed to underwrite in aggregate more than 50% of the total Offer Shares under the Retail Underwriting Agreement
Malaysian GAAP	:	Generally accepted accounting principles in Malaysia which represents the Malaysian Accounting Standards Board approved accounting standards for entities other than private entities
Malaysian Placement Agreement	:	Placement agreement to be entered into between the Company, the Selling Shareholder, AmInvestment Bank Berhad, CIMB, Credit Suisse Securities (Malaysia) Sdn Bhd, Maybank Investment Bank Berhad and RHB Investment Bank Berhad in respect of the placement of Offer Shares offered under the Institutional Offering to institutional and selected investors in Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities
Maxis or Maxis Group or the Group	:	Maxis Berhad and its consolidated subsidiaries
Maxis Asia Access	:	Maxis Asia Access Pte Ltd
Maxis Broadband	:	Maxis Broadband Sdn Bhd
Maxis Centres	:	Maxis-owned outlets
Maxis Collections	:	Maxis Collections Sdn Bhd
Maxis International	:	Maxis International Sdn Bhd
Maxis Mobile	:	Maxis Mobile Sdn Bhd
Maxis Mobile (L)	:	Maxis Mobile (L) Ltd
Maxis Mobile Services	:	Maxis Mobile Services Sdn Bhd
Maxis Multimedia	:	Maxis Multimedia Sdn Bhd
Maxis Online	:	Maxis Online Sdn Bhd
MCB	:	Maxis Communications Berhad

**DEFINITIONS** (cont'd)

MCB Group Post-Restructuring	:	MCB and its subsidiaries (other than the subsidiaries comprising the Maxis Group) after the completion of the Pre-Listing Restructuring
MEASAT	:	Malaysia East Asia Satellite
MEASAT Broadcast Network Systems or MBNS	:	MEASAT Broadcast Network Systems Sdn Bhd
MEASAT Digicast	:	MEASAT Digicast Sdn Bhd
MEASAT Global	:	MEASAT Global Berhad
MEASAT Global Group	:	MEASAT Global and its subsidiaries and associated companies
MEP	:	Maxis Exclusive Partner
MICC	:	Ministry of Information, Communications and Culture of Malaysia
Minister	:	Minister of Information, Communications and Culture of Malaysia
MITI	:	Ministry of International Trade and Industry of Malaysia
Mobitel	:	Mobitel (Private) Limited
MSS	:	MEASAT Satellite Systems Sdn Bhd
Nomura	:	Nomura International plc
NTA	:	Net tangible assets
NTL	:	Net tangible liabilities
NTS	:	PT Natrindo Telepon Seluler
Offer Shares	:	Shares being offered pursuant to the IPO
Official List	:	A list specifying all securities listed on the Main Market
Option	:	Right to subscribe for a new Share of the Company upon acceptance of an offer under the ESOS
PanOcean	:	PanOcean Management Limited
PAT	:	Profit after taxation
Participating Financial Institution	:	Participating financial institutions for the Electronic Share Applications
Payment Due Date	:	1 October 2011, being the 2nd anniversary of the date of completion of the acquisition by the Company of the Subsidiaries under the Pre-Listing Restructuring
PBT	:	Profit before taxation
Pre-Listing Restructuring	:	Restructuring exercise undertaken by Maxis prior to the IPO, as further described in Section 6.2 of this Prospectus
Price Determination Date	:	Date on which the Institutional Price and the Final IPO Price will be determined
Principal Adviser	:	CIMB
Promoter	:	MCB
PSIL	:	Pacific States Investment Limited

**DEFINITIONS** (cont'd)

QIB	:	Qualified institutional buyer, as defined in Rule 144A under the US Securities Act
Retail Offering	:	Offering of 212,295,000 Offer Shares, subject to clawback and reallocation, to the Malaysian public, eligible customers, dealers and distributors and employees of Maxis, Directors and directors of MCB
Retail Underwriting Agreement	:	Retail underwriting agreement entered into between the Company, the Selling Shareholder and Joint Managing Underwriters on 21 October 2009 to severally but not jointly underwrite the Offer Shares under the Retail Offering
RIM	:	Research In Motion Limited
RPS	:	Redeemable preference shares
SAC	:	Shariah Advisory Council of the SC
Saudi Telecom	:	Saudi Telecom Company
SC	:	Securities Commission of Malaysia
Selling Shareholder	:	MCB
Shares	:	Ordinary shares of RM0.10 each in the Company
Skype	:	Skype Technologies S.A.
SLT	:	Sri Lanka Telecom PLC
SME	:	Small and Medium Enterprise
Subsidiaries	:	Advanced Wireless Technologies, Maxis Asia Access, Maxis Broadband, Maxis Collections, Maxis International, Maxis Mobile, Maxis Mobile (L), Maxis Mobile Services, Maxis Multimedia, Maxis Online and UMTS, collectively
TAK	:	Ananda Krishnan Tatparanandam
Tanjong	:	Tanjong Public Limited Company
Tanjong Group	:	Tanjong and its subsidiaries and associated companies
TdC	:	TIME dotCom Berhad
TM	:	Telekom Malaysia Berhad
Touch 'N Go	:	Touch 'N Go Sdn Bhd
U Mobile	:	U Mobile Sdn Bhd
UBS	:	UBS AG, Hong Kong Branch
UMTS	:	UMTS (Malaysia) Sdn Bhd
US Securities Act	:	United States Securities Act of 1933, as amended
Usaha Tegas	:	Usaha Tegas Sdn Bhd
Usaha Tegas Group	:	Usaha Tegas and its subsidiaries and associated companies
USP	:	Universal Service Provision
USP Fund	:	The fund, established under the CMA, out of which payments are made for USP, which is primarily made up of contributions by Malaysian telecommunications companies
Yahoo	:	Yahoo Southeast Asia Pte Ltd

**DEFINITIONS** *(cont'd)*

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**COUNTRY**

Saudi Arabia	:	Kingdom of Saudi Arabia
UAE	:	United Arab Emirates
UK	:	United Kingdom
USA or United States	:	United States of America

**CURRENCY**

£	:	Sterling pound, the lawful currency of the UK
EUR	:	Euro, the lawful currency of the European Union
RM or Ringgit Malaysia or Ringgit and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD or Singapore Dollar	:	Singapore dollar, the lawful currency of Singapore
USD or US Dollar	:	USA dollar, the lawful currency of the USA

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## GLOSSARY OF TECHNICAL TERMS

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2G	:	Second generation or 2G refers to the digital wireless communications system which uses circuit switching technology. GSM is one of the most widely used 2G mobile systems
3G	:	Third generation digital wireless communications system which uses both circuit and packet switching technology and offers higher speed data transmission rates (between 64kbps to 384kbps) than those available under 2G. W-CDMA and CDMA2000 are 2 of the leading 3G technologies
access	:	Point at which entry is gained into a circuit or a network interconnection; may be switched or dedicated
ADS	:	Advanced data services
ADSL	:	Asymmetric Digital Subscriber Line; a digital subscriber line of copper loop enhanced technologies, which is asymmetric, providing faster transmission rates downstream than upstream. It is suited to fast internet access where requests for web pages and e-mail generally require less bandwidth than the receipt of multimedia and web pages
air-interface	:	The radio interface between a mobile device and a base station
analogue	:	A method of storing, processing and transmitting information through the continuous variation of a signal
ARPU	:	Average revenue per user; the average revenue per user is the average of the monthly revenue per subscription in a period, each calculated by dividing (i) the monthly revenue (net of rebates) less roaming partner revenue and non-recurring fees by (ii) the monthly average number of active subscriptions
backbone	:	Part of the communications network that provides transmission connection between switches
bandwidth	:	The information carrying capacity of a communications channel expressed in the form of rate of data transfer (bits per second or multiples of it)
base station	:	A transceiver station located within a cell used for communication between mobile devices within the cell and a BSC or MSC
bit	:	The smallest amount of information that can be transmitted, representing a 1 or 0. It is the basic unit for data communications
blended ARPU	:	Blended ARPU for postpaid (including wireless broadband) and prepaid segment
blended MOU per subscription	:	Blended MOU for the prepaid and postpaid segment (excluding wireless broadband)
broadband	:	Transmission capacity having a bandwidth greater than 256kbps; capable of high-speed data transmission
BSC	:	Base Station Controller; in a mobile network, the BSC controls several base station and handles call mobility and management
BTS	:	Base Transceiver Station; radio equipment contained in a base station that is used for transmitting and receiving signals to and from a mobile device within a single cell
CDMA	:	Code Division Multiple Access; a digital wireless transmission technology based on continuous digital transmission using coding sequences to mix and separate voice and data signals. CDMA allows more than one user to simultaneously occupy a single radio frequency band with reduced interference

**GLOSSARY OF TECHNICAL TERMS** (cont'd)

CDMA One	:	Code Division Multiple Access One; a CDMA technology developed in the United States for 2G mobile systems
CDMA2000	:	Code Division Multiple Access 2000; a CDMA technology being developed in the United States for 3G mobile systems. CDMA2000 is designed to be backward compatible with CDMA One
cell	:	The basic geographical unit of a cellular mobile system; represents the radio frequency coverage area in the mobile system resulting from operation of a single multiple channel set of base station frequencies
channels	:	A unique radio frequency that is used for communication between subscriber units and cell site base stations
churn	:	The termination of service by subscribers, both voluntary and involuntary
churn rate	:	The average of the monthly churn rates in a financial year, each calculated by dividing (i) the monthly termination of subscribers by (ii) the monthly average number of total subscribers
circuit switching	:	A method of transmitting voice or data which involves setting up a call or connection using switches and reserving the circuit for such use until the call or connection is terminated
CLIP	:	Calling Line Identification Presentation
CLIR	:	Calling Line Identification Restriction
CPP	:	Calling Party Pays; a billing and settlement system where the calling party is charged for the calls made
CSD	:	Circuit Switched Data; the transmission of data using circuit switching technology
DECT	:	Digital Enhanced Cordless Telecommunications; an ETSI standard for digital portable phones (cordless home telephones), commonly used for domestic or corporate purposes. It is recognised by the ITU as fulfilling the IMT-2000 (International Mobile Telecommunications-2000) requirements and therefore qualifies as a 3G system. Within the IMT-2000 group of technologies, DECT is referred to as IMT-2000 Frequency Time (IMT-FT)
DIA	:	Dedicated internet access
domain name	:	A unique name which identifies a website on the internet
DPLC	:	Domestic Private Lease Circuits
DSL	:	Digital Subscriber Line; a family of digital transmission technology that provides high bandwidth bi-directional transmission over standard twisted copper wires (regular telephone lines)
DVB-H	:	Digital Video Broadcasting – Handheld; a technical specification for bringing broadcast services to mobile handsets
e-	:	Electronic
EDGE	:	Enhanced Data for GSM Evolution
ETSI	:	European Telecommunications Standard Institute
FDD	:	Frequency Division Duplex
fibre optic	:	A means of providing high-speed data transmission using light to send signals through glass fibres
frequency	:	The number of cycles per second, measured in hertz, of a periodic oscillation or wave in radio wave propagation

**GLOSSARY OF TECHNICAL TERMS** (cont'd)

Gbps	:	1 billion bits per second
GHz	:	Gigahertz; 1 billion cycles per second
GMSC	:	Gateway Mobile Switching Centre; a main mobile switching centre that connects a mobile network to other fixed and mobile networks
GPRS	:	General Packet Radio Service, an enhancement of the GSM system that supports packet switching and higher speed data transmission rates than 2G
GSM	:	Global System for Mobile communications; one of the most widely used standards for mobile communications, initially developed to standardise the use of mobile technology in Europe
HLR	:	Home Location Register; a database in a mobile network which records information relating to the subscriber
HSBB	:	High speed broadband
HSDPA	:	High Speed Downlink Packet Access; an extension to 3G that provides downlink data speeds in excess of standard 3G
HSIA	:	High Speed Internet Access
HSPA	:	High Speed Packet Access
HSUPA	:	High Speed Uplink Packet Access; an extension to 3G that provides uplink data speeds in excess of standard 3G
IDD	:	International Direct Dialling
IN	:	The IN is an intelligent network; the primary aim of the IN is to enhance the core telephony services offered by traditional telecommunications networks. The intelligence is provided by network nodes owned by telecommunications operators, as opposed to solutions based on intelligence in the telephone equipment, or in internet servers provided by any part. The IN is based on the ITU specified protocols between telephone network switching centers and other network nodes owned by network operators.
internet	:	The interconnection of servers worldwide that provides communications and application services to an international base of business, consumers, education, research, government and other organisations
IP	:	Internet Protocol; a standard that keeps track of network addresses for different nodes, routes outgoing messages, and recognises incoming messages
IPLC	:	International Private Leased Circuits; a point-to-point private line used for internet access, business data exchange, video conferencing and any other form of telecommunications to communicate inter-offices internationally
ISDN	:	Integrated Services Digital Network; to provide integration of voice, data and other services on one fixed subscriber line
ISP	:	Internet Service Provider; an entity that provides internet access to customers
IT	:	Information technology
kbps	:	1 thousand bits per second
LAN	:	Local Area Network; a short distance data communications network (usually within a building)



**GLOSSARY OF TECHNICAL TERMS** (cont'd)

last mile	:	The copper wires that extend from the local exchange or node to the homes or offices of users. In most countries, the last mile is controlled by the incumbent fixed line operator
local loop	:	The communications lines/services between the telephone subscriber and the telephone company switching centre
m-	:	Mobile
mbps	:	1 million bits per second
Metro-E	:	Metro-Ethernet
MHz	:	Megahertz; 1 million cycles per second
microwave transmission	:	A means of transmitting signals through between 2 locations
MMS	:	Multimedia Messaging Services
MNP	:	Mobile Number Portability
mobile internet	:	Gaming access to browser-based internet services such as the world wide web and wap using a mobile phone
modem	:	A device or programme that enables the computer to transmit data over telephone lines. To achieve this, the modem has to convert between analogue and digital forms of transmission
MOU	:	Minutes of use; the average total (incoming and outgoing) minutes of use per subscriptions being the average of the total minutes per subscriptions in a financial year, each calculated by dividing the monthly total minutes by the monthly average number of active subscriptions
MPLS	:	Multi Protocol Label Switching; a mechanism in high-performance telecommunications networks which directs and carries data from 1 network node to the next.
MSA	:	Mandatory Standard on Access
MSAP	:	Mandatory Standard on Access Pricing
MSC	:	Mobile Switching Centre; a switching centre in a mobile network that keeps track of users, processes calls and routes calls to users through the BSCs
MVNO	:	Mobile Virtual Network Operator
network	:	A group of 2 or more computer systems or telecommunications elements linked together
NFC	:	Near Field Communication
NOFN	:	National Optic Fibre Network; Maxis' national fibre optic backbone
NSS	:	Network Switching Subsystem of the GSM standard
packet switching	:	A method of transmitting voice, data and video using a data network. Unlike the PSTN which uses circuit switching, packet switched networks do not reserve a circuit between end points. Instead they break up messages or files into small packets. Each message packet may take a different route from origin to destination, travelling along network circuits that are shared with packets from other messages
portal	:	A website or service that offers a broad array of resources and services, such as emails, forums and search engines
POTS	:	Plain old telephone service; refers to the standard telephone network

## GLOSSARY OF TECHNICAL TERMS *(cont'd)*

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protocol	:	The conventions used in a network for establishing communications comparability between terminals and for maintaining the line discipline while they are connected to the network
PSTN	:	Public Switched Telephone Network; a fixed telephone network system based on copper wires carrying analogue voice data
RAN	:	Radio Access Network; a part of a mobile telecommunication system. It implements a radio access technology between a mobile phone and a core network
real-time	:	Systems that respond to input immediately
ringbacktone	:	It is the ring tone that is heard on the telephone line by the calling party after dialing and prior to the call being answered at the receiving end
roaming	:	When mobile subscribers leave their own mobile carrier's home network and move on to other mobile operators' networks
server	:	A shared computer on a LAN that provides services to other computers in the network
SIM	:	Subscriber Identity Module; an electronic card which stores the subscriber identity information and authentication key which identifies the subscriber to a network
SMS	:	Short Message Service; a service whereby mobile telephone users may send text messages. In GSM systems, a text message can have a maximum of 160 characters
softswitch	:	A programmable network switch that can process the signaling for all types of packet protocols. Using network processors at its core, softswitches can support IP, DSL, Asynchronous Transfer Mode and frame relay in the same unit
switch	:	A sophisticated computer in a telephony network or data communications network that connects networks automatically in response to signals that are carried to it
TDD	:	Time division duplex
trunk	:	A group of circuits that carry call traffic in and out of the switch
USSD	:	Unstructured Supplementary Service Data; a GSM communication technology used to send text between mobile phones and applications programmes in a network
VLR	:	Visitor Location Register; a database in a mobile network which stores geographical locations of users which are temporarily within a MSC's coverage
VSAT	:	Very Small Aperture Terminal; a small earth station for transmission of data by satellite
WAP	:	Wireless Application Protocol; an open, global protocol that is designed to send web pages to wireless devices and allow users to access information instantly
WAP-STK	:	Wireless Application Protocol through SIM Toolkit; a platform that allows users to access WAP based content as SMS through the use of SIM card menus
W-CDMA	:	Wideband Code Division Multiple Access; a CDMA technology adopted by the ETSI for 3G mobile systems and is designed to be backward compatible with the GSM standard

**GLOSSARY OF TECHNICAL TERMS** (cont'd)

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WiMAX	:	Worldwide Inter-operability for Microwave Access, which is a telecommunications technology aimed at providing wireless data over long distances in a variety of ways, from point-to-point links to full mobile cellular type access. It is based on the IEEE 802.16 standard (a series of standards authored by the Institute of Electrical and Electronics Engineers), which is also called WirelessMAN
wireless broadband	:	Broadband subscriptions for internet access on computers via wireless modems only. This does not include any internet access on mobile phone screens
www	:	World wide web; a worldwide network of servers that uses a special communications protocol called the hypertext transport protocol ("HTTP") to link different servers throughout the internet and permits communication of graphics, video and sound
xDSL	:	A family of DSL technology using copper loop enhanced technologies used for high speed data transmission over copper telephone wires. 'x' represents different kind of DSL technologies, such as ADSL and Symmetrical Digital Subscriber Line (" <b>SDSL</b> ")

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## 1. CORPORATE DIRECTORY

### DIRECTORS

<b>Name</b>	<b>Address</b>	<b>Nationality</b>	<b>Profession</b>
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda <i>(Chairman and Independent Non-Executive Director)</i>	No. 16 Jalan 12 Taman Tun Abdul Razak 68000 Ampang Selangor Darul Ehsan Malaysia	Malaysian	Company director
Robert William Boyle <i>(Independent Non-Executive Director)</i>	St Andrews House Kilmeston Alresford Hants SO24 ONL UK	British	Company director
Dato' Mokhzani bin Mahathir <i>(Independent Non-Executive Director)</i>	No. 5, Lorong 1/80C Damaisari Off Jalan Medang Kapas Bukit Bandaraya 59100 Kuala Lumpur Malaysia	Malaysian	Company director
Asgari bin Mohd Fuad Stephens <i>(Independent Non-Executive Director)</i>	H1-2-3 Menara Polo Jalan 1/76E Desa Pandan 55100 Kuala Lumpur Malaysia	Malaysian	Company director
Eng. Saud Majed A. AlDaweesh <i>(Non-Executive Director)</i>	No. 28, Razan Street AlEzdhar P.O.Box 58773 Riyadh 11515 Saudi Arabia	Saudi	President of Saudi Telecom
Dr. Fahad Hussain S. Mushayt <i>(Non-Executive Director)</i>	No. 30, King Abdullah Road Alworood P.O.Box 365392 Riyadh 11393 Saudi Arabia	Saudi	Head of Strategic Investment Unit of Saudi Telecom
Ghassan Hasbani <i>(Non-Executive Director)</i>	299 Scott Ellis Gardens London NW8 9RU UK	British	Vice president and partner of Booz & Co, Riyadh
Augustus Ralph Marshall <i>(Non-Executive Director)</i>	Unit 17, Impian Bukit Tunku No. 8, Jalan Tunku Bukit Tunku, 50480 Kuala Lumpur Malaysia	Malaysian	Executive director
Chan Chee Beng <i>(Non-Executive Director)</i>	No. 3 Jalan TR 6/1 Tropicana Golf & Country Club 47410 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	Executive director
Sandip Das <i>(Executive Director / Chief Executive Officer)</i>	No. 6 Lorong Titiwangsa 4 Off Jalan Kuantan 53000 Kuala Lumpur Malaysia	Indian	Chief Executive Officer

**1. CORPORATE DIRECTORY (cont'd)****AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Robert William Boyle	Chairman	Independent Non-Executive Director
Dato' Mokhzani bin Mahathir	Member	Independent Non-Executive Director
Asgari bin Mohd Fuad Stephens	Member	Independent Non-Executive Director
Dr. Fahad Hussain S. Mushayt	Member	Non-Executive Director
Chan Chee Beng	Member	Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Mokhzani bin Mahathir	Chairman	Independent Non-Executive Director
Robert William Boyle	Member	Independent Non-Executive Director
Asgari bin Mohd Fuad Stephens	Member	Independent Non-Executive Director
Eng. Saud Majed A. AlDaweesh	Member	Non-Executive Director
Augustus Ralph Marshall	Member	Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	Chairman	Independent Non-Executive Director
Robert William Boyle	Member	Independent Non-Executive Director
Dato' Mokhzani bin Mahathir	Member	Independent Non-Executive Director
Ghassan Hasbani	Member	Non-Executive Director
Chan Chee Beng	Member	Non-Executive Director

**1. CORPORATE DIRECTORY (cont'd)**

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- COMPANY SECRETARY** : Dipak Kaur a/p Sangat Singh (LS 5204)  
Level 18, Menara Maxis  
Kuala Lumpur City Centre  
Off Jalan Ampang  
50088 Kuala Lumpur  
Malaysia
- REGISTERED OFFICE** : Maxis Berhad  
Level 18, Menara Maxis  
Kuala Lumpur City Centre  
Off Jalan Ampang  
50088 Kuala Lumpur  
Malaysia
- Telephone no.: +603 2330 7000  
Fax. no.: +603 2330 0590  
Website: www.maxis.com.my
- SELLING SHAREHOLDER** : Maxis Communications Berhad  
Level 18, Menara Maxis  
Kuala Lumpur City Centre  
Off Jalan Ampang  
50088 Kuala Lumpur  
Malaysia
- Telephone no.: +603 2330 7000  
Fax. no.: +603 2330 0590
- PRINCIPAL BANKERS** : CIMB Bank Berhad  
10th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia
- Telephone no.: +603 2084 8888
- Citibank Berhad  
Level 45, Menara Citibank  
165 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia
- Telephone no.: +603 2383 2338
- DBS Bank Ltd, Labuan Branch  
Level 10 (A) Main Office Tower, Financial Park Labuan  
Jalan Merdeka  
87000 Federal Territory of Labuan  
Malaysia
- Telephone no.: +6087 595 500

**1. CORPORATE DIRECTORY (cont'd)**

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**PRINCIPAL BANKERS (cont'd)**

EON Bank Berhad  
23rd Floor, Corporate & Institutional Banking  
Jalan Tun Razak  
50250 Kuala Lumpur  
Malaysia

Telephone no.: +603 2696 2829

HSBC Bank Malaysia Berhad  
No. 2 Leboh Ampang  
50100 Kuala Lumpur  
Malaysia

Telephone no.: +603 2270 3879

Malayan Banking Berhad  
3rd Floor, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur  
Malaysia

Telephone no.: +603 2070 8833

RHB Bank Berhad  
Level 7, Tower 3 RHB Centre  
426 Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

Telephone no.: +603 9280 6437

Standard Chartered Bank Berhad  
Level 13, Menara Standard Chartered  
No. 30, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

Telephone no.: +603 2117 7794

The Royal Bank of Scotland Berhad  
Level 9, Menara Maxis  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Malaysia

Telephone no.: +603 2178 9391

**AUDITORS AND REPORTING  
ACCOUNTANTS**

: PricewaterhouseCoopers  
Level 10, 1 Sentral, Jalan Travers  
Kuala Lumpur Sentral  
50740 Kuala Lumpur  
Malaysia

Telephone no.: +603 2173 1188

## 1. CORPORATE DIRECTORY (cont'd)

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### LEGAL ADVISERS

: *To the Company as to Malaysian law*  
 Kadir Andri & Partners  
 8<sup>th</sup> Floor, Menara Safuan  
 80, Jalan Ampang  
 50450 Kuala Lumpur  
 Malaysia

Telephone no.: +603 2078 2888

*To the Promoter and Selling Shareholder as to Malaysian law*  
 Zul Rafique & Partners  
 Suite 17.01, 17th Floor  
 Menara Pan Global  
 8 Lorong P. Ramlee  
 50250 Kuala Lumpur  
 Malaysia

Telephone no.: +603 2078 8228

*To the Company and Promoter and Selling Shareholder as to United States and English law*  
 Clifford Chance Pte Ltd  
 One George Street  
 19th Floor  
 Singapore 049145

Telephone no.: +65 6410 2200

*To the Joint Managing Underwriters, Joint Global Co-ordinators, Joint Bookrunners and Lead Managers as to Malaysian law*  
 Adnan Sundra & Low  
 Level 11 Menara Olympia  
 No. 8 Jalan Raja Chulan  
 50200 Kuala Lumpur  
 Malaysia

Telephone no.: +603 2070 0466

*To the Joint Global Co-ordinators, Joint Bookrunners and Lead Managers as to United States and English law*  
 Linklaters Allen & Gledhill Pte Ltd  
 One Marina Boulevard #28-00  
 Singapore 018989

Telephone no.: +65 6890 7300

### PRINCIPAL ADVISER

: CIMB Investment Bank Berhad  
 5th Floor, Bangunan CIMB  
 Jalan Semantan  
 Damansara Heights  
 50490 Kuala Lumpur  
 Malaysia

Telephone no.: +603 2084 8888



## 1. CORPORATE DIRECTORY *(cont'd)*

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### JOINT MANAGING UNDERWRITERS

: AmlInvestment Bank Berhad  
*(a member of AmlInvestment Bank Group)*  
22nd Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia

Telephone no.: +603 2036 2633

CIMB Investment Bank Berhad  
5th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

Telephone no.: +603 2084 8888

Maybank Investment Bank Berhad  
*(formerly known as Aseambankers Malaysia Berhad)*  
33rd Floor, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur  
Malaysia

Telephone no.: +603 2059 1888

RHB Investment Bank Berhad  
Level 10, Tower 1  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

Telephone no.: +603 9287 3888

### JOINT GLOBAL CO- ORDINATORS

: CIMB Investment Bank Berhad  
5th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

Telephone no.: +603 2084 8888

Credit Suisse (Singapore) Limited  
1 Raffles Link  
#03/#04-01  
South Lobby  
Singapore 039393

Telephone no.: +65 6212 2000

**1. CORPORATE DIRECTORY (cont'd)**


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**JOINT GLOBAL CO-  
ORDINATORS (cont'd)**

Goldman Sachs (Singapore) Pte.  
1 Raffles Link  
#07-01  
Singapore 039393

Telephone no.: +65 6889 1000

**JOINT BOOKRUNNERS**

: CIMB Investment Bank Berhad  
5th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

Telephone no.: +603 2084 8888

Credit Suisse (Singapore) Limited  
1 Raffles Link  
#03/#04-01  
South Lobby  
Singapore 039393

Telephone no.: +65 6212 2000

Goldman Sachs (Singapore) Pte.  
1 Raffles Link  
#07-01  
Singapore 039393

Telephone no.: +65 6889 1000

J.P. Morgan Securities Ltd  
125 London Wall  
London EC2Y 5AJ  
UK

Telephone no.: +44 207 777 2000

Nomura International plc  
Nomura House  
1 St Martin's-le-Grand  
London EC1A 4NP  
UK

Telephone no.: +44 207 521 2000

UBS AG, Hong Kong Branch  
2 International Finance Centre  
52/F, 8 Finance Street  
Central, Hong Kong

Telephone no.: +852 2971 8888

1. **CORPORATE DIRECTORY** (cont'd)

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**JOINT LEAD MANAGERS FOR THE INSTITUTIONAL OFFERING** : AmInvestment Bank Berhad  
(a member of AmInvestment Bank Group)  
22nd Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia

Telephone no.: +603 2036 2633

Cazenove Asia Limited  
(a Standard Chartered Group company)  
15/F, Two International Finance Centre  
No.8 Finance Street  
Central, Hong Kong

Telephone no.: +852 3983 8322

DBS Bank Ltd  
6 Shenton Way  
DBS Building Tower One  
Singapore 068809

Telephone no.: +65 6878 8888

Maybank Investment Bank Berhad  
(formerly known as Aseambankers Malaysia Berhad)  
33rd Floor, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur  
Malaysia

Telephone no.: +603 2059 1888

RHB Investment Bank Berhad  
Level 10, Tower 1  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

Telephone no.: +603 9287 3888

The Hongkong and Shanghai Banking Corporation Limited,  
Singapore Branch  
21 Collyer Quay #03-01  
HSBC Building  
Singapore 049320

Telephone no.: +65 6472 2669

**CO-LEAD MANAGERS FOR THE INSTITUTIONAL OFFERING** : ABN AMRO Bank N.V., Hong Kong Branch  
38/F, Cheung Kong Center  
2 Queen's Road  
Central, Hong Kong

Telephone no.: +852 2700 3000

**1. CORPORATE DIRECTORY (cont'd)**


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- CO-LEAD MANAGERS FOR THE INSTITUTIONAL OFFERING (cont'd)** : CLSA Singapore Pte Ltd  
9 Raffles Place #19-20/21  
Republic Plaza II  
Singapore 048619  
  
Telephone no.: +65 6416 7888
- ADVISER TO THE SELLING SHAREHOLDER** : RHB Investment Bank Berhad  
Level 10, Tower 1  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia  
  
Telephone no.: +603 9287 3888
- SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd  
Level 26, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Malaysia  
  
Telephone no.: +603 2721 2222  
Fax. no.: +603 2721 2530 or +603 2721 2531
- INDEPENDENT MARKET RESEARCHER** : Frost & Sullivan Malaysia Sdn Bhd  
Suite E-08-15, Block E  
Plaza Mont' Kiara  
2, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Malaysia  
  
Telephone no.: +603 6204 5800
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd  
Level 27, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Malaysia  
  
Telephone no.: +603 2693 2075
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC

## 2. INTRODUCTION

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This Prospectus is dated 28 October 2009.

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

The Company has registered this Prospectus with the SC. The Company has also lodged a copy of this Prospectus, together with the Application Forms, with the Registrar of Companies, who takes no responsibility for its contents.

**Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed the Shares as a "prescribed security". Consequently, the Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository.**

On 15 October 2009, approval was obtained from the SC in respect of the IPO. On 2 October 2009, the SAC, for the purpose of the IPO and the Listing, classified the Company's securities as Shariah-compliant based on the audited combined financial statements of the Subsidiaries for the financial year ended 31 December 2008. This classification remains valid until the next Shariah compliance review is undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November. The approval of the SC shall not be taken to indicate that the SC recommends the IPO or assumes responsibility for the correctness of any statement made or opinion expressed or report contained in the Prospectus. The SC has not, in any way, considered the merits of the Shares being offered for investment. The SC is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss investors may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. **Investors should rely on their own evaluation to assess the merits and risks of the investment. In considering the investment, investors who are in any doubt as to the action to be taken, should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.**

The Company has obtained the approval-in-principle of Bursa Securities for the listing of and quotation for the Shares, including the Offer Shares which are the subject of this Prospectus, on the Main Market. Official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants. Admission to the Official List is not to be taken as an indication of the merits of the IPO, the Company or the Shares.

The completion of the Retail Offering and the Institutional Offering are inter-conditional and subject to the minimum subscription as set out in Section 4.3.5 of this Prospectus.

If the Offer Shares are not transferred pursuant to the Retail Offering and the Institutional Offering, monies paid in respect of any application for Offer Shares will be returned to applicants without interest and in accordance with the provision of sub-section 243(2) of the CMSA, if such monies are not returned within 14 days after the Selling Shareholder becomes liable to repay it, then in addition to the liability of the Selling Shareholder, the officers of the Selling Shareholder shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

**Pursuant to the Listing Requirements, the Company is required to comply with the public spread requirements as determined by Bursa Securities, pursuant to which the Company is required to have a minimum of 25% of the Shares for which Listing is sought to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon completion of the IPO and at the time of Listing. The Company is expected to achieve this at the time of Listing. In the event that the above requirement is not met, the Company may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full without interest and if such monies are not returned in full within 14 days after the Selling Shareholder becomes liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.**

### 3. SUMMARY

***This summary highlights selected information from this Prospectus and may not contain all of the information about Maxis that may be important to prospective investors. Prospective investors should read and understand the whole Prospectus before deciding whether to invest in the Company. Prospective investors are advised to read the risk factors describe in Section 5 of this Prospectus for an understanding of the risks associated with the investment in Maxis.***

#### 3.1 Overview

Maxis is the leading mobile communications service provider in Malaysia by customer base and by revenues from Malaysia, with 11.4 million mobile subscriptions, representing 40.0% of the estimated 28.5 million mobile subscriptions in Malaysia as at 30 June 2009, and revenues of RM8,449.8 million for the year ended 31 December 2008 and RM4,243.8 million for the 6 months ended 30 June 2009.

Maxis' business comprises 3 business segments, namely its mobile services, fixed line services and international gateway services. As at 30 June 2009, Maxis' mobile services are offered on a postpaid basis to customers under the *maxis* brand to approximately 2.9 million subscriptions, representing 46.4% of the estimated 6.2 million postpaid subscriptions in Malaysia, and on a prepaid basis to customers under the *HOTLiNK* brand to approximately 8.5 million subscriptions, representing 38.2% of the estimated 22.3 million prepaid subscriptions in Malaysia. The use of the 2 distinct brands has enabled Maxis to develop its prepaid business successfully while maintaining growth in its postpaid business. As at 1 October 2009, Maxis' GSM Network covered 92.0% of the population in Malaysia. In addition to GSM, Maxis' network also supports GPRS, EDGE and 3G. Maxis currently has been assigned a block of 3G spectrum through its 75%-owned subsidiary, UMTS.

Maxis has pioneered and led the market in the provision of a number of mobile services in Malaysia.

- December 2004 - First operator in Malaysia to launch the BlackBerry™
- April 2005 - First operator in Malaysia to launch 3G services
- September 2006 - First operator in Malaysia to launch HSPA for wireless broadband services
- March 2008 - First operator in Malaysia to surpass 10 million subscriptions
- March 2009 - First operator in Malaysia to launch the Apple iPhone™
- April 2009 - First operator in Malaysia to launch commercial NFC services

Maxis provides its corporate and SME customers with enhanced postpaid plans based on its consumer postpaid plans. The plans are enhanced to meet specific enterprise customers' needs such as free calls or SMS among employees of the organisation using Maxis mobile services, special call rates during business hours and phone subsidies that are commensurate with the type of rate plans and tenure.

Maxis launched its fixed line service in January 1996 and provides a full suite of voice services, data services, VSAT services and IP and managed services to consumers and business customers.

Maxis' international gateway services comprise services to international telecommunications carriers for termination of traffic into Malaysia, services to send Maxis' own international traffic abroad and bandwidth leasing services. The international gateway services were set up to support the mobile and fixed line services for outbound and inbound traffic. Additionally, Maxis also engages in the trading of international voice wholesale (hubbing) minutes. Wholesale hubbing business combines organic and hubbing traffic to derive cost advantages in settlement rates, to allow for competitive IDD rates to be provided to Maxis' customers as well as for securing higher volumes of inbound Malaysian terminating traffic. As at 30 June 2009, Maxis had bilateral connections with 95 carriers in 38 countries and has capital investments in a number of submarine cable systems to carry its international voice and data traffic.

### 3. SUMMARY (cont'd)

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The Subsidiaries (other than Maxis Asia Access) were part of MCB, which was listed in July 2002. Subsequent to its listing, MCB expanded into India and Indonesia and continued to look into expanding its business overseas. BGSM believed that such expansion would significantly change the financial and risk profile of MCB due to uncertainties surrounding the investment and regulatory environments in new markets, the substantial capital expenditure required which may strain MCB's cash flows and dividend payment capability and the increase in gearing to finance such capital expenditure and investments in new markets which may result in higher borrowing costs. As such, BGSM undertook the privatisation of MCB in May 2007 as it believed that private ownership then would accord greater flexibility for MCB to realise its vision to be a leading telecommunications company and to adopt a capital structure consistent with the change in its funding and risk profile. The privatisation was carried out by BGSM via a voluntary general offer for MCB shares at an offer price which represented the highest traded price of MCB shares since its listing in 2002.

Thereafter, Saudi Telecom entered into an agreement to form a strategic partnership with BGSM in June 2007, which was completed with Saudi Telecom becoming a strategic shareholder of BGSM in September 2007. In June 2007, Saudi Telecom announced that its investment in BGSM represented a significant step forward in Saudi Telecom's history and a milestone in the development of Saudi Telecom as a global player in the telecommunications arena. In its announcement, Saudi Telecom also mentioned that the transaction was consistent with its strategy and objective to expand into high growth emerging markets not only to diversify its revenue to countries outside of Saudi Arabia but also to generate sustainable long-term growth for the future.

The partnership with Saudi Telecom provides the opportunity to link MCB, and its operations in Malaysia and India, to a leading telecommunications operator in the Middle East in a mutually beneficial way. Saudi Telecom has brought complementary expertise to Maxis as an integrated large scale operator.

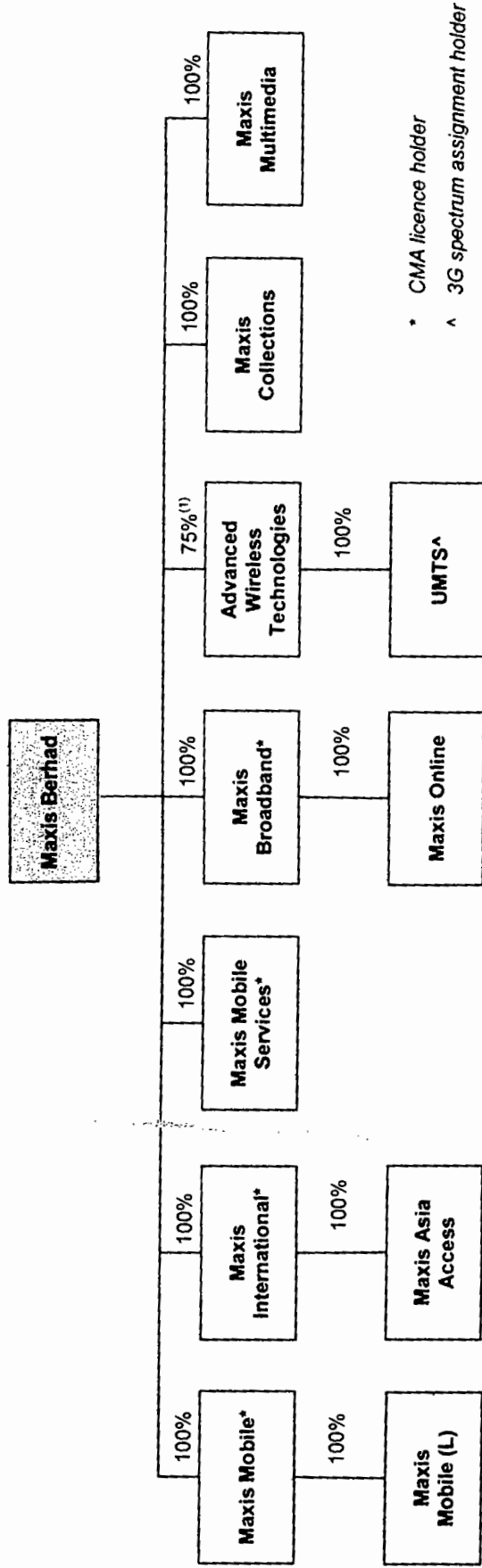
Subsequent to the privatisation, the Subsidiaries, which recorded combined revenues of RM6,957.1 million and PAT of RM2,105.4 million for the financial year ended 31 December 2006, had recorded combined revenues of RM7,689.6 million, RM8,449.8 million and RM4,243.8 million, and PAT of RM1,980.2 million, RM2,400.4 million and RM1,141.0 million for the 2 financial years ended 31 December 2008 and for the 6 months ended 30 June 2009, respectively. For each of those periods, the Subsidiaries' mobile operations accounted for over 90% of its combined revenues. In addition, the Subsidiaries' combined EBITDA increased from RM3,743.0 million for the financial year ended 31 December 2006 to RM4,402.1 million for the financial year ended 31 December 2008.

Prior to the IPO, MCB implemented a restructuring exercise to consolidate its telecommunications operations in Malaysia under the Company. With the IPO and the Listing, MCB will re-introduce to the Malaysian equity market the Malaysian business of MCB, i.e. Maxis, which has grown over the years and has strong and stable cash flows. In comparison to MCB, Maxis is solely focused on Malaysia and therefore its operating free cash flows are separated from the uncertainties of the foreign operations of MCB.

Please refer to Section 7 of this Prospectus for further information on Maxis' business.

3. SUMMARY (cont'd)

Maxis' corporate structure after the Pre-Listing Restructuring is as set out below.



Note:

(1) 25% interest is owned by MBNS Multimedia Technologies Sdn Bhd, which is a wholly-owned subsidiary of ASTRO, a related party.



### 3. SUMMARY (cont'd)

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#### 3.2 Corporate vision

Maxis' vision is to bring advanced communications services to enrich its customers' lives and businesses, in a manner that is simple and personalised, by efficiently and creatively harnessing leading edge technology, and delivering a brand of service experience that is reliable and enchanting.

#### 3.3 Competitive strengths

Maxis believes that its position as the leading mobile communications service provider in Malaysia is built on the following competitive strengths:

- *Market leadership and effective branding*

Maxis remains the leading mobile operator in Malaysia in both the prepaid and postpaid segments with 11.4 million aggregate subscriptions and a 40.0% blended market share as at 30 June 2009. Maxis' leadership in the postpaid segment provides it with an effective platform to cross-sell new products and services.

Maxis has built *maxis* and *HOTLiNK* into 2 of the most recognised and valuable brands in Malaysia through delivery of distinctive customer experiences and high network quality. Maxis has been ranked among the top 5 most valuable brands in Malaysia in 2008 and 2009 by Brand Finance.

- *High network quality and customer service*

Maxis has high network quality and ubiquitous coverage across Malaysia through 6,291 base station sites as at 1 October 2009, with particular strengths in the areas of 2G and 3G voice and data services. Maxis' extensive network coverage and high network quality have been sustained through investments year-on-year in network coverage and capacity enhancements ahead of customer demands.

In tandem with the modernisation of its networks, Maxis has also become the first communications service provider in the Southeast Asian region to enter into a full transformation model with IBM, under a strategic partnership to transform its IT services for the delivery of future products and services to its customers.

Maxis provides a distinctive customer experience through segment-tailored bundled initiatives linked with associated loyalty programmes. Maxis' customer-focused culture has contributed to Maxis' recognition as an industry leader in Malaysia with respect to service quality, personalised customer experience and overall customer satisfaction, distinctively underlining the premium attached to the brand.

- *Strong and effective distribution network*

Maxis' extensive distribution network comprises over 21,000 points of sale (excluding internet access points) of which over 12,000 are physical retail locations across Malaysia, to complement its segmentation strategy. This comprehensive distribution network is one of the major contributors to Maxis' growth and its ability to maintain its market-leadership position. Many of Maxis' dealers have been loyal to Maxis for over a decade, effectively creating a reservoir of consumer understanding, while endorsing the product and brand credibility at the customer level.

### 3. SUMMARY (cont'd)

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- *Well placed to capitalise on fast growing broadband and data opportunities*

As Malaysia is estimated to have over 50% of its population under 25 years of age, a large proportion of which comprises regular internet users, Maxis believes that the Malaysian market is poised for significant growth in broadband and mobile data services, and Maxis is well placed to capture this opportunity. To support its non-voice and broadband business, Maxis has created a strong product development engine to deliver smart applications across mass market phones as well as sophisticated high end devices. In addition, Maxis has built a powerful ecosystem of partnership with content providers (including ASTRO, Yahoo and Friendster) and device manufacturers (including Apple and RIM) which is expected to support the delivery of the next generation of broadband and data products and services to customers.

- *Experienced management team*

Maxis believes it has an experienced key management team drawn from global and local talent that provides a balanced blend of international telecommunications and relevant industry expertise, local knowledge and understanding. Furthermore, many of Maxis' middle management executives have been with Maxis for a substantial tenure and have implemented many value-enhancing initiatives which have allowed Maxis to adapt to changing market dynamics and maintain its market-leading position. At its core, Maxis values human capital and is regarded to be among Malaysia's top employers.

- *Cash flows generation, financial discipline and corporate governance*

Maxis' robust financial position reflects its sound financial discipline and corporate governance practices. Maxis has demonstrated a track record of relatively high and consistent margins. Together with its prudent investment policies, this has resulted in strong and stable cash flows.

Please refer to Section 7.2 of this Prospectus for further information on Maxis' competitive strengths.

#### 3.4 Business strategies and future plans

Maxis believes that its extensive customer base, stronghold in the high-value segments, high quality network and services, effective distribution, recognised brand equity and resulting strong cash flows generation will allow it to consolidate its position in the mobile market. In addition, Maxis intends to utilise its strengths to extend its leadership into the household, corporate and SME segments and strengthen its position in the fast growing areas of data and broadband.

##### **Background and trends**

Maxis sees several principal trends impacting the global telecommunications industry and Maxis' businesses: (1) telecommunications companies globally are seeking to capture multiple revenue streams by offering to all categories of customers a broader range of services; (2) mobile access and penetration are continuing to grow due to multiple SIM usage, expansion in underserved areas and the emergence of new segments, devices and applications; (3) voice has largely been commoditised; (4) data usage is increasing and customers are demanding increased speed and bandwidth, mobility, differentiated content and user-friendly applications; and (5) the competitive and regulatory environments are encouraging the emergence of new players and infrastructure sharing.

### 3. SUMMARY (cont'd)

In addition to these global trends, Maxis believes that the growth in the Malaysian telecommunications market will be driven by the young demographic profile of the population in Malaysia and the accelerating adoption of mobile data, 3G, internet and broadband. This will be fuelled by the growing ownership and increasing range of devices such as smartphones and netbooks and the key initiatives by the Government to use the telecommunications sector as one of the strategic vehicles for driving economic growth and development of rural areas.

Although mobile SIM penetration in Malaysia has exceeded 100%, Maxis believes that significant future growth opportunities still remain, for example, in the less penetrated regions of East Malaysia, the East Coast of Peninsular Malaysia, and in the youth segments. In a number of other markets, SIM penetration continues to grow well over 100% as noted above.

The Government has stated its target to take broadband penetration in the country to 50% by 2010. As part of this initiative, it has entered into a private-public partnership with TM to launch a national HSBB programme. The Commission has stated that it will ensure that other providers, including Maxis, will be able to access the HSBB network on reasonable terms and conditions and on an equitable and non-discriminatory basis. Maxis expects that customers will increasingly seek multiple applications and services, requiring higher bandwidth and differentiated content for their homes and businesses. Maxis believes that fixed line and wireless broadband are addressing a variety of different consumer needs, covering high bandwidths and mobile access, and therefore will provide highly complementary opportunities to drive incremental revenue from its customers.

#### ***Maxis' opportunity and strategy***

The trends discussed above provide an opportunity for Maxis to redefine and broaden its products and applications, change the way Maxis interacts with customers and addresses their needs, and extends its leadership into the household and enterprise segments. Through a combination of strategies, Maxis intends to consolidate its market leadership in the mobile market in order to preserve and enhance cash flow generation and to address tangible growth opportunities in areas such as data and broadband.

Maxis aims to attain these objectives through 3 strategic thrusts set out below.

#### **3.4.1 Broaden and deepen customer base and relationships**

To address growing customer communications needs and to consolidate its market leadership, Maxis intends to:

- *Leverage the existing customer base.* Maxis believes that having the largest mobile customer base, with particular strength in the postpaid segment, provides it with unique opportunities to extend the customer relationship into the household and business segments. These include building on-net communities through family and account-type plans and cross-selling data and broadband services. Maxis' distribution channels, especially its existing exclusive postpaid retail outlets, will continue to evolve their cross-sell and service capabilities for existing customers.
- *Extend and improve reach.* Maxis intends to extend network and channel coverage to underserved and new geographies. This focuses on filling in remaining gaps in existing markets, expanding its reach in East Malaysia and the East Coast of Peninsular Malaysia, and enhancing and improving its prepaid top-up points to new forms. Maxis is also pursuing wholesale concepts such as MVNOs and reseller agreements to strategically address underserved and niche segments.
- *Enhance brand equity.* Maxis intends to enhance its brand equity through improvements in network quality and customer service and providing innovative services. These improvements, together with the creative utilisation of mass media and direct communication channels, can further strengthen Maxis' brand equity.

### 3. SUMMARY (cont'd)

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- *Refine customer segmentation.* Maxis believes that customer segmentation enables it to implement strategies to foster growth, loyalty and manage churn, and to address new opportunities in the youth, household, sub-urban and rural markets. Maxis is developing advanced customer relationship management systems to gain further insights into customer needs to allow for more tailored services, bundled solutions, a sophisticated approach to pricing and wider market reach through customised channels for services, enhancing value for the customer.

#### 3.4.2 Grow the broadband and data business

To further improve its position in the broadband and data business, Maxis is focused on the following:

- *Driving broadband demand.* Maxis intends to offer integrated broadband services to its customers. Maxis will continue to expand the coverage of its high-speed wireless broadband network and intends to selectively invest in its own fixed line footprint, leverage on the Government's HSBB initiative and form strategic partnerships for access to homes and commercial buildings. Maxis will also capitalise on its large customer base, brand reputation and channel coverage through focused cross-selling and integrated service bundle offerings.
- *Improving user experience.* Maxis is focusing on the development of an innovative concept that is expected to simplify user experience and allow its customers to access their content and applications better. The first such services are being launched in the second half of 2009 and include an application store, a user-generated and location-based directory services, a unified community platform for all Maxis services, and a seamless gateway to social networks.
- *Developing partnerships.* Maxis has already created a strong ecosystem of partnerships with leading and premium content providers and device manufacturers, including ASTRO, Yahoo, Friendster, Apple and RIM. Maxis has also created partnerships with Visa, Maybank, Touch 'N Go and Nokia for the launch of commercial NFC services in Malaysia. Maxis intends to expand this ecosystem further through relationships and co-branding with partners.
- *Strengthening content differentiation.* Maxis realises the importance of relevant content and continues to be committed to supporting both international and local content developers. Maxis is building on these relationships to strengthen the depth and breadth of content and to develop applications that meet the needs of a growing range of customer segments.
- *Future proofing.* Maxis is making focused efforts to develop potential future growth areas. In the area of mobile services, for example, Maxis is focused on developing applications for m-commerce, mobile TV and mobile advertising. As part of these efforts, Maxis has set up dedicated teams for each area and carried out trials on new technologies and introduced mobile advertising and various m-commerce solutions.

### 3. SUMMARY (cont'd)

#### 3.4.3 Transform operational platforms

In executing the strategic thrusts set out in Sections 3.4.1 and 3.4.2 of this Prospectus, Maxis is making significant efforts for the following:

- *Continuous strengthening and modernisation of network.* Maxis is focusing on continuous network quality improvement and expansion of its high-speed, high-capacity wireless broadband network in geographic areas with significant data demand. Further expansion of the 2G network is also being undertaken in markets where customers are still demanding more basic voice and data services. In addition, Maxis sees the opportunity to broaden its reach to household, corporate and SME customers through selective investments and partnerships relating to access to the customers' premises including through leveraging the HSBG initiative.
- *IT transformation.* Maxis has entered into a strategic partnership with IBM to strengthen the robustness of its IT architecture, augment service capabilities through advanced customer relationship management systems and convergent billing, enhance innovation capabilities through improved service delivery platforms, and derive operational efficiencies.
- *Cost management to drive profitability and cash flows.* Maxis is making concerted efforts to further improve its productivity levels and its cost to serve customers. Maxis believes that re-engineering and reducing costs through efficient cost management and streamlined partnerships will be essential for margin preservation and to deliver strong financial performance.
- *Human capital development.* Maxis recognises the importance of an effective human resource strategy to support its growth. Consequently, Maxis has invested significantly in training its employees, including the establishment of the Maxis Training Academy, and is taking active steps to attract, nurture and develop its next generation of leaders.

Please refer to Section 7.3 of this Prospectus for further information on Maxis' business strategies and future plans.

### 3.5 Risk factors

Before investing in the Shares, prospective investors should pay particular attention to the fact that Maxis, and to a large extent its activities, are governed by the legal, regulatory and business environment in Malaysia. The business of Maxis is subject to a number of factors, many of which are outside the control of Maxis. Prior to making an investment decision, prospective investors should carefully consider, along with the other matters set forth in this Prospectus, the risks and investment considerations below. Investors should note that the following list is not an exhaustive list of all the risks that Maxis faces or risks that may develop in the future.

#### 3.5.1 Risks relating to Maxis

- (i) *Maxis is exposed to competition in the Malaysian telecommunications industry*
- (ii) *Maxis may not be able to successfully extend and/or launch existing or new products and services into new markets*
- (iii) *The telecommunications industry is subject to rapid technological change*

**3. SUMMARY (cont'd)**

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- (iv) *Maxis' success depends on the reliability of its network infrastructure*
- (v) *Maxis' growth initiatives contemplate significant investments in wireless and fixed line technologies, which may be unsuccessful or unable to compete with other companies' offerings*
- (vi) *Maxis is exposed to risks relating to its network*
- (vii) *Maxis' success depends on its ability to efficiently utilise its current spectrum as well as its ability to acquire additional spectrum*
- (viii) *Maxis' businesses depend on interconnection with other operators' networks and disruption in interconnections with those networks could jeopardise its operations*
- (ix) *Adverse changes to the terms for current interconnection agreements or failure to enter into or renew commercially acceptable interconnection agreements in the future could result in higher interconnection or other operating expenses and hinder the planned expansion of Maxis' businesses*
- (x) *Maxis' business is subject to extensive regulation and Maxis' licences and spectrum rights have fixed terms and are subject to renewal*
- (xi) *Failure to implement rollout of 3G services in accordance with the terms of the 3G spectrum assignment may result in fines or suspension or cancellation of the spectrum assignment*
- (xii) *Maxis' existing operations and planned investments require significant funding*
- (xiii) *Maxis relies on a limited number of principal suppliers*
- (xiv) *Maxis is exposed to risks relating to content downloaded or uploaded by its subscribers*
- (xv) *Control by principal shareholders*
- (xvi) *Maxis relies on sophisticated billing and credit control systems to offer and obtain payment for its services*
- (xvii) *Maxis' ability to compete effectively will depend on the availability of a skilled workforce*
- (xviii) *Maxis' operations may be disrupted if Maxis loses the services of its key management team and key personnel who possess certain functional expertise*
- (xix) *Concerns about electromagnetic radiation from mobile handsets or base stations may result in litigation or other claims against the Group*
- (xx) *Maxis' operations depend significantly on its network of dealers and distributors*
- (xxi) *There may be conflicts of interests between Maxis and its related parties*
- (xxii) *Depreciation of the Ringgit may increase Maxis' operating expenditures, capital expenditures and financing costs*

### 3. SUMMARY (cont'd)

- (xxiii) *Maxis may not be able to continue to enjoy import duty and sales tax exemptions or claim a tax deduction for certain expenses and Maxis may be required to pay stamp duty and related penalties in respect of certain services agreements and equipment lease agreements*
- (xxiv) *The ownership rights of Maxis in respect of the ducts and cables that it lays and installs on public roads and highways are uncertain*
- (xxv) *Non-compliance with Government policy on non-Malaysian beneficial ownership could result in unknown penalties*
- (xxvi) *Maxis may be unable to adequately protect its intellectual property or may face intellectual property claims that may be costly to resolve or may limit its ability to use its intellectual property in the future*
- (xxvii) *The historical combined financial information and proforma consolidated balance sheets included herein may not reflect actual financial position, results and cash flows*
- (xxviii) *Purchase price allocation in connection with the Pre-Listing Restructuring may result in changes in intangible assets and in negative net tangible assets of Maxis. Intangible assets and goodwill are subject to annual evaluations and, as a result, Maxis could be required to impair some or all of these intangible assets and goodwill*
- (xxix) *Breach of customer data protection could materially affect Maxis' reputation and business and subject Maxis to liability*
- (xxx) *Maxis is seeking significant indebtedness which may contain restrictive covenants*

#### 3.5.2 Risks relating to the Shares

- (i) *There has been no prior market for the Shares*
- (ii) *There may be a delay or failure in trading of the Shares*
- (iii) *Like other companies in the telecommunications industry, Maxis' share price may be volatile*
- (iv) *Maxis may not be able to fulfil its dividend policy in the future or realise dividends from the Subsidiaries*
- (v) *The sale or the possible sale of a substantial number of the Shares in the public market following this IPO could adversely affect the price of the Shares*
- (vi) *After giving effect to the Pre-Listing Restructuring, Maxis will be in a NTL position*

#### 3.5.3 Risks relating to Malaysia

- (i) *Developments in Asia and globally may negatively impact Maxis*
- (ii) *Political, economic and social developments or other changes in tax law or other regulations in Malaysia may adversely affect Maxis*
- (iii) *SARS, avian flu, Influenza A (H1N1) and other infectious diseases may adversely affect Maxis*

Please refer to Section 5 of this Prospectus for further information on Maxis' risk factors.

### 3. SUMMARY (cont'd)

#### 3.6 Summary of selected financial and operating data

The following selected historical audited combined financial information as at or for the years ended 31 December 2006, 31 December 2007 and 31 December 2008, and as at or for the 6 months ended 30 June 2009, has been derived from the audited combined financial statements of the Subsidiaries. As the Company was incorporated on 7 August 2009, it does not have any financial records as at 30 June 2009. Additionally, the following selected unaudited historical combined financial information for the 6 months ended 30 June 2008 has been prepared from the Subsidiaries' financial records. Prospective investors should note that Maxis' results for the 6 months ended 30 June 2009 are not necessarily indicative of the results that it will achieve for the year ending 31 December 2009. The selected historical audited and unaudited combined financial information should be read in conjunction with, the Accountants' Report in Section 13 of this Prospectus, including the Subsidiaries' audited combined financial statements and related notes, and with Section 12.2 of this Prospectus. The financial information included in this document does not reflect the Subsidiaries' financial position, results of operations and cash flows in the future, and the Subsidiaries' past operating results are not indicative of the Subsidiaries' future operating performance.

	For the year ended 31 December			For the 6 months ended 30 June	
	2006 (audited)	2007 (audited)	2008 (audited)	2008 (unaudited)	2009 (audited)
	(RM million, except percentages and per share data)				
<b>Income statement data:</b>					
Revenue	6,957.1	7,689.6	8,449.8	4,068.1	4,243.8
Interconnect expenses, USP contributions and direct cost of sales	(2,032.3)	(2,358.3)	(2,650.9)	(1,255.3)	(1,378.2)
Gross profit	4,924.9	5,331.3	5,798.8	2,812.8	2,865.6
Other income	2.0	3.6	2.7	1.4	1.9
Administrative expenses	(1,139.1)	(1,706.0)	(1,330.6)	(603.1)	(719.5)
Network operation costs	(893.2)	(888.5)	(1,223.2)	(468.2)	(592.1)
Other expenses	(29.2)	(44.1)	(38.0)	(22.0)	(22.1)
Profit from operations	2,865.4	2,696.3	3,209.8	1,720.8	1,533.7
Finance income	40.6	37.0	56.8	21.6	20.0
Finance costs	(32.4)	(45.6)	(38.9)	(21.3)	(22.0)
PBT	2,873.5	2,687.7	3,227.7	1,721.0	1,531.8
Taxation	(768.1)	(707.5)	(827.3)	(460.6)	(390.8)
PAT	2,105.4	1,980.2	2,400.4	1,260.4	1,141.0
PAT attributable to:					
Equity holders	2,105.4	1,980.2	2,400.4	1,260.4	1,141.0
Minority interest	-	-	-	-	-
	2,105.4	1,980.2	2,400.4	1,260.4	1,141.0
<b>Profit from operations includes:</b>					
Depreciation of telecommunications assets	814.0	813.3	1,092.9	434.9	554.1
Depreciation of non- telecommunications assets	54.6	59.1	56.5	28.4	30.0
Total depreciation	868.6	872.4	1,149.4	463.3	584.1
Amortisation of intangible assets and prepaid lease payments	9.0	21.4	42.8	19.4	27.9
Total depreciation and amortisation	877.6	893.8	1,192.2	482.7	612.0
Total depreciation and amortisation included in:					
Administrative expenses	84.1	105.0	130.8	61.0	76.8
Network operation costs	793.5	788.8	1,061.4	421.7	535.2



## 3. SUMMARY (cont'd)

	For the year ended 31 December			For the 6 months ended 30 June	
	2006	2007	2008	2008	2009
	(audited)	(audited)	(audited)	(unaudited)	(audited)
	(RM million, except percentages and per share data)				
<b>Other selected financial data:</b>					
<b>Cash flow data:</b>					
Cash flow from operating activities	2,517.6	3,368.3	3,221.5	1,270.6	1,080.0
Cash flow used in investing activities	(986.1)	(1,121.7)	(802.8)	(198.0)	(352.0)
Cash flow used in financing activities	(1,384.5)	(3,242.9)	(1,453.5)	(104.7)	(538.7)
Dividend	1,448.5	2,709.9	720.0	100.0	600.0
Gross profit margin (%) <sup>(1)</sup>	70.8	69.3	68.6	69.1	67.5
PBT margin (%) <sup>(2)</sup>	41.3	35.0	38.2	42.3	36.1
PAT margin (%) <sup>(3)</sup>	30.3	25.8	28.4	31.0	26.9
Gross earnings per ordinary share (sen) <sup>(4)</sup>	38.3	35.8	43.0	45.9 <sup>(6)</sup>	40.8 <sup>(6)</sup>
Net earnings per ordinary share (sen) <sup>(5)</sup>	28.1	26.4	32.0	33.6 <sup>(6)</sup>	30.4 <sup>(6)</sup>
NTA per ordinary share (sen) <sup>(7)</sup>	44.1	33.4	55.9	48.9	62.9

**Notes:**

- <sup>(1)</sup> Computed based on the gross profit over total revenue of the Subsidiaries.
- <sup>(2)</sup> Computed based on the PBT over total revenue of the Subsidiaries.
- <sup>(3)</sup> Computed based on the PAT over total revenue of the Subsidiaries.
- <sup>(4)</sup> Computed based on the PBT of the Subsidiaries divided by 7,500.0 million Shares.
- <sup>(5)</sup> Computed based on the PAT of the Subsidiaries divided by 7,500.0 million Shares.
- <sup>(6)</sup> Annualised.
- <sup>(7)</sup> Computed based on the net assets of the Subsidiaries less total intangible assets of the Subsidiaries divided by 7,500.0 million Shares. The computation does not include the goodwill or intangible assets as highlighted in Section 5.1.28 of this Prospectus.

	For the year ended 31 December			For the 6 months ended 30 June	
	2006	2007	2008	2008	2009
	(RM million)				
<b>EBITDA<sup>(1)</sup>:</b>					
PAT .....	2,105.4	1,980.2	2,400.4	1,260.4	1,141.0
Taxation .....	768.1	707.5	827.3	460.6	390.8
PBT .....	2,873.5	2,687.7	3,227.7	1,721.0	1,531.8
Finance income .....	(40.6)	(37.0)	(56.8)	(21.6)	(20.0)
Finance cost .....	32.4	45.6	38.9	21.3	22.0
Depreciation .....	868.6	872.4	1,149.4	463.3	584.1
Amortisation <sup>(2)</sup> .....	9.0	21.4	42.8	19.4	27.9
EBITDA .....	3,743.0	3,590.1	4,402.1	2,203.5	2,145.8

**Notes:**

- <sup>(1)</sup> EBITDA and the related ratios in this Prospectus are supplemental measures of Maxis' performance and liquidity and are not required by, or represented in accordance with, Malaysian GAAP. Furthermore, EBITDA is not a measure of Maxis' financial performance or liquidity under Malaysian GAAP and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with Malaysian GAAP or as alternatives to cash flow from operating activities or as measures of Maxis' liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate EBITDA differently to Maxis, limiting its usefulness as a comparative measure. The table above sets forth a reconciliation of Maxis' profit after tax to EBITDA.
- <sup>(2)</sup> Includes intangible assets and prepaid lease payments.

**3. SUMMARY (cont'd)**

The table below sets out selected unaudited operating data with respect to Maxis' mobile services, including the number of Maxis' prepaid, postpaid and wireless broadband subscriptions, monthly ARPU levels, average monthly MOU per subscription and average monthly churn rates for the periods indicated.

**Selected unaudited operating data (mobile services)**

	For the year ended 31 December			For the 6 months ended 30 June	
	2006	2007	2008	2008	2009
<b>Number of mobile subscriptions (in thousands)</b>					
Postpaid	1,623.1	1,907.3	2,503.8	2,115.0	2,727.7
Prepaid	6,440.2	7,811.6	8,590.1	8,419.1	8,523.9
Wireless broadband	4.5	46.3	140.2	101.3	171.2
Total	8,067.8	9,765.2	11,234.1	10,635.5	11,422.8
<b>Monthly ARPU (RM)</b>					
Postpaid	140.2	125.3	112.3	115.5	102.9
Prepaid	46.4	51.0	46.6	47.0	41.6
Wireless broadband	99.1	75.4	95.5	88.2	101.6
Blended	61.2	64.0	58.6	59.1	54.2
<b>Average monthly MOU per subscription (minutes)<sup>(1)</sup></b>					
Postpaid	465.4	406.2	396.1	399.7	369.2
Prepaid	92.0	124.6	131.5	136.3	112.8
Blended	156.1	178.7	184.0	186.6	171.6
<b>Average monthly churn rate<sup>(2)</sup></b>					
Postpaid	1.1%	1.2%	1.2%	1.2%	1.8%
Prepaid	6.8%	4.3%	4.3%	3.9%	4.9%
Wireless broadband	7.0%	11.9%	3.9%	3.4%	4.5%
Blended	5.4%	3.7%	3.6%	3.3%	4.2%

**Notes:**

<sup>(1)</sup> Average monthly MOU per subscription excludes roaming partner minutes but includes free minutes effective June 2007.

<sup>(2)</sup> Average monthly churn rates for postpaid, prepaid and wireless broadband subscribers exclude migration of Maxis' subscribers from one product to another.

Please refer to Sections 12 and 13 of this Prospectus for further financial information relating to Maxis.

### 3. SUMMARY (cont'd)

#### 3.7 Summary of proforma consolidated balance sheets

Maxis has prepared the proforma consolidated balance sheets below for illustrative purposes only, to show effects of the Pre-Listing Restructuring, IPO and Listing on the assumption that the events had been effected on 30 June 2009. The proforma consolidated balance sheets have been prepared on the basis set out in the notes in Section 12.5 of this Prospectus, using financial statements prepared in accordance with Malaysian GAAP and in a manner consistent with both the format of the financial statements and the accounting policies of the Subsidiaries except as disclosed in Section 12.5 of this Prospectus.

The proforma consolidated balance sheets should be read in conjunction with the Reporting Accountants' Letter and the Proforma Consolidated Balance Sheets as at 30 June 2009 and the notes thereon of Maxis Berhad as set out in Section 12.5 of this Prospectus.

	Incorporation of the Company (unaudited)	Proforma I After Pre- Listing Restructuring (unaudited) (RM million)	Proforma II After Proforma I and IPO (unaudited)
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	-	4,221.9	4,221.9
Intangible assets <sup>(1)</sup>	-	11,136.0	11,136.0
Prepaid lease payments	-	9.5	9.5
Deferred tax assets	-	97.5	97.5
<b>Total non current assets</b>	-	<b>15,464.9</b>	<b>15,464.9</b>
<b>CURRENT ASSETS</b>			
Inventories	-	129.5	129.5
Receivables, deposits and prepayments	-	790.7	790.7
Tax recoverable	-	36.8	36.8
Amounts due from related parties	-	11.7	11.7
Cash and cash equivalents	*	75.3	75.3
<b>Total current assets</b>	*	<b>1,044.0</b>	<b>1,044.0</b>
<b>LESS : CURRENT LIABILITIES</b>			
Provisions for liabilities and charges	-	56.4	56.4
Payables and accruals	-	2,063.4	2,113.4
Amounts due to related parties	-	24.9	24.9
Borrowings	-	3.4	3.4
Taxation	-	425.4	425.4
<b>Total current liabilities<sup>(2)</sup></b>	-	<b>2,573.5</b>	<b>2,623.5</b>
<b>NET CURRENT ASSETS / (LIABILITIES)<sup>(3)</sup></b>	*	<b>(1,529.5)</b>	<b>(1,579.5)</b>
<b>LESS : NON CURRENT LIABILITIES</b>			
Loan from MCB	-	4,992.0	4,992.0
Provisions for liabilities and charges	-	135.8	135.8
Borrowings	-	1.6	1.6
Loan from a related party	-	30.7	30.7
Deferred tax liabilities	-	313.8	313.8
<b>Total non current liabilities</b>	-	<b>5,473.9</b>	<b>5,473.9</b>
<b>NET ASSETS</b>	*	<b>8,461.5</b>	<b>8,411.5</b>

## 3. SUMMARY (cont'd)

	Incorporation of the Company (unaudited)	Proforma I	Proforma II
		After Pre- Listing Restructuring (unaudited) (RM million)	After Proforma I and IPO (unaudited)
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital	*	750.0	750.0
Accumulated losses	-	-	(276.3)
Merger relief <sup>(4)</sup>	-	30,440.4	30,440.4
Reserve arising from reverse acquisition <sup>(5)</sup>	-	(22,728.9)	(22,728.9)
Other reserve	-	-	226.3
<b>SHAREHOLDERS' EQUITY</b>	<b>*</b>	<b>8,461.5</b>	<b>8,411.5</b>
Net asset per Share (RM)	0.10	1.13	1.12
NTA / (NTL) (RM million)	*	(2,674.5)	(2,724.5) <sup>(6)</sup>
NTA / (NTL) per Share (RM)	0.10	(0.36)	(0.36)
<b>Number of Shares (million)</b>			
RM0.10 nominal value	*	7,500.0	7,500.0

**Notes:**

- \* The Company was incorporated on 7 August 2009. For illustrative purposes only, the Company is assumed to be incorporated on 30 June 2009 with an issued and paid-up share capital of RM0.20.
- <sup>(1)</sup> Comprises goodwill arising from the acquisition of the Subsidiaries other than Maxis Mobile Services ("Other Subsidiaries") of RM11,029.0 million, spectrum rights of RM51.3 million and handset subsidies of RM55.7 million. Spectrum rights enable Maxis to provide mobile services whilst handset subsidies are to facilitate the acquisition and retention of customers.
- <sup>(2)</sup> Included in current liabilities are the customers' deposits, advance payments and deferred income of RM419.6 million.
- <sup>(3)</sup> In comparison to the Subsidiaries' combined net current assets as at 30 June 2009 of RM767.3 million as set out in Section 13 of this Prospectus, the proforma consolidated net current liabilities as at 30 June 2009 of RM1,579.5 million comprises the following:

	(RM million)
Subsidiaries' combined net current assets as at 30 June 2009	767.3
Add: Adjustments as set out in Section II (Note 3) of Section 13 of this Prospectus and amounts due to related companies of Maxis	(491.1)
	276.2
<b>Pre-Listing Restructuring</b>	
<i>Movement in cash balances</i>	
- Cash settlement of intercompany balances as at 30 June 2009 after adjustments for Pre-Listing Restructuring as set out in Note 1.2(b) of Section 12.5 of this Prospectus	(1,514.7)
- Payment of RPS Dividends	(290.0)
- Redemption of RPS of Maxis Broadband held by BGSM	(1.0)
<b>Net Current Liabilities as per Proforma I</b>	<b>(1,529.5)</b>
IPO expenses	(50.0)
<b>Net Current Liabilities as per Proforma II</b>	<b>(1,579.5)</b>

- <sup>(4)</sup> Merger relief taken on premium on issuance of 7,500.0 million new Shares at approximately RM4.06 per Share for acquisition of the Subsidiaries.

**3. SUMMARY (cont'd)**

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- <sup>(5)</sup> Represents the difference between the issued equity of accounting acquirer, Maxis Mobile Services, and legal acquirer, the Company.
- <sup>(6)</sup> Represents the difference between the total liabilities and total tangible assets. While Maxis is in a NTL position which is presently illustrated as RM2,724.5 million (which is derived after deducting the intangible assets of RM11,136.0 million from the total net assets of RM8,411.5 million) after the IPO, more than half of its total liabilities are non-current, including loan from MCB of RM4,992.0 million. Notwithstanding that Maxis is in a proforma NTL position, Maxis has positive proforma net assets of RM8,411.5 million. In addition, the intangible assets mainly comprise goodwill of RM11,029.0 million which represents the aggregate of the net liabilities and the fair values of the Other Subsidiaries, which in turn were determined after taking into consideration, among others, the competitive strengths, business strategies and future plans of Maxis, the financial performance, operating history and proforma consolidated net assets of each of the Other Subsidiaries. The goodwill may be adjusted subject to the purchase price allocation exercise (which will occur within 1 year from the completion of the Pre-Listing Restructuring). Further, in accordance with Malaysian GAAP, Maxis will have to assess the carrying value of its intangible assets (including goodwill) at least annually for impairment and whenever there is an indication of impairment. Events that may give rise to the potential impairment of intangible assets (including goodwill) include the cessation of Maxis' mobile services business, suspension or cancellation of Maxis' licences by the Minister or obsolescence or physical damage of Maxis' operating assets. As at the Latest Practicable Date, such events have not arisen.

Please refer to Sections 12.4 and 12.5 of this Prospectus for further information on the proforma consolidated balance sheets of Maxis and for the Reporting Accountants' letter on the proforma consolidated balance sheets.

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### 3. SUMMARY (cont'd)

#### 3.8 Capitalisation and indebtedness

The following information should be read in conjunction with the Reporting Accountants' Letter and the Proforma Consolidated Balance Sheets as at 30 June 2009 and the notes thereon of Maxis Berhad and Accountants' Report set out in Sections 12.5 and 13 of this Prospectus respectively.

The table below sets out the cash and cash equivalents as well as capitalisation and indebtedness of the Subsidiaries based on the audited combined financial statements and of Maxis based on the proforma consolidated balance sheets as at 30 June 2009, on the assumption that the Pre-Listing Restructuring and IPO had occurred on 30 June 2009. There are no new Shares to be issued by Maxis or proceeds to be received by Maxis pursuant to the IPO. The proforma financial information below does not represent Maxis' actual capitalisation and indebtedness as at 30 June 2009 and is provided for information purposes only. The total indebtedness of Maxis is not guaranteed by any third party.

	As at 30 June 2009 (audited)	Proforma <sup>(1)</sup> After Pre- Listing Restructuring (unaudited)
	(RM million)	
Deposits with licensed banks, cash and bank balances	1,881.0	75.3
Current financial receivable		
- Amounts due from MCB <sup>(2)</sup>	1,011.4	-
<b>Indebtedness</b>		
<b>Short term debt</b>		
<b><u>Secured</u></b>		
- Finance lease	3.4	3.4
<b><u>Unsecured</u></b>		
- Amounts due to MCB <sup>(2)</sup>	526.2 <sup>(2)</sup>	-
Total short term debt	529.6	3.4
<b>Long term debt</b>		
<b><u>Secured</u></b>		
- Finance lease	1.6	1.6
<b><u>Unsecured</u></b>		
- Loan from MCB <sup>(2)</sup>	72.5	4,992.0 <sup>(3)</sup>
- Loan from a related party	30.7	30.7
Total long term debt	104.8	5,024.3
Total debt	634.4	5,027.7
Contingent liabilities	93.1	93.1
Total indebtedness <sup>(4)</sup>	727.5	5,120.8
Total shareholders' equity / capitalisation	N/A	8,461.5
Total capitalisation and indebtedness	N/A	13,582.3
Gearing ratio (times) <sup>(5)</sup>	N/A	0.6

**Notes:**

N/A Not applicable.

<sup>(1)</sup> Refer to the proforma consolidated balance sheet as at 30 June 2009 as set out in Section 12.4 of this Prospectus.

### 3. SUMMARY (cont'd)

- <sup>(2)</sup> All intercompany balances with MCB (other than RM4,992.0 million arising from the Pre-Listing Restructuring) were fully settled upon completion of the Pre-Listing Restructuring.
- <sup>(3)</sup> The loan from MCB of RM4,992.0 million comprises the Maxis Amount Payable of RM3,807.8 million and MB Amount Payable of RM1,184.2 million as set out in Section 6.2 of this Prospectus. The amounts due to MCB arising from the Pre-Listing Restructuring incur an interest rate of 1.5% per annum plus 3-month Kuala Lumpur Inter-bank Offered Rate. Refer to Section 6.2 of this Prospectus. Based on the 3-month Kuala Lumpur Inter-bank Offered Rate of 2.15% as published by Bank Negara Malaysia on 1 October 2009, the interest rate is 3.65% per annum. Accordingly, the expected interest charge on the amount due to MCB of RM4,992.0 million for the 3 months ending 31 December 2009 shall be RM45.6 million, based on the interest rate of 3.65% per annum.
- <sup>(4)</sup> Total indebtedness includes short term debts, long term debts and contingent liabilities.
- <sup>(5)</sup> Computed based on total debt (interest-bearing) over shareholders' equity of Maxis.

As a result of the Pre-Listing Restructuring, dividends and settlement of intercompany balances, Maxis owes MCB RM4,992.0 million, comprising Maxis Amount Payable of RM3,807.8 million and MB Amount Payable of RM1,184.2 million. This amount owed to MCB shall be repaid by Maxis on the Payment Due Date, provided that if the Company raises external debt prior to the Payment Due Date, the Company is required to pay the Maxis Amount Payable and MB Amount Payable within 5 business days upon receipt of the proceeds raised from such financing or such other date as MCB and the Company may agree in writing.

Maxis is seeking to obtain long-term external debt financing of RM5,000.0 million. In addition, Maxis has obtained, subject to the execution of definitive agreements and to the terms of the letter of offer for the same, a revolving credit facility of RM1,000.0 million from CIMB Bank Berhad for working capital and liquidity purposes should the need arise. As at the date of this Prospectus, no amount has been drawn down from the revolving credit facility of RM1,000.0 million. This will increase Maxis' leverage and result in higher interest expense when the facility is utilised in the future and may lead to higher future cost of borrowings for Maxis.

Please refer to Section 12.3 of this Prospectus for information on Maxis' capitalisation and indebtedness.

### 3.9 Principal statistics of the IPO

The IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the Offer Shares are expected to be allocated in the manner described below, subject to clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus.

#### 3.9.1 Retail Offering

*Retail Offering at the IPO Price of RM5.20 per Offer Share, payable in full upon application and subject to refund of the difference in the event the Final IPO Price is less than the IPO Price.*

The Selling Shareholder is offering 212,295,000 Offer Shares, representing 2.83% of the issued and paid-up share capital of the Company, under the Retail Offering to the following:

- (i) 4,175,000 Offer Shares, representing 0.05% of the existing issued and paid-up share capital of the Company, have been reserved for 4,175 eligible active Elite members of the Maxis One Club whose accounts are not overdue as at 30 June 2009, where eligible active Elite members have been allocated 1,000 Offer Shares each. The active Elite members of the Maxis One Club are eligible to apply for the Offer Shares if their monthly charges for the past 12 months ended 30 June 2009 are above RM1,000 per month and they have been Elite members of the Maxis One Club for at least 12 months as at 30 June 2009;

### 3. SUMMARY (cont'd)

- (ii) 6,120,000 Offer Shares, representing 0.08% of the existing issued and paid-up share capital of the Company, have been reserved for 2,142 eligible active dealers and distributors of Maxis under the categories of MEPs, Postpaid Category A dealers and Hotlink Category A & B dealers as at 30 June 2009. The criteria of allocation of the Offer Shares reserved for the eligible dealers and distributors is based on the length of relationship as a dealer and distributor of at least 24 months and dealer category as at 30 June 2009;
- (iii) 17,000,000 Offer Shares, representing 0.23% of the existing issued and paid-up share capital of the Company, are set aside under a restricted ballot for 450,000 eligible active postpaid customers of Maxis' mobile services (other than Elite members of the Maxis One Club) who have been customers of Maxis for the 4 years ended 30 June 2009 and whose accounts are not overdue as at 30 June 2009. The successful applicants will receive 1,000 Offer Shares each;
- (iv) 35,000,000 Offer Shares, representing 0.47% of the existing issued and paid-up share capital of the Company, have been reserved for the Directors, 2,811 eligible employees of Maxis who have been employees of Maxis for 1 year as at 31 August 2009 (who have not submitted their resignation as at the date of this Prospectus) and 1 of the directors of MCB. Each of the Directors has been allocated the same number of Offer Shares, i.e. 750,000 Offer Shares each, and the director of MCB has also been allocated 750,000 Offer Shares, while the allocation to the eligible employees is based on completed minimum service of 1 year as at 31 August 2009 and job grade. For details on allocation to the Directors under the preferential share allocation scheme, refer to Section 9.1.8 of this Prospectus; and
- (v) 150,000,000 Offer Shares, representing 2.00% of the existing issued and paid-up share capital of the Company, are available for application by Malaysian citizens, companies, co-operatives, societies and institutions, comprising the following:
  - (a) 75,000,000 Offer Shares, representing 1.00% of the existing issued and paid-up share capital of the Company, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions; and
  - (b) 75,000,000 Offer Shares, representing 1.00% of the existing issued and paid-up share capital of the Company, are available to Malaysian citizens, companies, co-operatives, societies and institutions.

Any Offer Shares not purchased by investors under Sections 3.9.1(i) and (ii) will be made available for application by investors under Section 3.9.1(iii). Any Offer Shares not purchased by investors under Sections 3.9.1(iii) and (iv) will be made available for application by investors under Section 3.9.1(v), with any remaining amounts thereafter underwritten by the Joint Managing Underwriters, subject to the clawback and reallocation provisions in Section 4.3.3 of this Prospectus.

Applicants who apply for the Offer Shares under Sections 3.9.1(i), (ii), (iii) or (iv), may also apply for the Offer Shares available under Section 3.9.1(v) above.



### 3. SUMMARY (cont'd)

#### 3.9.2 Institutional Offering

*Institutional Offering to investors other than the Cornerstone Investors at an Institutional Price payable in full upon allocation and determined by way of bookbuilding and to the Cornerstone Investors at the lower of RM5.20 per Offer Share and the Institutional Price payable in full.*

The Selling Shareholder is offering 2,037,705,000 Offer Shares representing 27.17% of the existing issued and paid-up share capital of the Company, under the Institutional Offering to the following:

- (i) Malaysian institutional and selected investors of which 862,500,000 Offer Shares, representing 11.50% of the existing issued and paid-up share capital of the Company is to be placed to the Bumiputera institutional and selected investors approved by MITI;
- (ii) Institutional and selected investors outside the United States in reliance on Regulation S under the US Securities Act;
- (iii) QIBs in the United States in reliance on Rule 144A or pursuant to applicable exemption from registration under the US Securities Act; and
- (iv) Cornerstone Investors.

On 20 October 2009, MCB entered into the master cornerstone placing agreement with the Cornerstone Investors whereby the Cornerstone Investors have agreed to acquire from MCB, subject to the terms of the individual cornerstone placing agreements, 626,080,000 Offer Shares at RM5.20 per Offer Share or the Institutional Price, whichever is lower. None of the Cornerstone Investors will individually acquire 5% or more of the issued and paid-up share capital of the Company under the cornerstone placing agreements.

The cornerstone placing agreements are conditional upon the Retail Underwriting Agreement, Malaysian Placement Agreement and International Placement Agreement being entered into and not having been terminated pursuant to their respective terms.

The completion of the Retail Offering and the Institutional Offering are inter-conditional and subject to the minimum subscription as set out in Section 4.3.5 of this Prospectus.

The Offer Shares are being offered by the Selling Shareholder. As at the Latest Practicable Date, the authorised share capital of the Company consists of 12,000,000,000 Shares of which 7,500,000,000 Shares have been issued and fully paid-up and rank pari passu with one another. As at the Latest Practicable Date, the Company has 1 class of shares, namely ordinary shares of RM0.10 each. No new Shares are being issued and offered by the Company under the IPO.

If the Offer Shares are not transferred pursuant to the Retail Offering and the Institutional Offering, monies paid in respect of any application for Offer Shares will be returned to applicants without interest and in accordance with the provision of sub-section 243(2) of the CMSA. The Retail Offering and Institutional Offering shall be subject to the clawback and reallocation provisions set out in Section 4.3.3 of this Prospectus.

As the Company will not be issuing any new Shares under the IPO, it will not receive any proceeds from the IPO. The Board is of the view that Maxis presently does not require additional equity funding for its business.

The proceeds from the IPO will be utilised by the Selling Shareholder for various purposes, including meeting the funding needs of its various other investments, debt repayment and distribution to its holding company, BGSM.

Please refer to Section 4 of this Prospectus for further information on details of the IPO.

### 3. SUMMARY (cont'd)

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#### 3.10 Dividend policy

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of the Board and any final dividend for the year is subject to shareholders' approval. It is the Company's intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including Maxis' earnings, capital requirements, general financial condition, the Company's distributable reserves and other factors considered relevant by the Board.

Maxis intends to adopt a policy of active capital management. It proposes to pay dividends out of cash generated by its operations after setting aside the necessary funding for network expansion and improvement and working capital needs. As part of this policy, the Company targets a payout ratio of not less than 75% of its consolidated PAT under Malaysian GAAP in each calendar year, beginning financial year ending 31 December 2010, subject to the confirmation of the Board and to any applicable law, licence and contractual obligations and provided that such distribution would not be detrimental to its cash needs or to any plans approved by its Board. Investors should note that this dividend policy merely describes the Company's present intention and shall not constitute legally binding statements in respect of the Company's future dividends which are subject to modification (including reduction or non-declaration thereof) at the Board's discretion.

As the Company is a holding company, its income, and therefore its ability to pay dividends, is dependent upon the dividends and other distributions that it receives from its subsidiaries. The payment of dividends or other distributions by the Company's subsidiaries will depend upon their operating results, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant. Dividends may only be paid out of distributable reserves. In addition, covenants in the loan agreements, if any, for the Company's subsidiaries may limit their ability to declare or pay cash dividends.

Please refer to Section 12.6 of this Prospectus for information on Maxis' dividend policy.

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## 4. DETAILS OF THE IPO

### 4.1 Opening and closing of applications

Application for the Offer Shares under the Retail Offering will open at 10.00 a.m. on 28 October 2009 and will remain open until 5.00 p.m. on 5 November 2009, or such other date or dates as the Directors, Selling Shareholder and the Majority Joint Managing Underwriters in their absolute discretion may decide.

### 4.2 Indicative timetable

The following events are intended to take place on the following dates:

Events	Date
Opening of the Institutional Offering <sup>(1)</sup> .....	23 October 2009
Opening of the Retail Offering .....	10:00 a.m., 28 October 2009
Closing of the Retail Offering .....	5:00 p.m., 5 November 2009
Closing of the Institutional Offering .....	9 November 2009
Price Determination Date .....	9 November 2009
Balloting of applications for the Offer Shares offered under the Retail Offering.....	9 November 2009
Transfer of Offer Shares to successful applicants.....	17 November 2009
Listing.....	19 November 2009

**Note:**

<sup>(1)</sup> Other than the offering to the Cornerstone Investors. The master cornerstone placing agreement for the acquisition of the Offer Shares by the Cornerstone Investors was entered into on 20 October 2009.

Applications for the Offer Shares offered under the Retail Offering will close at the time and date stated above or such other date or dates as the Directors, the Selling Shareholder and the Majority Joint Managing Underwriters in their absolute discretion may decide. The Institutional Offering commenced on 23 October 2009 and will close on the date stated above or such other date or dates as the Directors, the Selling Shareholder and the Joint Global Co-ordinators in their absolute discretion may decide.

In the event that the closing date and time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting, transfer of the Offer Shares and the Listing may be extended accordingly. Any extension will be announced in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

## 4. DETAILS OF THE IPO *(cont'd)*

### 4.3 Particulars of the IPO

The IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the Offer Shares are expected to be allocated in the manner described below, subject to clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus.

#### 4.3.1 Retail Offering

*Retail Offering at the IPO Price of RM5.20 per Offer Share, payable in full upon application and subject to refund of the difference in the event the Final IPO Price is less than the IPO Price.*

The Selling Shareholder is offering 212,295,000 Offer Shares, representing 2.83% of the issued and paid-up share capital of the Company, under the Retail Offering to the following:

- (i) 4,175,000 Offer Shares, representing 0.05% of the existing issued and paid-up share capital of the Company, have been reserved for 4,175 eligible active Elite members of the Maxis One Club whose accounts are not overdue as at 30 June 2009, whereby eligible active Elite members have been allocated 1,000 Offer Shares each. The active Elite members of the Maxis One Club are eligible to apply for the Offer Shares if their monthly charges for the past 12 months ended 30 June 2009 are above RM1,000 per month and they have been Elite members of the Maxis One Club for at least 12 months as at 30 June 2009;
- (ii) 6,120,000 Offer Shares, representing 0.08% of the existing issued and paid-up share capital of the Company, have been reserved for 2,142 eligible active dealers and distributors of Maxis under the categories of MEPs, Postpaid Category A dealers and Hotlink Category A & B dealers as at 30 June 2009. The criteria of allocation of the Offer Shares reserved for the eligible dealers and distributors is based on the length of relationship as a dealer and distributor of at least 24 months and dealer category as at 30 June 2009;
- (iii) 17,000,000 Offer Shares, representing 0.23% of the existing issued and paid-up share capital of the Company, are set aside under a restricted ballot for 450,000 eligible active postpaid customers of Maxis' mobile services (other than Elite members of the Maxis One Club) who have been customers of Maxis for the 4 years ended 30 June 2009 and whose accounts are not overdue as at 30 June 2009. The successful applicants will receive 1,000 Offer Shares each;
- (iv) 35,000,000 Offer Shares, representing 0.47% of the existing issued and paid-up share capital of the Company, have been reserved for the Directors, 2,811 eligible employees of Maxis who have been employees of Maxis for 1 year as at 31 August 2009 (who have not submitted their resignation as at the date of this Prospectus) and 1 of the directors of MCB. Each of the Directors has been allocated the same number of Offer Shares, i.e. 750,000 Offer Shares each, and the director of MCB has also been allocated 750,000 Offer Shares, while the allocation to the eligible employees is based on completed minimum service of 1 year as at 31 August 2009 and job grade. For details on allocation to the Directors under the preferential share allocation scheme, refer to Section 9.1.8 of this Prospectus; and

#### 4. DETAILS OF THE IPO (cont'd)

- (v) 150,000,000 Offer Shares, representing 2.00% of the existing issued and paid-up share capital of the Company, are available for application by Malaysian citizens, companies, co-operatives, societies and institutions, comprising the following:
  - (a) 75,000,000 Offer Shares, representing 1.00% of the existing issued and paid-up share capital of the Company, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions; and
  - (b) 75,000,000 Offer Shares, representing 1.00% of the existing issued and paid-up share capital of the Company, are available to Malaysian citizens, companies, co-operatives, societies and institutions.

Any Offer Shares not purchased by investors under Sections 4.3.1(i) and (ii) will be made available for application by investors under Section 4.3.1(iii). Any Offer Shares not purchased by investors under Sections 4.3.1(iii) and (iv) will be made available for application by investors under Section 4.3.1(v), with any remaining amounts thereafter underwritten by the Joint Managing Underwriters, subject to the clawback and reallocation provisions in Section 4.3.3 of this Prospectus.

Applicants who apply for the Offer Shares under Sections 4.3.1(i), (ii), (iii) or (iv), may also apply for the Offer Shares available under Section 4.3.1(v) above.

#### 4.3.2 Institutional Offering

*Institutional Offering to investors other than the Cornerstone Investors at an Institutional Price payable in full upon allocation and determined by way of bookbuilding and to the Cornerstone Investors at the lower of RM5.20 per Offer Share and the Institutional Price.*

The Selling Shareholder is offering 2,037,705,000 Offer Shares, representing 27.17% of the existing issued and paid-up share capital of the Company, under the Institutional Offering to the following:

- (i) Malaysian institutional and selected investors of which 862,500,000 Offer Shares, representing 11.50% of the existing issued and paid-up share capital of the Company, is to be placed to the Bumiputera institutional and selected investors approved by MITI;
- (ii) Institutional and selected investors outside the United States in reliance on Regulation S under the US Securities Act;
- (iii) QIBs in the United States in reliance on Rule 144A or pursuant to applicable exemption from registration under the US Securities Act; and
- (iv) Cornerstone Investors.

On 20 October 2009, MCB entered into the master cornerstone placing agreement with the Cornerstone Investors whereby the Cornerstone Investors have agreed to acquire from MCB, subject to the terms of the individual cornerstone placing agreements, 626,080,000 Offer Shares at RM5.20 per Offer Share or the Institutional Price, whichever is lower. None of the Cornerstone Investors will individually acquire 5% or more of the issued and paid-up share capital of the Company under the cornerstone placing agreements.

The cornerstone placing agreements are conditional upon the Retail Underwriting Agreement, International Placement Agreement and Malaysian Placement Agreement being entered into and not having been terminated pursuant to their respective terms.

#### 4. DETAILS OF THE IPO (cont'd)

In summary, the Offer Shares will be allocated in the following manner:

Categories	Offer for Sale	
	No. of Offer Shares	% of existing share capital
<b>Retail Offering:</b>		
Eligible customers	21,175,000	0.28%
Eligible dealers and distributors	6,120,000	0.08%
Eligible employees, Directors and directors of MCB	35,000,000	0.47%
Malaysian public:		
- Bumiputera	75,000,000	1.00%
- Non-Bumiputera	75,000,000	1.00%
	212,295,000	2.83%
<b>Institutional Offering<sup>(1)</sup>:</b>		
Bumiputera investors approved by MITI	862,500,000	11.50%
Other investors	1,175,205,000	15.67%
	2,037,705,000	27.17%
<b>Total</b>	<b>2,250,000,000</b>	<b>30.00%</b>

**Note:**

<sup>(1)</sup> This includes 626,080,000 Offer Shares, representing 8.35% of the existing share capital of the Company, to be acquired by Cornerstone Investors.

The completion of the Retail Offering and the Institutional Offering are inter-conditional and subject to the minimum subscription as set out in Section 4.3.5 of this Prospectus.

#### 4.3.3 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

- (i) If the Offer Shares allocated to the Bumiputera investors approved by MITI are not fully taken up by the said Bumiputera investors, the Offer Shares which are not taken up will be made available to the other institutional investors in the manner approved by the relevant authorities;
- (ii) Subject to Section 4.3.3(i) above and in the event of an over-application in the Retail Offering and a corresponding under-application in the Institutional Offering (other than the offering to investors approved by MITI), the Offer Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iii) If there is an under-application in the Retail Offering and there is a corresponding over-application in the Institutional Offering, the Offer Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

The clawback and reallocation shall not apply in the event of over-application in both the Retail Offering and the Institutional Offering.

#### 4. DETAILS OF THE IPO (cont'd)

##### 4.3.4 Classes of Shares and ranking

As at the Latest Practicable Date, the Company has 1 class of shares, namely ordinary shares of RM0.10 each. The Offer Shares rank equally in all respects with the other existing issued and paid-up Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Offer Shares.

##### 4.3.5 Minimum subscription

There is no minimum subscription in terms of the proceeds to be raised by the Selling Shareholder. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of shares to be acquired will be the number of Shares required to be held by public shareholders for the Company to comply with public spread requirements as per the Listing Requirements or as approved by Bursa Securities.

#### 4.4 Basis of arriving at the price of the Offer Shares

##### 4.4.1 IPO Price

The IPO Price of RM5.20 per Offer Share was determined and agreed upon between the Directors, the Selling Shareholder, the Principal Adviser, the Joint Managing Underwriters and the Joint Global Co-ordinators and Joint Bookrunners after taking into consideration the following factors:

- (i) Maxis' financial performance and operating history as described in Sections 12 and 13 of this Prospectus; and
- (ii) Maxis' competitive strengths, business strategies and future plans as outlined in Sections 7.2 and 7.3 of this Prospectus.

The Final IPO Price will be determined after the Institutional Price is fixed on the Price Determination Date, and will be the lower of:

- (i) the IPO Price of RM5.20 per Offer Share; and
- (ii) 95.0% of the Institutional Price,

subject to rounding to the nearest sen.

Prospective retail investors should be aware that the Final IPO Price will not, in any event, be higher than the IPO Price of RM5.20 per Offer Share nor lower than the par value of the Shares.

The Final IPO Price and the Institutional Price are expected to be announced within 2 Market Days from the Price Determination Date in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia. In addition, all successful applicants will be given written notice of the Final IPO Price and the Institutional Price, together with the notices of allotment.

Applicants should also note that the market price of the Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the price of the Shares.

#### 4. DETAILS OF THE IPO (cont'd)

##### 4.4.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective investors will be invited to bid for portions of the Institutional Offering by specifying the number of Offer Shares that they would be prepared to acquire and the price that they would be prepared to pay for the acquisition. This bookbuilding commenced on 23 October 2009 and will end on 9 November 2009, or such other date or dates as the Directors, Selling Shareholder and the Joint Global Co-ordinators in their absolute discretion may decide. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by the Company and the Selling Shareholder in consultation with the Joint Bookrunners on the Price Determination Date.

##### 4.4.3 Price of Offer Shares acquired by Cornerstone Investors

The price payable by the Cornerstone Investors for the Offer Shares has been determined on a negotiated basis based on the Institutional Price, after taking into consideration the commitment provided by the Cornerstone Investors in acquiring the Offer Shares prior to the commencement of the Institutional Offering and the lock-up agreed by the Cornerstone Investors as set out in Section 4.9.2(iii) of this Prospectus.

##### 4.4.4 Refund mechanism

In the event that the Final IPO Price is lower than the IPO Price, the difference will be refunded without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address stated in the Application Form or to the address as stated in Bursa Depository's records for applications made via the Electronic Share Application and Internet Share Application, of the successful applicants, within 10 Market Days from the date of the final ballot of applications, at the successful applicants' own risk.

##### 4.4.5 Expected market capitalisation

Based on the IPO Price of RM5.20 per Offer Share, the total market capitalisation of the Company upon the Listing is estimated at RM39.0 billion.

#### 4.5 Purposes of the IPO

The objectives of the IPO are as follows:

- (i) to obtain listing of and quotation for the 7,500.0 million Shares on the Main Market;
- (ii) to enable the Company to access the equity capital market in the future to give Maxis the financial flexibility to pursue growth opportunities;
- (iii) to enhance Maxis' profile;
- (iv) to establish the liquidity of the Shares; and
- (v) to provide an opportunity for the investing community to participate in the future performance of the Company by way of equity participation.



#### 4. DETAILS OF THE IPO (cont'd)

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##### 4.6 Utilisation of proceeds

As the Company will not be issuing any new Shares under the IPO, it will not receive any proceeds from the IPO. The Board is of the view that Maxis presently does not require additional equity funding for its business.

The proceeds from the IPO will be utilised by the Selling Shareholder for various purposes, including meeting the funding needs of its various other investments, debt repayment and distribution to its holding company, BGSM.

##### 4.7 Estimated expenses of the IPO

The expenses of the IPO to be borne by Maxis are estimated to be RM50.0 million, which are expected to comprise estimated professional fees of RM32.8 million and estimated miscellaneous expenses (such as printing, advertising and traveling expenses) of RM17.2 million. The Selling Shareholder will be bearing its own professional fees and miscellaneous expenses in respect of the IPO estimated to amount to RM5.6 million, as well as the brokerage, underwriting commission and placement fee as set out in Section 4.8 of this Prospectus.

##### 4.8 Brokerage, underwriting commission and placement fee

- 4.8.1 The Selling Shareholder will pay brokerage in respect of the sale of the Offer Shares pursuant to the Retail Offering at the rate of 1.0% of the Final IPO Price in respect of successful applications which bear the stamp of the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or MIH. The Joint Global Co-ordinators, Joint Bookrunners and Lead Managers are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, brokerage commission under the Institutional Offering will not be payable by the Company.
- 4.8.2 As stipulated in the Retail Underwriting Agreement, the Selling Shareholder will pay the Joint Managing Underwriters an underwriting commission of 2.25% of the amount equal to the IPO Price multiplied by the Offer Shares underwritten pursuant to the Retail Offering ("**Retail Offering Proceeds**").
- 4.8.3 The Selling Shareholder will pay the relevant placement managers a placement fee and selling commission of between 2.25% and 2.50% and a discretionary fee of up to 0.50% of the amount equal to the Institutional Price multiplied by the Offer Shares sold pursuant to the Institutional Offering to institutional and selected investors outside Malaysia.
- 4.8.4 The Selling Shareholder will pay the relevant placement managers a placement fee and selling commission of between 2.25% and 2.50% and a discretionary fee of up to 0.50% of the amount equal to the Institutional Price multiplied by the Offer Shares sold pursuant to the Institutional Offering to institutional and selected investors in Malaysia including Bumiputera investors approved by MITI.

#### 4. DETAILS OF THE IPO (cont'd)

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### 4.9 Underwriting and lock-up arrangements

#### 4.9.1 Underwriting

The Company has entered into the Retail Underwriting Agreement with the Joint Managing Underwriters to severally but not jointly underwrite 212,295,000 Offer Shares under the Retail Offering ("**Underwritten Shares**") subject to clawback and reallocation provisions set out in Section 4.3.3 of this Prospectus, for the underwriting commission set out above in Section 4.8.2 of this Prospectus.

Subject to certain conditions precedent, CIMB and RHB Investment Bank Berhad have agreed to underwrite 63,688,500 Offer Shares each while AmlInvestment Bank Berhad and Maybank Investment Bank Berhad have agreed to underwrite 42,459,000 Offer Shares each.

The Majority Joint Managing Underwriters may elect to treat the following as releasing and discharging all the Joint Managing Underwriters of their obligations under the Retail Underwriting Agreement:

- (i) any breach by the Selling Shareholder or the Company of any representation, warranty or undertaking contained in or in connection with the Retail Underwriting Agreement, which is not capable of remedy or not remedied within 15 days from the receipt of notice of such breach being given by CIMB (as the coordinator of the Joint Managing Underwriters) to the Selling Shareholder or the Company, or by the closing of the Retail Offering, whichever is earlier;
- (ii) there is failure on the part of the Selling Shareholder or the Company to perform any of their respective obligations contained in the Retail Underwriting Agreement. The obligations of the Selling Shareholder and the Company under the Retail Underwriting Agreement are several and not joint;
- (iii) there is withholding of information of a material nature from the Joint Managing Underwriters which is required to be disclosed pursuant to the Retail Underwriting Agreement which, in the opinion of the Joint Managing Underwriters, would have a material adverse effect on Maxis' business or operations or on the success of the IPO;
- (iv) there is any material and adverse change in the business or financial condition of Maxis as a whole;
- (v) the closing of the Retail Offering does not occur within 60 days from the date of this Prospectus, subject to such extension which may be agreed between the Company, the Selling Shareholder and the Majority Joint Managing Underwriters;

#### 4. DETAILS OF THE IPO (cont'd)

- (vi) upon the occurrence of any of the following events including:
- (a) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Majority Joint Managing Underwriters is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market) on the value or price of the Offer Shares or a material adverse effect on the Listing or the IPO. For the avoidance of doubt, and without prejudice to the foregoing, if the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
    - (aa) on or after the date of of the Retail Underwriting Agreement; and
    - (bb) prior to the close of the Retail Offering,
 

lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least 3 Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition;
  - (b) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by a court or authority which has or likely to have material adverse effect on Maxis, as a whole;
  - (c) any force majeure events, which is any event or series of events beyond the reasonable control of any of the Joint Managing Underwriters;
  - (d) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities for more than 3 consecutive Market Days due to exceptional financial circumstances or otherwise; or
  - (e) any government requisition or occurrence of other nature which is likely to have a material and adverse effect on the business and/or financial position of Maxis, taken as a whole, or the success of the IPO;
- (vii) in the event the Listing is withdrawn, not procured or procured but subject to conditions which are not acceptable to CIMB, acting reasonably (as the coordinator of the Joint Managing Underwriters);
- (viii) the SC or any other relevant regulatory authority issues an order pursuant to Malaysian laws such as to make it, in the opinion of the Joint Managing Underwriters, impracticable to market the IPO or to enforce contracts to transfer the Offer Shares; or
- (ix) either the Malaysian Placement Agreement or International Placement Agreement are terminated or rescinded in accordance with the terms thereof.

The Offer Shares under the Institutional Offering are underwritten by the placement managers as set out in the Malaysian Placement Agreement and the International Placement Agreement in respect of settlement risk.

**4. DETAILS OF THE IPO (cont'd)**

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**4.9.2 Lock-up arrangements**

- (i) The Company has entered into a lock-up agreement under which the Company agrees not to, without the prior written consent of the Joint Global Co-ordinators, (a) issue, allot, sell, offer to sell, contract or agree to sell, hypothecate, pledge, mortgage, charge, assign, grant any option to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, any Shares or any other securities of the Company that are substantially similar to Shares (or any interest therein or in respect thereof), or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, (b) enter into any swap, transaction or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of the Company that are substantially similar to Shares, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (c) publicly announce an intention to effect any transaction specified in (a) or (b), except, in all cases, pursuant to the IPO, or for the grant of any Option (or allotment and/or issue of any Shares thereunder) pursuant to the ESOS, for a period commencing from the date of Listing until 180 days from the date of Listing;
- (ii) MCB has entered into a lock-up agreement under which it undertakes not to, without the prior written consent of the Joint Global Co-ordinators, (a) sell, offer to sell, contract or agree to sell, hypothecate, pledge, mortgage, charge, assign, grant any option to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, any Shares or any other securities of the Company that are substantially similar to Shares (or any interest therein or in respect thereof), or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, (b) enter into any swap, transaction or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of the Company that are substantially similar to Shares, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (c) publicly announce an intention to effect any transaction specified in (a) or (b), except, in all cases, pursuant to the IPO, for a period commencing from the date of Listing until 180 days from the date of Listing; and
- (iii) The Cornerstone Investors are subject to lock-up arrangements pursuant to which they agreed not to dispose the Offer Shares acquired pursuant to their respective cornerstone placing agreements (as well as any other Shares or other securities of the Company which are derived from such Offer Shares) for a period of 6 months following the date of Listing except with the prior written consent of the Company, MCB and the Joint Global Co-ordinators.

#### 4. DETAILS OF THE IPO (cont'd)

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##### 4.10 Trading and settlement in secondary market

Upon Listing, the Offer Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS (which is operated by Bursa Depository), which will be effected in accordance with the rules of Bursa Depository and the provisions of the SICDA as amended from time to time. Accordingly, the Company will not deliver share certificates to the purchasers of the Offer Shares.

Beneficial owners of Shares are required under the rules of Bursa Depository to maintain the Shares in CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Records of Depositors maintained by Bursa Depository will be treated as the shareholders of the Company in respect of the number of Shares credited to their respective securities accounts.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

All Shares held in CDS accounts may not be withdrawn from CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List of Bursa Securities;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares shall trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that the Offer Shares will not commence trading on Bursa Securities until approximately 9 Market Days after the close of the Retail Offering. Holders of the Shares will not be able to sell or otherwise deal in the Shares (except by way of book-entry transfers to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

## 5. RISK FACTORS

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*Before investing in the Shares, prospective investors should pay particular attention to the fact that Maxis, and to a large extent its activities, are governed by the legal, regulatory and business environment in Malaysia. The business of Maxis is subject to a number of factors, many of which are outside the control of Maxis. Prior to making an investment decision, prospective investors should carefully consider, along with the other matters set forth in this Prospectus, the risks and investment considerations below. Investors should note that the following list is not an exhaustive list of all the risks that Maxis faces or risks that may develop in the future.*

### 5.1 Risks relating to Maxis

#### 5.1.1 *Maxis is exposed to competition in the Malaysian telecommunications industry*

The market for telecommunications services in Malaysia is highly competitive. Increasing competition in the Malaysian telecommunications industry has had, and is expected to continue to have, a significant impact on Maxis' financial condition and results of operations. Telecommunications service providers compete for customers in a number of different areas including the services and features offered, customer service and price, while in the mobile telecommunications sector, service providers also compete for customers in the areas of the technical quality of the wireless system, network coverage and capacity. In addition, the telecommunications industry in Malaysia is experiencing technological changes, evolving industry standards, liberalisation and changes in customers' preferences. Competition in the telecommunications industry in Malaysia may increase as a result of industry consolidation, the entry of new competitors, regulations, foreign investment in existing competitors, and the development of new technologies, products and services. In particular, in addition to Celcom and Maxis, 2 operators have commenced commercial operations of their 3G services, namely U Mobile and DiGi, creating additional competition for Maxis, in particular in the provision of advanced data services. Further, Maxis competes for inbound roaming customers and any downward pressure on roaming prices may adversely affect roaming revenues and margins.

Under the current telecommunications laws in Malaysia, mobile operators are obliged to provide their customers with number portability, which allows customers of mobile services to retain their existing number when changing from one operator to the other. Number portability decreases the hurdles for mobile customers to switch to another operator and could lead to increased churn rates and increased customer acquisition costs.

In addition to competitors within the telecommunications sector, Maxis has identified other sources of potential competition. Firstly, internet-based carriers, such as Google Voice, Yahoo Voice and Skype, allow users to make calls, send SMS, and offer other advanced features such as the ability to route calls to multiple handsets and access to internet services. Secondly, MVNOs which are service providers that purchase network capacity from mobile network operators on a wholesale basis and provide mobile services to their customers. Thirdly, there are 4 companies which have been awarded WiMAX spectrum by the Government. They are in various stages of rolling out their network and services. WiMAX is a technology that provides high-speed wireless transmission of data that competes with Maxis' HSDPA wireless broadband technology. Finally, competitors with last mile access to customers may offer products and services which can compete with Maxis. For instance, TM is investing in the HSBB Project with last mile access. TM and other operators may use HSBB to offer voice, data and content access services in direct competition with Maxis' services. While the Commission has announced that HSBB will offer open access to the other providers, including Maxis, there can be no assurance that the wholesale prices and other terms will be economically attractive to Maxis.

**5. RISK FACTORS (cont'd)**

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Any of these alternative providers may offer pricing and service packages which Maxis is unable to compete. As such, there can be no assurance that the emergence of such new competitors will not have a material adverse impact on Maxis' results of operations and financial condition. See Section 5.1.5 of this Prospectus.

Competition from existing and new operators has resulted in, and is expected to continue to result in, greater price competition in the telecommunications market, with operators lowering monthly access fees and tariffs, providing substantial mobile device or tariff subsidies to their customers and offering more attractive product and service packages, resulting in a higher churn rate, lower ARPU, slower growth in total customers and increased customer acquisition cost. In order to minimise the impact of increased competition on Maxis' financial position and results of operations, Maxis' key strategies have been, and will continue to be, the management of mobile subscriber churn and the maintenance of a low cost structure, the continued focus on high-value customers through Maxis' branding and marketing strategies, maintenance of a loyal customer base through customer service and loyalty programmes and providing high quality mobile services and extensive network coverage. There can be no assurance however that these or other strategies will prove effective in avoiding any material adverse effects on Maxis' future growth and profitability, and there can be no assurance that the level of existing and future competition will not adversely affect the results of operations and financial condition of Maxis.

**5.1.2 Maxis may not be able to successfully extend and/or launch existing or new products and services into new markets**

As part of its strategy, Maxis intends to introduce, and to continue to develop, a number of products, services and service experiences for its customers, particularly in the areas of data and broadband. There is no assurance that Maxis will be able to successfully extend and/or launch existing or new products and services into new markets.

There is a risk that Maxis may not identify consumer trends correctly, or that any new product or service it launches will not be provided on a cost-effective basis or on a price-competitive basis because of Maxis' misreading of consumer demand or sentiment. These risks exist in particular with Maxis' anticipated future growth drivers in the communications area such as data services or other advanced technologies (including 3G services) and new handsets such as the Apple iPhone™. Procuring and marketing a new product is costly, and with no assurance that Maxis will predict trends correctly, there can be no assurance that a misjudgement will not adversely affect the results of operations and financial condition of Maxis.

## 5. RISK FACTORS *(cont'd)*

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### **5.1.3 *The telecommunications industry is subject to rapid technological change***

The telecommunications industry is subject to rapid and ongoing technological changes. Wireless technology, satellite-based personal communications services, private and shared radio networks, internet telephony, fixed line broadband and other communications services that have the technical capability to handle voice, data and content access services compete with Maxis' businesses. Emerging and future technological changes may adversely affect the viability or competitiveness of Maxis' businesses. There can be no assurance that Maxis will be successful in responding in a timely and cost-effective way to these developments. Furthermore, changing market demand and future high bandwidth requirements may require Maxis to adopt new wireless or fixed line technologies that could render many of the technologies that it is currently implementing or has implemented less competitive or obsolete. In addition, Maxis may need to incur substantial capital expenditure to explore and test emerging industry standards (such as Long Term Evolution (LTE) or Evolved High-Speed Packet Access (HSPA+)) or implement technological advances to integrate the new technologies with existing technology. Maxis may not be awarded any licences or spectrum that may be required or necessary to make use of such technologies and may not be able to obtain financing that may be required to implement such new technologies on terms that are favourable to Maxis or at all.

Further, Maxis may choose new technologies that may prove to be unprofitable, inadequate or incompatible with the customers' devices or the technologies developed by other carriers. In addition, competitors may implement new technologies before Maxis, allowing these competitors to provide lower priced, enhanced or better quality services than those which Maxis provides, which could have a material adverse effect on Maxis' ability to compete effectively. Maxis may not be successful in modifying and modernising its network infrastructure in a timely and cost effective manner to facilitate integration and innovation, which could have a material adverse effect on Maxis' quality of services, business, prospects, results of operations and financial condition.

### **5.1.4 *Maxis' success depends on the reliability of its network infrastructure***

Maxis provides mobile, fixed line and international gateway services over networks that rely to varying degrees on a common core network. The provision of services by Maxis depends on the reliability of this integrated network. Any failure of this integrated network that results in a major interruption in operations or provision of any service over prolonged periods could diminish the value of Maxis' brand, reduce its ability to attract and retain customers and could have a material adverse effect on its results of operations and financial condition. Maxis has built in some degree of diversity and resiliency into its network through decentralisation and duplication of critical components to provide diversity of the transmission trunk network at the outset. Notwithstanding these measures, Maxis' network is potentially vulnerable to damage or interruptions in operation due to natural disasters, fire, power loss, telecommunications failures, network software flaws, transmission cable cuts, breaches of security and similar events.

Radio frequency interference as a result of various factors, including out-of-band emissions from other domestic wireless operators, illegal radio frequency transmitters or jammers, co-channel interference from neighbouring countries, or emissions from equipment not complying with spectrum band plan requirements may have an impact on the quality of services of Maxis' network. This may have a direct impact on Maxis' reputation for service reliability and quality. Any consequential decrease in subscriptions or network usage as a result of this could have a material adverse effect on Maxis' results of operations and financial condition.



## 5. RISK FACTORS (cont'd)

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In June 2008, one of Maxis' MSCs in Kota Kinabalu, Sabah malfunctioned, resulting in a state-wide service disruption which lasted for one day, and a partial service disruption which lasted for 3 days. A MSC is a primary service delivery node for GSM service, responsible for handling voice calls and SMS as well as other services. The failure of the MSC in Kota Kinabalu, Sabah resulted in interruptions in service for approximately 242,000 customers, and may have resulted in some subscribers discontinuing their subscriptions with Maxis. There can be no assurance that Maxis' MSCs or other critical network equipment will not fail in the future, with corresponding interruption in service. Such interruptions may have a direct impact on Maxis' revenue and may also adversely impact Maxis' reputation for reliability, with consequent adverse effects on Maxis' ability to retain existing customers or attract new customers, which could in turn affect Maxis' results of operations and financial condition.

### **5.1.5 Maxis' growth initiatives contemplate significant investments in wireless and fixed line technologies, which may be unsuccessful or unable to compete with other companies' offerings**

Maxis believes that there are significant growth opportunities in new technologies, particularly for the provision of broadband services in Malaysia. In order to benefit from this growth, Maxis expects to make significant investments in the rollout of its network and in HSDPA technologies. The success of these investments and the potential financial returns thereof will depend on various factors including, among others, future customer adoption, price affordability, spectrum availability and quality of services. In addition, Maxis' wireless broadband products may compete directly with products provided through other platforms and technologies which may prove to be better adapted to customer needs and more efficient in the long term.

In 2007, several companies were allocated spectrum to offer WiMAX services in Malaysia. WiMAX is a technology that provides high-speed wireless transmission of data and is a technology that competes with Maxis' HSDPA wireless broadband technology for the provision of wireless broadband services. Furthermore, pursuant to a partnership agreement with the Government, TM is expected to invest in HSBB over the next decade. Although HSBB is not a wireless technology, it is expected to allow TM to deliver high-speed broadband services through its HSBB infrastructure network. Part of Maxis' strategy involves Maxis leveraging on the HSBB initiative in providing its services. There can be no assurance that Maxis will also be able to access the HSBB on terms that would enable it to be competitive in providing its services.

In addition, there can be no assurance that Maxis' investments in broadband technology will be successful, nor can there be any assurance that its broadband technology will be able to compete with alternative broadband products available in Malaysia. Such failures could adversely affect Maxis' results of operations and financial condition.

### **5.1.6 Maxis is exposed to risks relating to its network**

Maxis operates a digital mobile network in Malaysia that utilises GSM and extended GSM 900, GSM 1800 and W-CDMA 2100 frequencies. Maxis' ability to maintain or increase its customer base is dependent in part on its ability to expand and upgrade its network on a timely basis. One of Maxis' key strategies is to continue to focus on network investments to improve its network quality, coverage, capacity and capabilities. The continued expansion and upgrading of its network are subject to risks and uncertainties, including the ability to procure the permission from the relevant local authorities to install a sufficient number of suitably located base station sites, as well as to retain and maintain the existing sites.

## 5. RISK FACTORS (cont'd)

Maxis has experienced local opposition to the building of certain base stations including because of concerns about alleged health risks and environmental factors. As a result of such opposition, Maxis has in some instances been required by the local authorities to remove or relocate certain base stations.

Besides the requirement to remove or relocate certain base stations, new policies or guidelines from state and local governments on tower site leasing arrangements could be imposed. Such policies and guidelines may provide that the establishment and operation of tower sites may only be carried out by certain companies approved by the relevant state authorities and that operators will have to lease the tower sites from such companies. There can be no assurance that such policies or guidelines will not result in increased site operating costs for Maxis.

In the past, local tower companies or agencies have sought to acquire Maxis' towers and lease back these towers to Maxis or for Maxis to decommission its towers or rooftop infrastructure and move to use other towers or rooftop locations in order to operate its services. There can be no assurance that any such sale and leaseback for towers sold, or new leases in the case of site relocation, would be on favourable terms to Maxis. Such an arrangement would impair Maxis' ability to expand or maintain its network in the affected areas.

Further, given the rapid deployment of base station sites required to support network growth, Maxis has in the past installed a significant number of base stations while pending submission to or approval from the local authorities. This is in line with common practice among mobile operators in Malaysia given the lead time generally required for the approvals. The lack of approvals has in certain cases resulted in the local authorities issuing notices and dismantling the base station sites which were then relocated. There can be no assurance that actions by the local authorities in issuing notices and/or dismantling the base station sites will not delay or disrupt the operation and installation of base stations, which could have an adverse effect on Maxis' business and operations.

As at 1 October 2009, Maxis was in receipt of notifications from local authorities to dismantle its base stations on 38 base station sites located in the Klang Valley and Penang out of its 6,291 base station sites nationwide.

There can be no assurance that Maxis will not receive similar notifications in the future. Maxis believes that the dismantling of these base stations may result in poor network quality and potential loss of reputation among customers in the affected locations. Dismantling may adversely affect Maxis' network coverage, and therefore may adversely affect Maxis' results of operations and financial condition.

In addition, Maxis relies on third parties for the construction of its towers, and there can be no assurance that such third parties will continue to construct towers that are constructed on a timely basis, or on commercially favourable terms or at all.

### **5.1.7 Maxis' success depends on its ability to efficiently utilise its current spectrum as well as its ability to acquire additional spectrum**

One of the measures of a mobile system's capacity is the amount of radio frequency spectrum available for use by the system. The Commission is responsible for the overall allocation of spectrum in Malaysia. Refer to Section 7.22 of this Prospectus. Maxis operates a digital mobile network in Malaysia that utilises GSM and extended GSM 900, GSM 1800 and W-CDMA 2100 frequencies.

## 5. RISK FACTORS *(cont'd)*

The provision of wireless broadband services in particular requires significant available spectrum. If Maxis is not able to continue to utilise its spectrum capacity efficiently and successfully or in a timely manner, or if it cannot finance the requisite incremental capital expenditure to utilise such spectrum capacity successfully as and when needed, or obtain additional spectrum from the Commission for future broadband growth, it may experience difficulty in attracting and retaining customers. This could have a material adverse effect on Maxis' results of operations and financial condition. In addition, if Maxis' mobile customer base should grow significantly larger, particularly in high density areas, there can be no assurance that current spectrum will continue to be sufficient to maintain service quality, or that Maxis will not be required to make greater capital expenditures in order to maintain and improve service quality based on its current spectrum capacity.

### **5.1.8 *Maxis' businesses depend on interconnection with other operators' networks and disruption in interconnections with those networks could jeopardise its operations***

Maxis' mobile services, like those of other operators, depend to a large extent on interconnection with other telecommunications operators. Maxis' mobile network is interconnected to all other fixed and mobile operators in Malaysia, as well as certain other international fixed and mobile operators, so as to allow access to voice and data services to and from any fixed line or mobile telephone within and outside Malaysia. See Section 7.9.2 of this Prospectus. To date, Maxis has not experienced any material disruption under such interconnection arrangements. However, any disruption under such interconnection arrangements in the future as a result of natural events, accidents, failure by other operators to perform their contractual obligations or regulatory, technological, competitive or other reasons could cause service disruptions, which could have a material adverse effect on Maxis' business and operations.

### **5.1.9 *Adverse changes to the terms for current interconnection agreements or failure to enter into or renew commercially acceptable interconnection agreements in the future could result in higher interconnection or other operating expenses and hinder the planned expansion of Maxis' businesses***

Adverse changes to the terms of Maxis' interconnection agreements with other operators or failure to reach or renew agreements on commercially acceptable terms with other operators could result in higher interconnection or other operating expenses. In addition, the terms of future interconnection agreements may not be commercially acceptable to Maxis.

In certain cases, Maxis does not have direct connectivity to its customers' premises and will need to obtain access to those premises through telephone lines and cable or optical fibre systems (which in some instances belong to local fixed line telephony companies). If Maxis is unable to reach or renew agreements on commercially acceptable terms with those owners, the planned expansion of its businesses will be hindered and it may not be able to compete successfully.

### **5.1.10 *Maxis' business is subject to extensive regulation and Maxis' licences and spectrum rights have fixed terms and are subject to renewal***

The ownership, construction, operation and provision of telecommunications systems and services and the allocation of frequency spectrum in Malaysia are subject to extensive regulation and supervision by the Commission and the Minister. Maxis operates its businesses pursuant to licences and approvals that have been granted by the Minister having due regard to the recommendations of the Commission. Maxis' licences, issued under the CMA, permit Maxis to provide telecommunications services through its own network.

**5. RISK FACTORS** *(cont'd)*

The licences held by the Subsidiaries have fixed terms. See Section 7.22 of this Prospectus. Class licences expire and are renewed by way of registration on an annual basis, while majority of the individual licences will expire in September 2019. Before the terms of these licences expire, the Subsidiaries must apply to the Commission to have the licences renewed. The CMA provides for the renewal or registration, as applicable, of the licences upon expiration on the standard terms and conditions then provided by the CMA, subject to continued compliance with the terms of such licences, the CMA and any instruments thereunder. There can be no assurance that such renewals will be on the same terms as the existing licences. Any inability to obtain new licences, or delay in the renewal of existing licences, could impede Maxis' ability to provide its services and could therefore have a material adverse effect on Maxis' business and results of operations. Further, these licences and Maxis' other licences are subject to suspension or cancellation by the Minister, acting on the recommendations of the Commission under certain circumstances, including failure to comply with their terms or violation of telecommunications laws and regulations.

The Commission allocates the use of spectrum frequency through spectrum assignments and apparatus assignments. Maxis has been granted a 3G spectrum assignment which expires in April 2018. Prior to the expiry of the spectrum assignment and apparatus assignments, Maxis may apply for a renewal and the Commission may renew the assignments in accordance with the provisions of the CMA. The Commission may also suspend or cancel an assignment in certain circumstances including upon the breach of any condition contained in the assignment. Holders of assignments may be required by the Commission to vacate a spectrum frequency for purposes of reformatting for various reasons, including the introduction of services, re-alignment, migration, changes in technology, reviewing channelling plans and border coordination agreements. Under the CMA, the Minister may direct the Commission to develop procedures for the compulsory acquisition of assignments in a determined spectrum. The Commission may pay a reasonable amount of compensation to the assignment holder whose assignment has been acquired prior to its expiry. No compensation may be payable if an assignment is not renewed.

The Commission is also expected to commence an industry-wide costing study in 2009 to seek industry feedback relating to the establishment of new access prices for certain regulated services. If adverse fee changes are introduced by the Commission, Maxis' results of operations and financial condition could be adversely affected. See Section 12.2.2(iv) of this Prospectus.

Changes in laws, regulations or Commission policy affecting Maxis' business activities and those of its competitors could adversely affect Maxis' results of operations and financial condition. In particular, decisions by the Commission in the areas of the grant, amendment or renewal of licences or the assignment of spectrum to Maxis or third parties, if unfavourable to Maxis, could adversely affect Maxis' results of operations and financial condition. There can be no assurance that the Minister will not issue new or additional telecommunications licences or that the Commission will not assign or allocate new or additional spectrum or reallocate spectrum currently assigned or allocated to Maxis to new or existing mobile operators whose services will compete with those offered by Maxis.

**5. RISK FACTORS (cont'd)****5.1.11 Failure to implement rollout of 3G services in accordance with the terms of the 3G spectrum assignment may result in fines or suspension or cancellation of the spectrum assignment**

Under the terms of a 3G spectrum assignment granted to UMTS, a 75%-owned subsidiary of Maxis, UMTS is required to meet yearly minimum coverage obligations. Under the terms of the 3G spectrum assignment, UMTS must increase its 3G coverage by a certain predetermined amount each year, by installing a predetermined number of new 3G sites. In 2005, UMTS failed to reach its rollout obligation for the year, installing 406 3G sites instead of the targeted 688 3G sites. As a result, in April 2006, the Commission imposed on UMTS a fine of RM5.0 million. For 2007, the Commission extended UMTS' target to 2008. However, by the end of 2008, UMTS had installed 2,325 3G sites instead of the revised targeted 2,629 3G sites. As a result, in March 2009, the Commission imposed a fine of RM6.0 million.

There can be no assurance that Maxis' rollout of 3G services will not fail to meet the mandated targets again, and therefore there can be no assurance that Maxis will not face further fines or suspension or cancellation of its 3G spectrum assignment, any of which could have a material adverse effect on Maxis' business and operations.

**5.1.12 Maxis' existing operations and planned investments require significant funding**

Maxis' operations are capital intensive in nature. In order to continue to be competitive and provide services and technology comparable with other telecommunications providers, Maxis must continue to expand and improve its product offering and upgrade its network, which involve significant ongoing capital investment. Maxis has invested approximately RM2,930.5 million during the 3 years ended 31 December 2008 and RM357.2 million over the 6 months ended 30 June 2009 to expand and improve its network and supporting systems infrastructure. Maxis' capital commitments as at 30 June 2009 amounted to RM1,065.0 million.

Maxis has funded, and will continue to fund, such capital investments primarily from cash flows from operations, additional debt and equipment and service suppliers' credit. Maxis expects, going forward, that its operations and expansion plans will be dependent upon its ability to secure additional financing, and it is uncertain whether Maxis will be able to secure such financing on commercially favourable terms or at all. If adequate financing is not available, Maxis' business prospects will be adversely affected.

**5.1.13 Maxis relies on a limited number of principal suppliers**

Generally, the telecommunications industry in Malaysia is dependent on imports for the majority of its network components as most of the network equipment cannot be sourced locally. Maxis relies on a limited number of leading international mobile equipment manufacturers, primarily Huawei, Siemens A.G., Ericsson and Motorola and their respective Malaysian affiliates, to provide network equipment and facilities. The network equipment and facilities are for the provision and support of 2G and 3G network infrastructure and the IN.

For the year ended 31 December 2008, the vendors that accounted for more than 10% of Maxis' purchases of network equipment and associated services were Ericsson, Huawei and Nokia Siemens Networks. Motorola, Ericsson and Huawei are Maxis' major suppliers of 2G and 3G radio equipment, while its network switching system was provided by Huawei and the IN system was provided by Nokia Siemens Networks.

## 5. RISK FACTORS *(cont'd)*

In January 2009, Maxis entered into an IT partnership agreement with IBM in respect of the IT infrastructure of Maxis. See Section 7.10.2 of this Prospectus. If IBM were to become insolvent or fail to comply with its obligations or there was some other disruption to the partnership, or if Maxis were otherwise unable to realise the benefits anticipated under the agreement, Maxis' operations could be compromised or the costs incurred for such services could increase.

Maxis' operations could also be adversely affected if it were unable to obtain an adequate supply of equipment or services in a timely manner, or on commercial terms acceptable or favourable to Maxis, or if there are significant increases in the costs of such supplies or services.

A number of leading international mobile equipment manufacturers had experienced (and some continue to experience) financial difficulties which have led in some instances to their restructuring. As a consequence, Maxis may experience delays and other problems in acquiring necessary support or spare parts on commercial terms favourable to Maxis, or at all.

Maxis had purchased its softswitches manufactured by Nortel Networks Corporation ("**Nortel**") to replace its fixed network circuit switches. Softswitches are computers that connect calls from one phone service to another. They are key components in Maxis' fixed network infrastructure. Nortel continues to provide system support and services to Maxis and Maxis may purchase additional equipment from Nortel in the future. On 14 January 2009, Nortel filed for protection from creditors, in the United States under Chapter 11 of the United States Bankruptcy Code, in Canada under the Companies' Creditors Arrangement Act and in the UK under the Insolvency Act 1986. Nortel's insolvency may delay or prevent installation of the upgraded softswitches, which would adversely affect Maxis' fixed network infrastructure. If Maxis is required to source an alternative system support and maintenance arrangement or to replace the existing or equipment for the fixed network infrastructure, then it may incur further delays and significant costs. Such delays or costs may adversely affect Maxis' results of operations and financial condition.

### **5.1.14 Maxis is exposed to risks relating to content downloaded or uploaded by its subscribers**

Maxis may face claims relating to Maxis-provided content or user-generated content made available by Maxis or via Maxis websites. The claims could relate to intellectual property infringement, defamation, sedition or other offences under applicable law. Such claims could materially and adversely affect Maxis' reputation or may result in Maxis incurring substantial monetary liability by way of settlement or penalty.

### **5.1.15 Control by principal shareholders**

Upon the completion of the IPO, MCB will own 5,250.0 million Shares, representing 70% of the issued and paid-up Shares. MCB is 100%-owned and controlled by BGSM. Usaha Tegas, Saudi Telecom and Harapan Nusantara jointly control MCB, the 70% shareholder in the Company, pursuant to a shareholders' agreement in relation to BGSM. Consequently, Usaha Tegas, Saudi Telecom and Harapan Nusantara indirectly jointly control the Company. By virtue of such joint control, each of Usaha Tegas, Saudi Telecom and Harapan Nusantara will be able to influence, in a significant manner, the election of Directors and the approval of any actions requiring the approval of the Company's shareholders. The interests of MCB, Usaha Tegas, Saudi Telecom and Harapan Nusantara may collectively or individually differ from or conflict with the interests of other shareholders of the Company. Please refer to Section 9.4 of this Prospectus for information on the substantial shareholders of the Company.

**5. RISK FACTORS (cont'd)**

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**5.1.16 *Maxis relies on sophisticated billing and credit control systems to offer and obtain payment for its services***

Sophisticated billing and credit control systems are critical to Maxis' ability to increase revenue streams, avoid revenue loss, monitor costs and potential credit problems, and bill customers properly and in a timely manner. Maxis may also be affected by fraud committed by its subscribers or third parties, particularly in respect of subscription or roaming fraud. Any increase in subscription or roaming fraud could have a material and adverse effect on Maxis' financial condition and results of operations.

Maxis runs 2 data centres for its information systems providing its billing system with the ability to be back in full operation with no loss of data within 24 hours in the event of a catastrophic failure in the primary data centre. If adequate billing and credit control systems and software programmes are unavailable or if upgrades are delayed or not introduced in a timely manner or if Maxis is unable to integrate such systems and software programmes into its existing billing and credit systems, Maxis may be unable to offer certain services to its customers. In addition, Maxis may experience delayed billing or delayed delivery of bills due to postal or network disruptions which may negatively affect its cash flows, level of bad debts and other aspects of its operations.

**5.1.17 *Maxis' ability to compete effectively will depend on the availability of a skilled workforce***

As the telecommunications industry becomes increasingly competitive and liberalised, both in Malaysia and elsewhere, Maxis' success will depend to a significant extent upon, among other factors, its ability to continue to attract and retain qualified personnel. The competition for qualified employees is significant and the loss of the services of key personnel or the inability to attract new qualified personnel or to retain existing personnel could have a material adverse effect on the businesses, prospects, financial condition and results of operations of Maxis.

**5.1.18 *Maxis' operations may be disrupted if Maxis loses the services of its key management team and key personnel who possess certain functional expertise***

There is no assurance that Maxis will be able to retain the members of the key management team and key personnel who possess certain functional expertise. If one or more of these personnel are unable or unwilling to continue in their present positions, or if they join a competitor or form a competing company, Maxis may not be able to replace them easily. Maxis' business may be significantly disrupted and its financial condition and results of operations may be materially and adversely affected. There can be no assurance that Maxis will be able to attract or retain the relevant personnel that it has or will need to achieve its business objectives.

**5.1.19 *Concerns about electromagnetic radiation from mobile handsets or base stations may result in litigation or other claims against the Group***

Research reports have in the past suggested that radio emission from mobile handsets might have an adverse effect on the health of mobile telephone users and others. Such concerns have adversely affected share prices of certain mobile telecommunications companies in the United States in the past. Although the findings in such reports are disputed, the issuances of such reports in the future could adversely affect the market price of the shares of mobile operators, including Maxis, and the actual or perceived risk of wireless telecommunications devices could adversely affect mobile operators such as Maxis through reduced customer growth, reduction in customers, reduced usage per customer or increased costs arising from the location or relocation of base stations.

## 5. RISK FACTORS *(cont'd)*

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Reports have suggested that radio emissions and electromagnetic radiation inherent in the operation of base stations and towers may also cause health problems for those people who live or spend significant time near such base stations or towers. There is also some concern that these emissions may interfere with the operation of certain electronic equipment, including automobile braking and steering systems. Maxis may receive claims in relation to such matters. There can be no assurance that Maxis will be able to successfully defend these claims. Many of Maxis' base stations are located in populated areas or buildings, so it is difficult to predict how many such claims Maxis may face. Likewise, Maxis cannot say with any certainty how much it would cost to defend or settle such claims, nor how much Maxis might be obliged to pay should the court award damages or other remedies against Maxis. Such claims could therefore adversely affect Maxis' results of operations and financial condition. In addition, such actual or perceived risks relating to the operation of base stations and towers may make it difficult to find suitable sites for Maxis' base stations.

### **5.1.20 *Maxis' operations depend significantly on its network of dealers and distributors***

Maxis sells its prepaid and postpaid services principally through a network of dealers and distributors. As such, it is highly dependent on its dealers and distributors for its prepaid and postpaid product sales. Any dispute with them may disrupt sales and have an adverse effect on Maxis' revenues and profitability.

### **5.1.21 *There may be conflicts of interest between Maxis and its related parties***

Maxis has entered into various transactions with companies directly or indirectly controlled by or connected to its related parties. The Listing Requirements define a related party as a director, a major shareholder or a person connected with such director or major shareholder (including a person that was a director or major shareholder within the preceding 6 months before the transaction was entered into). A "major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company. In addition, Maxis expects that it will in the future enter into other transactions with related parties. These transactions may involve conflicts of interest which may be detrimental to Maxis. Some of the officers of Maxis and Directors are also officers, directors and in some cases, shareholders of related parties and, with respect to the related party transactions, may, individually or in the aggregate, have conflicts of interest.

Maxis believes that the services offered by its substantial shareholders and companies associated with its substantial shareholders and by companies associated with Maxis' Directors, such as the MCB Group Post-Restructuring, and the services offered by Maxis are not in competition with each other. However, there can be no assurance that competition between the businesses of Maxis and the businesses of its substantial shareholders and companies associated with its substantial shareholders or with Maxis' Directors will not arise or that there will not be any other direct or indirect competition and conflicts of interest between Maxis and its substantial shareholders and companies associated with its substantial shareholders. Also, there can be no assurance that direct or indirect competition will not arise in the future between Maxis and its substantial shareholders and companies associated with its substantial shareholders.



## 5. RISK FACTORS (cont'd)

### **5.1.22 Depreciation of the Ringgit may increase Maxis' operating expenditures, capital expenditures and financing costs**

From 2 September 1998 to 21 July 2005, the Ringgit was fixed at an exchange rate against the US Dollar of USD1.00 to RM3.80. Since 21 July 2005, however, the Ringgit has operated on a managed float system, which benchmarks the Ringgit against a currency basket with the aim of maintaining its value. Since substantially all of Maxis' revenues are denominated in Ringgit and certain significant equipment purchases and other costs and liabilities are denominated in, or referenced to, US Dollars and other foreign currencies, any subsequent depreciation of the Ringgit may increase Maxis' operating expenditures, capital expenditures and financing costs.

### **5.1.23 Maxis may not be able to continue to enjoy import duty and sales tax exemptions or claim a tax deduction for certain expenses and Maxis may be required to pay stamp duty and related penalties in respect of certain services agreements and equipment lease agreements**

Since December 1994, Maxis has been granted import duty and sales tax exemptions on imported equipment and sales tax exemption on local materials. In the absence of any exemption, current import duty ranges between zero and 30%, and sales tax is 10%. The exemptions are granted annually and expire at different times throughout the year. Exemptions are granted pursuant to the Government's current policy. A withdrawal of the exemptions would have a material adverse effect on Maxis.

Additionally, tax deductions are claimed for expenses where Maxis believes there are strong grounds to support such claims. There can be no assurance that the Inland Revenue Board ("IRB") will not dispute the deductions claimed by Maxis and any tax assessed by the IRB may have an adverse impact on Maxis' results of operations and financial condition.

On 1 January 2009, the Stamp Act 1949 ("**Stamp Act**") was amended to, among other things, provide that services agreements and equipment lease agreements with certain elements are chargeable with ad valorem stamp duty ("**Amendments**"). The scope of operation of the Amendments and the impact on Maxis are unclear. It may be that certain of Maxis' services agreements and equipment lease agreements, including customer services agreements, entered into since 1 January 2009 are chargeable with stamp duty. Maxis intends to clarify the scope and operation of the Amendments and to submit for adjudication or stamping services agreements and equipment lease agreements which are chargeable with stamp duty. To the extent that the services agreements and equipment lease agreements are submitted for adjudication or stamping later than required under the Stamp Act, Maxis may be liable to a penalty under the Stamp Act.

### **5.1.24 The ownership rights of Maxis in respect of the ducts and cables that it lays and installs on public roads and highways are uncertain**

In the course of building its network, Maxis has laid ducts, fibre and other equipment throughout Malaysia pursuant to approvals obtained from local authorities. Maxis believes that there is a strong legal case that it also has ownership rights in respect of the ducts and fibre that it lays and installs on public roads and highways. However, legal uncertainty arises because the issue of ownership of the ducts and trunk fibre laid on or under the land is not specifically addressed in the Telecommunications Act (now repealed) nor in the current CMA and the issue has not been specifically raised or addressed in the Malaysian courts, although the approvals refer to the grant of a right of way for infrastructure to be installed. There can be no assurance that the question of the ownership of such ducts, fibre and other equipment, if submitted to the courts, would not be decided against Maxis.

## 5. RISK FACTORS (cont'd)

### **5.1.25 Non-compliance with Government policy on non-Malaysian beneficial ownership could result in unknown penalties**

Maxis' licences require it to comply with relevant Malaysian foreign investment restrictions. See Section 7.22 of this Prospectus. Pursuant to the announcement by the Prime Minister of Malaysia on 30 June 2009, the Foreign Investment Committee Guidelines have been repealed and equity ownership restrictions, if any, will be imposed by the relevant regulators for a particular industry. No foreign equity ownership restrictions are presently imposed by the Minister on Maxis. However, there is no assurance that such foreign equity ownership restriction will not be imposed in the future.

If any foreign equity ownership restrictions are imposed in the future, once the Shares are listed, it is not known what regulatory framework would be enacted to support that restriction. It may not be possible to restrict any transfer of Shares to ensure compliance with such policy. It is not known what penalties or requirements (if any) the Government would impose to sanction or remedy non-compliance with such policy. Any such sanction or remedy could have a material adverse effect on Maxis and/or the shareholders of the Company. Further, each of the individual licences held by Maxis may be cancelled by the Minister on the recommendation of the Commission if there is a breach of any Government policy on foreign equity ownership restriction. In addition, any limitation on non-Malaysian beneficial ownership of Maxis may adversely affect Maxis' ability to raise additional non-Malaysian equity or convertible debt financing in the future.

The effective level of non-Malaysian ownership in the Company after the Pre-Listing Restructuring but before completion of the IPO was approximately 25%. The level of non-Malaysian ownership in the Company after the completion of the IPO would depend on the outcome of the bookbuilding under the Institutional Offering.

### **5.1.26 Maxis may be unable to adequately protect its intellectual property or may face intellectual property claims that may be costly to resolve or may limit its ability to use its intellectual property in the future**

The popularity of Maxis' products and services is dependent on the goodwill associated with the *maxis* and *HOTLiNK* brand names and logos. In the case of trademarks and servicemarks registered with MCB, MCB has granted Maxis a perpetual, royalty-free licence to use such trademarks and servicemarks in Malaysia.

Maxis and MCB rely on a combination of trademark, servicemark and domain name registrations, common law copyright protection and contractual restrictions to establish and protect their brand names and logos, marketing designs and internet domain names. There can be no assurance that the steps taken or procured to be taken by Maxis or MCB, as the case may be, in this regard will adequately protect its intellectual property.

Third parties may challenge Maxis' or MCB's exclusive right to use these brand names and logos. Maxis or MCB (as the case may be) may incur substantial costs in defending any claims relating to its intellectual property rights. Issues relating to intellectual property rights can be complicated and there is no assurance that disputes will not arise or that any disputes in relation to Maxis' or MCB's intellectual property will be resolved in Maxis' or MCB's favour.

## 5. RISK FACTORS (cont'd)

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### **5.1.27 The historical combined financial information and proforma consolidated balance sheets included herein may not reflect actual financial position, results and cash flows**

The combined financial information included elsewhere in this Prospectus has been prepared on an aggregated basis as the Subsidiaries have been operating as a single economic entity throughout and as at the financial years or periods presented.

The combined financial statements do not incorporate the effects of the Pre-Listing Restructuring which is accounted for using purchase method of accounting under FRS 3 "Business Combination", IPO, Listing and ESOS. Therefore, they are not reflective of the financial position, results of operations and cash flows that would have occurred if the Pre-Listing Restructuring, IPO, Listing and ESOS had been effected on 1 January 2006 or of the future financial position, results of operations and cash flows of Maxis.

As part of the Pre-Listing Restructuring, the Company acquired the Subsidiaries and this acquisition was accounted for using the purchase method of accounting in accordance with FRS 3 "Business Combination". Maxis Mobile Services has been identified as the acquirer and therefore the acquisition of Maxis Mobile Services by the Company was accounted for as a reverse acquisition. Subsidiaries other than Maxis Mobile Services were accounted for using the purchase method of accounting. Further, there was an amount due to MCB of RM4,992.0 million resulting from the Pre-Listing Restructuring.

Under FRS 2 "Share-Based Payment", Maxis will be required to recognise the cost arising from the fair value of the Options granted and the difference between the Institutional Price and the Final IPO Price and the difference between the Institutional Price and the price payable by the Cornerstone Investors for the Offer Share (if any). However, the combined income statements do not reflect the potential cost relating to the Options nor the impact from the difference between the Institutional Price and the Final IPO Price and the difference between the Institutional Price and the price payable by the Cornerstone Investors for the Offer Share (if any) as no Option was granted during the period under review and the Pre-Listing Restructuring, IPO and Listing were only effected after the period under review. These combined financial statements do not reflect the impact of the Pre-Listing Restructuring, IPO, Listing and ESOS, including the interest charge from the amount due to MCB.

As the Subsidiaries were part of the MCB group of companies, they did not operate independently as a group. The combined financial statements are, therefore, not necessarily indicative of the financial position, results of operations and cash flows that would have occurred if the Subsidiaries had been an independent stand-alone group during the financial years or periods under review. The combined financial statements are also not necessarily indicative of the future financial position, results of operations and cash flows of Maxis' business.

The proforma consolidated balance sheets have been prepared on the basis that the Pre-Listing Restructuring, IPO and Listing occurred on 30 June 2009. As the proforma consolidated balance sheets are prepared for illustrative purposes only, such information because of its nature, does not give a true picture of the effects of the Pre-Listing Restructuring, IPO and Listing on the financial position of Maxis had the transaction or event occurred at the balance sheet date. Further, such information does not purport to predict Maxis' future financial position.

**5. RISK FACTORS (cont'd)**

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**5.1.28 Purchase price allocation in connection with the Pre-Listing Restructuring may result in changes in intangible assets and in negative net tangible assets of Maxis. Intangible assets and goodwill are subject to annual evaluations and whenever there is an indication of impairment and, as a result, Maxis could be required to impair some or all of these intangible assets and goodwill**

Pursuant to the Pre-Listing Restructuring, Maxis will perform a purchase price allocation exercise in accordance with the requirements of FRS 3 "Business Combination". Upon completion of this exercise (which will occur within 1 year from the completion of the Pre-Listing Restructuring), the goodwill of RM11,029.0 million as illustrated in the notes to the proforma consolidated balance sheet set out in Section 12.5 of this Prospectus may be adjusted and contingent liabilities may be recognised in the consolidated balance sheet of Maxis with a corresponding adjustment to the net tangible liability of Maxis, which is presently illustrated as a net tangible liability of RM2,674.5 million or net tangible liability per Share of RM0.36.

In accordance with Malaysian GAAP, Maxis will have to assess the carrying value of its intangible assets (including goodwill) at least annually for impairment and whenever there is an indication of impairment. In addition, any intangible asset identified with finite life will be subject to amortisation over its estimated economic useful life. Intangible assets (including goodwill) may be impaired when the carrying amount of the intangible assets exceeds their recoverable amount. Any reduction in, or impairment of, the value of the intangible assets and amortisation of finite life intangible assets will result in a charge against earnings which could materially adversely affect Maxis' results of operations and financial condition. Events that may give rise to the potential impairment of intangible assets (including goodwill) include the cessation of Maxis' mobile services business, suspension or cancellation of Maxis' licences by the Minister or obsolescence or physical damage of Maxis' operating assets.

**5.1.29 Breach of customer data protection could materially affect Maxis' reputation and business and subject Maxis to liability**

Maxis has a large database of customer information which is stored in various business systems and used in many business processes company-wide. Maxis is required under its licences to take all reasonable steps to ensure that parties who have access to its customer information in the ordinary course of business do not disclose such information without the prior consent of the customer. Under the Malaysian General Consumer Code ("GCC"), any service provider that collects consumer information has a responsibility to adopt and implement a policy that protects the privacy of identifiable information, and should take steps that foster the adoption and implementation of an effective policy on the protection of consumer information by the service providers with which they interact, for example, by sharing best practices with business partners. There can be no assurance that any of Maxis' employees and agents will release customers' personal information without authorisation. Such a breach could expose Maxis and its officers to violations under the Malaysian GCC (which carries a fine not exceeding RM100,000, imprisonment not exceeding 2 years or both), possible liability suits from customers, damage to reputation and business loss.

## 5. RISK FACTORS (cont'd)

### 5.1.30 *Maxis is seeking significant indebtedness which may contain restrictive covenants*

Maxis is seeking indebtedness of RM5,000.0 million which may contain covenants that could limit Maxis' operating and financing activities or could grant to the lender(s) liens over certain of Maxis' properties. In addition, such indebtedness could increase Maxis' leverage and result in higher interest expenses going forward and may lead to higher future costs of borrowing for Maxis. Events of default under any such indebtedness could give rise to a right by a creditor to accelerate the relevant indebtedness or enforce any security granted in relation to that indebtedness, and may result in a cross default on other indebtedness, which would have a material adverse effect on Maxis' financial condition and results of operations.

## 5.2 Risks relating to the Shares

### 5.2.1 *There has been no prior market for the Shares*

There has been no prior market for the Shares. There can be no assurance as to the liquidity of any market that may develop for the Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. Application will be made to Bursa Securities for the listing of and quotation for the entire share capital of Maxis (including the Offer Shares) on the Main Market and it is expected that there will be an approximate 9-Market Day gap between closing of the Retail Offering and trading of the Shares. However, there can be no assurance that the Shares will be accepted for trading on the Official List. In the event that the Shares are not admitted to the Official List within 6 weeks from the date of this Prospectus, then Maxis will withdraw its application for listing and monies paid in respect of any application for the Offer Shares will be returned to applicants without interest. If any such monies are not repaid within 14 days after the Selling Shareholder becomes liable to repay it, the provision of subsection 243(2) of the CMSA shall apply accordingly.

The Shares could trade at prices that may be lower than the Institutional Price or Final IPO Price depending on many factors, including prevailing economic and financial conditions in Malaysia, Maxis' operating results and the markets for similar securities. The Company, MCB, as the Promoter and Selling Shareholder, and the Joint Managing Underwriters have no obligation to make a market in the Shares or to maintain the Listing. In addition, the market for securities in emerging markets has been subject to disruptions that have caused intense volatility in the prices of securities similar to the Shares. There can be no assurance that the market for the Shares, if any, will not be subject to similar disruptions. Any disruptions in such market may have a material adverse effect on the holders of the Shares.

### 5.2.2 *There may be a delay or failure in trading of the Shares*

The occurrence of certain events, including the following, may cause the delay in or termination of the Listing:

- (i) Maxis is unable to meet the public spread requirement as determined by Bursa Securities, i.e. having at least 25% of its issued and paid-up Shares in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of Listing; and
- (ii) Maxis is unable to obtain the approval of Bursa Securities for the Listing for whatever reason.

## 5. RISK FACTORS *(cont'd)*

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In such an event, investors will not receive any Offer Shares and the Selling Shareholder will return in full, without interest, all monies paid in respect of any application for the Offer Shares in compliance with the provision of sub-section 243(2) of the CMSA.

### **5.2.3 *Like other companies in the telecommunications industry, Maxis' share price may be volatile***

The price of the Shares may fluctuate as a result of variations in its operating results. If the trading volume of the Shares is low, the price fluctuations may be exacerbated, particularly as no stabilising transactions can or will be undertaken in respect of the Shares in connection with the IPO or thereafter. Since Maxis' prospects are intricately linked with technology and Maxis and its businesses are to a great extent driven by technology, the price of the Shares may rise and fall in tandem with announcements of technological or competitive developments, acquisitions or strategic alliances by Maxis or its competitors. The price of the Shares, as are typical of those of companies in telecommunications sectors, are also prone to news regarding the gain or loss of significant customers or key personnel, as well as changes in analysts' estimates of its financial results or recommendations.

### **5.2.4 *Maxis may not be able to fulfil its dividend policy in the future or realise dividends from the Subsidiaries***

Maxis intends to adopt a policy of active capital management. It proposes to pay dividends out of cash generated by its operations after setting aside the necessary funding for network expansion and improvement and working capital needs. As part of this policy, the Company targets a payout ratio of not less than 75% of its consolidated PAT under Malaysian GAAP in each calendar year, beginning the financial year ending 31 December 2010, subject to the confirmation of the Board and to any applicable law, licence and contractual obligations and provided that such distribution would not be detrimental to its cash needs or to any plans approved by its Board.

Dividend payments are not guaranteed and the Board may decide, in its absolute discretion, at any time and for any reason, not to pay dividends or to change its dividend policy. If Maxis is unable to fulfil its dividend policy, or pay dividends at levels anticipated by investors, the market price of its Shares may be negatively affected and the value of the investment in the Shares may be reduced.

Further, Maxis' dividend policy, to the extent implemented, may adversely affect its ability to fund unexpected capital expenditure as well as its ability to make interest and principal repayments on its debentures and loans. As a result, Maxis may be required to borrow additional money or raise capital by issuing equity securities, which may not be possible on attractive terms or at all. Further, in the event Maxis incurs new borrowings subsequent to the Listing, Maxis may be subject to covenants restricting its ability to pay dividends.

The Company is an investment holding company which conducts all of its operations through its subsidiaries. Accordingly, an important source of income for the Company, and consequently an important factor in the Company's ability to pay dividends on the Shares, are dividends and other distributions received from its subsidiaries. The subsidiaries' ability to pay dividends or make other distributions to it are subject to the availability of distributable reserves, applicable legal restrictions contained in their loan agreements and to their having sufficient funds which are not needed to fund their operations, other obligations or business plans. In addition, changes in Malaysian GAAP may affect the ability of the subsidiaries (and consequently, the Company) to declare and pay dividends. As the Company is a shareholder of its subsidiaries, its claims as such will generally rank junior to all other creditors and claimants against its subsidiaries. In the event of a subsidiary's liquidation, there may not be sufficient assets for the Company to recoup its investment. For a description of Maxis' dividend policy, refer to Section 12.6 of this Prospectus.

## 5. RISK FACTORS (cont'd)

### 5.2.5 *The sale or the possible sale of a substantial number of the Shares in the public market following this IPO could adversely affect the price of the Shares*

Following the sale of 2,250.0 million Offer Shares, 30% of the Shares will be publicly held by investors participating in this IPO, and 5,250.0 million Shares, or 70% of the Shares will be held by MCB. The Offer Shares sold in this IPO (other than the Offer Shares sold to the Cornerstone Investors) will be tradable on the Main Market without restriction following the Listing. While the Company, MCB and the Cornerstone Investors have entered into the lock-up arrangements as set out in Section 4.9.2 of this Prospectus, it is possible that Company may issue additional Shares after the end of the lock-up period in connection with financing activities or otherwise in the future, and it is possible that MCB or the Cornerstone Investors may dispose of some or all of their Shares pursuant to their own investment objectives. If the Company, MCB or the Cornerstone Investors sell or are perceived as intending to sell a substantial amount of Shares, the market price for the Shares could be adversely affected.

MCB will own the balance of the remaining Shares not offered under the IPO, which will be subject to a moratorium in accordance with the SC's requirements and the lock-up arrangements. For a description of the moratorium and lock-up arrangements, refer to Sections 9.3 and 4.9.2 of this Prospectus.

### 5.2.6 *After giving effect to the Pre-Listing Restructuring, Maxis will be in a NTL position*

Following the Pre-Listing Restructuring, Maxis will be in a NTL position. Based on the proforma consolidated balance sheets in Section 12.4 of this Prospectus, the NTL presently illustrated in Proforma I is RM2,674.5 million or RM0.36 per Share, which is derived after deducting the intangible assets of RM11,136.0 million from the total net assets of RM8,461.5 million.

## 5.3 Risks relating to Malaysia

### 5.3.1 *Developments in Asia and globally may negatively impact Maxis*

Malaysia's economy has been affected by the global economic crisis that began in late 2007, as evidenced by the decrease in its rate of gross domestic product ("GDP") growth to 4.6% in 2008 (compared to 6.3% in 2007). According to Bank Negara Malaysia, Malaysia's central bank, GDP fell in the first quarter of 2009 by 6.2%. This was attributed to a slowdown in the global GDP during the same period. Further adverse economic developments in Asia could have a material adverse effect on Maxis' financial condition and results of operations.

### 5.3.2 *Political, economic and social developments or other changes in tax law or other regulations in Malaysia may adversely affect Maxis*

Maxis' business, prospects, financial condition and results of operations may be adversely affected by political, economic, social and legal developments in Malaysia. Such political and economic uncertainties include, but are not limited to, the risks of war, terrorism, nationalism, or nullification of contract, changes in interest rates and methods of taxation. Negative developments in Malaysia's socio-political environment may adversely affect the business, financial condition and results of operations of Maxis. In addition, changes in tax laws or other regulations or actions taken by the Government to partially or wholly nationalise Maxis or its operating assets could adversely affect Maxis' results of operations and financial condition.

**5. RISK FACTORS (cont'd)**

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**5.3.3 SARS, avian flu, Influenza A (H1N1) and other infectious diseases may adversely affect Maxis**

In 2003, Taiwan, The People's Republic of China (including Hong Kong), Singapore, Malaysia and other places experienced an outbreak of Severe Acute Respiratory Syndrome ("**SARS**"), which adversely affected the economies in Southeast Asia.

In late 2003 and January 2004, outbreaks of avian influenza occurred in several countries in Asia. In 2006, outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. Several cases of bird-to-human transmission of avian influenza were reported. The World Health Organisation ("**WHO**") and other agencies continue to issue warnings of a potential avian influenza pandemic if there are sustained human-to-human transmissions. In June 2007, new cases of human infection of avian influenza in China and Indonesia were reported.

In early 2009, outbreaks of Influenza A (H1N1) occurred in Mexico. In May 2009, the first cases were detected in Asia, and in June 2009, the WHO declared a global flu pandemic.

The outbreak of an infectious disease such as avian influenza, SARS or Influenza A (H1N1) in Malaysia or elsewhere in Southeast Asia could have a negative impact on the region's economy and thereby adversely impact Maxis' business, financial condition and results of operations. There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

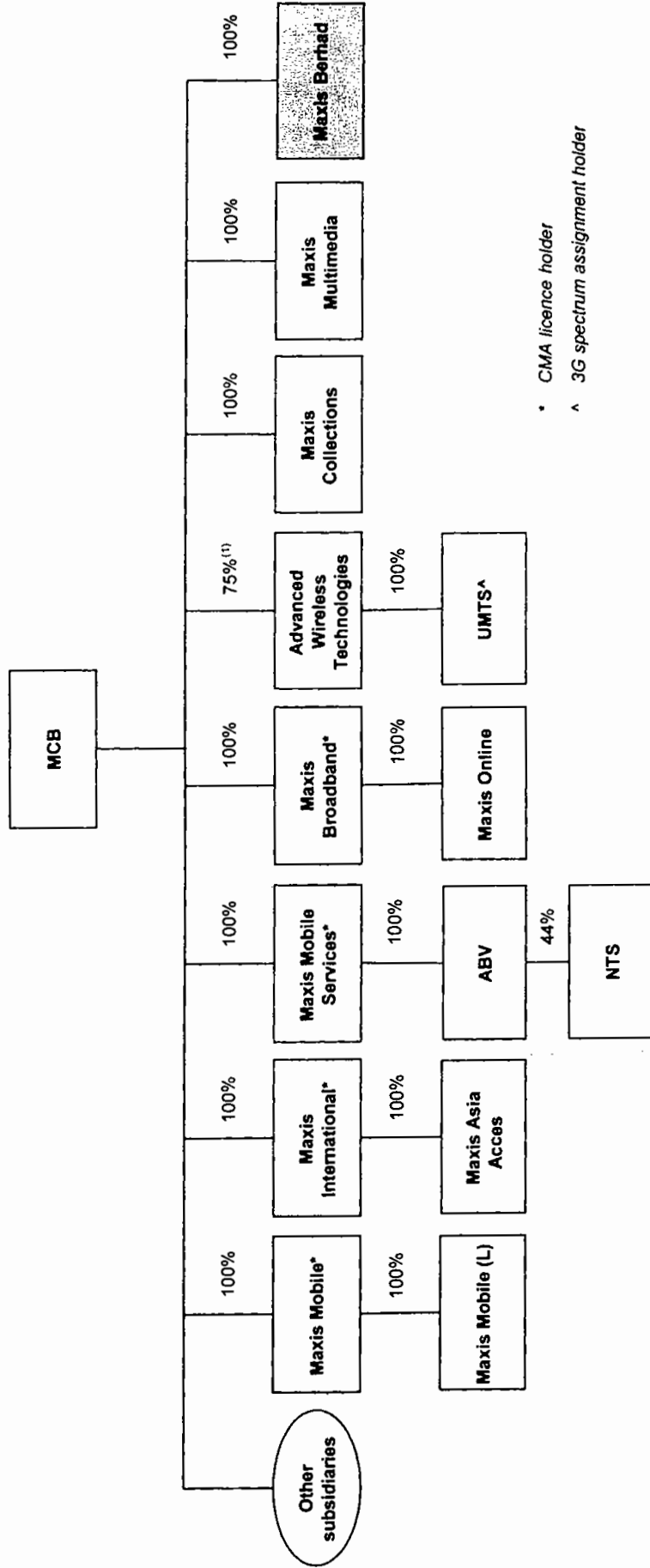
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**6. INFORMATION ON THE GROUP**

**6.1 History and background**

The Company was incorporated in Malaysia as a public company limited by shares pursuant to the Act on 7 August 2009 under its present name. Prior to the IPO, MCB implemented a restructuring exercise to consolidate its telecommunications operations in Malaysia under the Company. The shareholding structure of the Malaysian operations (comprising the Subsidiaries) and the related entities involved in the Pre-Listing Restructuring immediately prior to the commencement of the Pre-Listing Restructuring exercise was as follows:



\* CMA licence holder  
 ^ 3G spectrum assignment holder

**Note:**

(1) 25% interest is owned by MBNS Multimedia Technologies Sdn Bhd, which is a wholly-owned subsidiary of ASTRO, a related party.

## 6. INFORMATION ON THE GROUP *(cont'd)*

### 6.2 Pre-Listing Restructuring

The Pre-Listing Restructuring comprised the following steps:

#### (i) Payment of dividends

Between 1 July 2009 and 16 September 2009, Maxis Mobile Services, Maxis Broadband, Maxis International and Maxis Mobile declared dividends in an aggregate amount of:

- (a) RM4,025.6 million to MCB ("**MCB Dividends**"), of which RM2,841.4 million was paid in cash and RM1,184.2 million constituted an amount payable by Maxis Broadband to MCB ("**MB Amount Payable**"); and
- (b) RM290.0 million to BGSM ("**RPS Dividends**"), in respect of the RPS of Maxis Broadband held by BGSM ("**MB RPS**"), which was paid in cash.

The MCB Dividends and RPS Dividends utilised the entire retained earnings of each of Maxis Mobile Services, Maxis Broadband, Maxis International and Maxis Mobile as at 30 June 2009, amounting in aggregate to RM4,315.6 million.

All the MB RPS were subsequently redeemed at the aggregate redemption price of RM1.0 million in cash (equivalent to the aggregate issue price of all the MB RPS).

#### (ii) Disposal of ABV

On 30 September 2009, Maxis Mobile Services disposed of ABV, which holds 44% equity interest in NTS, to MCB for total cash consideration of RM1,018.9 million, which was equivalent to Maxis Mobile Services' cost of investment in ABV as at 30 June 2009.

#### (iii) Settlement of intercompany balances

Intercompany balances between the Subsidiaries and the other subsidiaries and jointly controlled entities of MCB (other than the Subsidiaries) were novated to MCB. The net intercompany balances owing by MCB to the Subsidiaries as at 30 September 2009 were settled for RM704.6 million in cash. The RM704.6 million comprises RM307.9 million owing by MCB, per Note 1.2(b) of the Appendix to the Proforma Consolidated Balance Sheets as set out in Section 12.5 of this Prospectus, and additional amounts owing by MCB due to the subsequent movement in net intercompany balances between 1 July 2009 and 30 September 2009.

#### (iv) Acquisition of Subsidiaries

On 1 October 2009, the Company acquired the entire issued and paid-up share capital of Maxis Mobile Services, Maxis Broadband, Maxis International, Maxis Mobile, Maxis Collections and Maxis Multimedia and 75% of the issued and paid-up share capital of Advanced Wireless Technologies (being all the shares in Advanced Wireless Technologies held by MCB) for a total purchase consideration of RM34,998.2 million, of which RM31,190.4 million was satisfied by the issuance of 7,499,999,998 Shares to MCB and RM3,807.8 million constituted an amount payable by the Company to MCB ("**Maxis Amount Payable**").

As at the date of this Prospectus, the Pre-Listing Restructuring has been completed.

## 6. INFORMATION ON THE GROUP *(cont'd)*

The purchase considerations for Maxis Mobile Services, Maxis Broadband, Maxis International, Maxis Mobile and Advanced Wireless Technologies were arrived at after taking into consideration, among others, the following:

- (i) the financial performance and operating history of the above subsidiaries;
- (ii) Maxis' competitive strengths, business strategies and future plans (as set out in Sections 7.2 and 7.3 of this Prospectus respectively); and
- (iii) the proforma consolidated net assets of each of the above subsidiaries (after taking into consideration the payment of dividends and disposal of ABV as set out in this Section 6.2 of this Prospectus).

The purchase considerations for Maxis Collections and Maxis Multimedia were determined based on the cost of investment of MCB in Maxis Collections and Maxis Multimedia respectively.

The total of the MB Amount Payable and Maxis Amount Payable is RM4,992.0 million.

The terms of the sale and purchase agreement for the Pre-Listing Restructuring provides that payment of the MB Amount Payable and Maxis Amount Payable will be deferred until the Payment Due Date, provided that if the Company raises external debt prior to the Payment Due Date, the Company is required to pay the MB Amount Payable and Maxis Amount Payable within 5 business days upon receipt of the proceeds raised from such financing or such other date as MCB and the Company may agree in writing.

Pending full payment of the MB Amount Payable and Maxis Amount Payable, Maxis is liable to pay MCB interest on the MB Amount Payable and Maxis Amount Payable, calculated at 3-month Kuala Lumpur Inter-bank Offered Rate plus 1.5% per annum ("**Interest Rate**"), calculated from 1 October 2009 until the full settlement of the MB Amount Payable and Maxis Amount Payable. The said interest shall accrue and become payable by Maxis to MCB quarterly in arrears until full settlement of the MB Amount Payable and Maxis Amount Payable. The interest on the MB Amount Payable and Maxis Amount Payable, including accrued interest which are payable shall be added for all purpose to the sum then owing and shall bear interest at the Interest Rate.

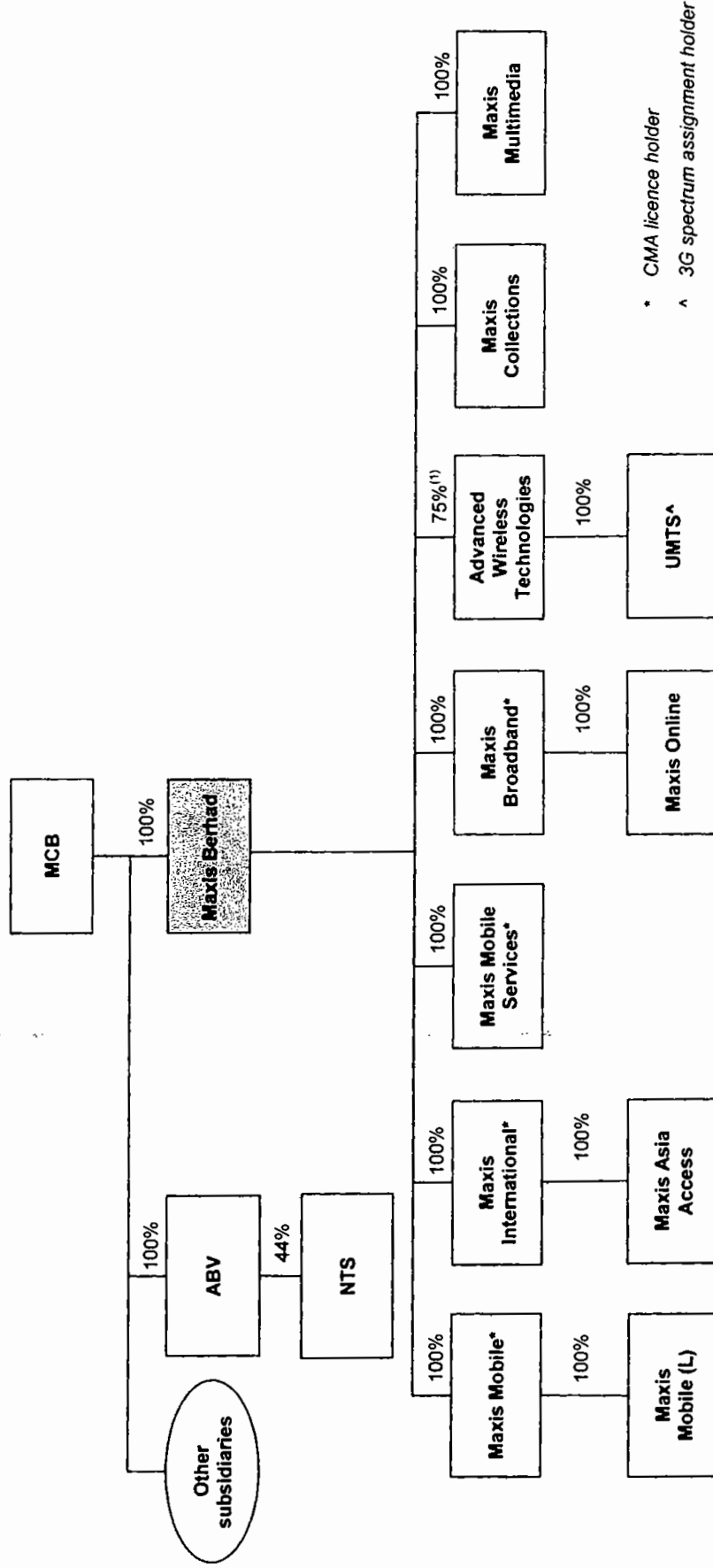
Maxis is seeking long-term external debt financing of RM5,000.0 million, which is intended for the following:

- (i) to repay amounts owed pursuant to the Maxis Amount Payable; and
- (ii) to on-lend to Maxis Mobile for the intended acquisition of certain network assets from Maxis Broadband under a sale-and-hire purchase arrangement. Maxis Broadband intends to use the proceeds received in respect of the disposal of these network assets under the sale-and-hire purchase arrangement to repay amounts owed pursuant to the MB Amount Payable.

For a detailed description of the impact of the Pre-Listing Restructuring on Maxis, please refer to Section 12.4 of this Prospectus for the proforma consolidated balance sheets of Maxis. See Section 12.3 of this Prospectus for details on credit facility obtained by Maxis for working capital and liquidity purposes.

6. INFORMATION ON THE GROUP (cont'd)

Maxis' corporate structure after the Pre-Listing Restructuring and prior to the IPO is as set out below:



\* CMA licence holder  
 ^ 3G spectrum assignment holder

Note:

(1) 25% interest is owned by MBNS Multimedia Technologies Sdn Bhd, which is a wholly-owned subsidiary of ASTRO, a related party.

## 6. INFORMATION ON THE GROUP *(cont'd)*

### 6.3 Subsidiaries

The Subsidiaries as at the date of this Prospectus are as follows:

Name	Date and place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Group effective equity interest %	Principal activities
<b><u>Direct subsidiaries</u></b>				
Maxis Broadband	12 February 1992 Malaysia	1,011,522 <sup>(1)</sup>	100	Operator of a national public switched network and provider of internet and internet application services and include owning, maintaining, building and operating radio facilities and associated switches
Maxis Mobile Services	20 July 1981 Malaysia	1,293,884,000	100	Provider of mobile telecommunications products and services
Maxis Mobile	28 November 1991 Malaysia	2,503,022 <sup>(2)</sup>	100	Operator of mobile telecommunications and provider of corporate support and service functions as well as carrying out special niche projects such as USP
Maxis International	12 May 1992 Malaysia	2,500,662 <sup>(3)</sup>	100	Operator of an international gateway
Maxis Collections	10 April 1996 Malaysia	2	100	Collector of telecommunications revenue for fellow subsidiaries
Maxis Multimedia	27 October 2000 Malaysia	2	100	Provision of multimedia related services (dormant)
Advanced Wireless Technologies	21 June 2000 Malaysia	3,333,336	75	Provider of wireless multimedia related services
<b><u>Subsidiary held by Maxis Broadband</u></b>				
Maxis Online	11 March 1992 Malaysia	2	100	Holder of investments (dormant)
<b><u>Subsidiary held by Advanced Wireless Technologies</u></b>				
UMTS	17 July 2000 Malaysia	100,000,000 <sup>(4)</sup>	75	3G spectrum assignment holder
<b><u>Subsidiary held by Maxis International</u></b>				
Maxis Asia Access	4 March 2000 Singapore	SGD2	100	Provider of international telecommunications services
<b><u>Subsidiary held by Maxis Mobile</u></b>				
Maxis Mobile (L)	21 May 1998 Federal Territory of Labuan, Malaysia	USD10,000	100	Holder of investments

**Notes:**

<sup>(1)</sup> Comprising 1,000,002 ordinary shares of RM1.00 each and 1,152,000 Class B RPS of RM0.01 each in Maxis Broadband.

<sup>(2)</sup> Comprising 2,500,002 ordinary shares of RM1.00 each and 302,000 RPS of RM0.01 each in Maxis Mobile.

<sup>(3)</sup> Comprising 2,500,002 ordinary shares of RM1.00 each and 66,000 RPS of RM0.01 each in Maxis International.

## 6. INFORMATION ON THE GROUP *(cont'd)*

<sup>(4)</sup> *Comprising 2,500,002 ordinary shares of RM1.00 each and 97,499,998 non-cumulative convertible RPS of RM1.00 each in UMTS.*

The details of the Subsidiaries as at the date of this Prospectus are set out as follows:

### 6.3.1 Maxis Broadband (Company No. 234053-D)

Maxis Broadband was incorporated in Malaysia under the Act on 12 February 1992 as a private limited company under the name of Bina Sat-Com Network Sdn Bhd. On 12 July 1999, it assumed its present name.

The authorised share capital of Maxis Broadband is RM300,000,000 comprising 299,963,000 ordinary shares of RM1.00 each, 100,000 MB RPS of RM0.10 each and 2,700,000 Class B RPS of RM0.01 each, and its issued and paid-up capital is RM1,011,522 comprising 1,000,002 ordinary shares of RM1.00 each and 1,152,000 Class B RPS of RM0.01 each.

The MB RPS was allotted on 13 June 2008 for a cash consideration of RM1,000,000. As part of the Pre-Listing Restructuring, the MB RPS were redeemed on 9 October 2009 (See Section 6.2(i) of this Prospectus). On 8 October 2009, Maxis Broadband issued and allotted 1,152,000 Class B RPS of RM0.01 each at an issue price of RM1,000 per RPS to Maxis Mobile Services.

The principal activity of Maxis Broadband is as an operator of a national public switched network and a provider of internet and internet application services and include owning, maintaining, building and operating radio facilities and associated switches. Maxis Broadband commenced its business on 1 January 1996.

Maxis Broadband does not have any associated company and has a wholly-owned subsidiary, Maxis Online.

### 6.3.2 Maxis Mobile Services (Company No. 73315-V)

Maxis Mobile Services was incorporated in Malaysia under the Act on 20 July 1981 as a private limited company under the name of Electronics And Telematique (Malaysia) Sdn Bhd and later on 23 March 1995 changed its name to Sapura Digital Sdn Bhd. It subsequently changed its name to TIME PCN Sdn Bhd on 4 July 1997 and later on 28 August 1997, it changed its name to Time Wireless Sdn Bhd. On 26 June 2001, it changed its name to TIMECel Sdn Bhd and thereafter to Malaysian Mobile Services Sdn Bhd on 1 August 2003. On 1 October 2007, it assumed its present name.

The authorised share capital of Maxis Mobile Services is RM1,293,884,000 comprising 1,293,884,000 ordinary shares of RM1.00 each, and its issued and paid-up capital is RM1,293,884,000 comprising 1,293,884,000 ordinary shares of RM1.00 each.

Maxis Mobile Services is a provider of mobile telecommunications products and services.

Maxis Mobile Services had a wholly-owned subsidiary, ABV, which in turn, has a 44% shareholding in NTS. Maxis Mobile Services does not have any associated company. Maxis Mobile Services commenced its business in 1995.

Pursuant to the Pre-Listing Restructuring, details of which are set out in Section 6.2 of this Prospectus, Maxis Mobile Services has disposed of ABV, and accordingly the 44% interest in NTS, to MCB.

**6. INFORMATION ON THE GROUP (cont'd)**

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**6.3.3 Maxis Mobile (Company No. 229892-M)**

Maxis Mobile was incorporated in Malaysia under the Act on 28 November 1991 as a private limited company under the name of Binariang Communications Sdn Bhd and on 12 July 1999, it assumed its present name.

The authorised share capital of Maxis Mobile is RM200,890,000 comprising 200,884,000 ordinary shares of RM1.00 each and 600,000 RPS of RM0.01 each, and its issued and paid-up capital is RM2,503,022 comprising 2,500,002 ordinary shares of RM1.00 each and 302,000 RPS of RM0.01 each.

On 5 October 2009, Maxis Mobile issued and allotted 302,000 RPS of RM0.01 each at an issue price of RM1,000 per RPS to Maxis Mobile Services.

Maxis Mobile is an operator of mobile telecommunications and a provider of corporate support and service functions as well as carrying out special niche projects such as USP. Maxis Mobile commenced its business on 1 July 1995.

Maxis Mobile does not have any associated company and has a wholly-owned subsidiary, Maxis Mobile (L).

**6.3.4 Maxis International (Company No. 240071-T)**

Maxis International was incorporated in Malaysia under the Act on 12 May 1992 as a private limited company under the name of Measat Global Telecommunications Sdn Bhd and on 12 July 1999, it assumed its present name.

The authorised share capital of Maxis International is RM500,000,000 comprising 499,999,300 ordinary shares of RM1.00 each and 70,000 RPS of RM0.01 each, and its issued and paid-up share capital is RM2,500,662 comprising 2,500,002 ordinary shares of RM1.00 each and 66,000 RPS of RM0.01 each.

There were 70,000 cumulative RPS of RM1.00 each allotted on 16 May 2002 and these were redeemed on 16 May 2007.

On 5 October 2009, Maxis International issued and allotted 66,000 RPS of RM0.01 each at an issue price of RM1,000 per RPS to Maxis Mobile Services.

Maxis International is an operator of an international gateway. Maxis International commenced its business on 2 June 1996.

Maxis International does not have any associated company and has a wholly-owned subsidiary, Maxis Asia Access.

**6.3.5 Maxis Collections (Company No. 383275-M)**

Maxis Collections was incorporated in Malaysia under the Act on 10 April 1996 as a private limited company under its present name.

The authorised share capital of Maxis Collections is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, and its issued and paid-up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

Maxis Collections is a collector of telecommunications revenue for its fellow subsidiaries. Maxis Collections commenced its business on 1 January 1997.

Maxis Collections does not have any subsidiary or any associated company.

**6. INFORMATION ON THE GROUP (cont'd)****6.3.6 Maxis Multimedia (Company No. 530188-A)**

Maxis Multimedia was incorporated in Malaysia under the Act on 27 October 2000 as a private limited company under its present name.

The authorised share capital of Maxis Multimedia is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, and its issued and paid-up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

The intended principal activity of Maxis Multimedia is the provision of multimedia related services. Maxis Multimedia has not commenced its business.

Maxis Multimedia does not have any subsidiary or any associated company.

**6.3.7 Advanced Wireless Technologies (Company No. 517551-U)**

Advanced Wireless Technologies was incorporated in Malaysia under the Act on 21 June 2000 as a private limited company under its present name.

The authorised share capital of Advanced Wireless Technologies is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, and its issued and paid-up share capital is RM3,333,336 comprising 3,333,336 ordinary shares of RM1.00 each.

Advanced Wireless Technologies became a wholly-owned subsidiary of MCB on 15 May 2002, and on the same day, UMTS became a wholly-owned subsidiary of Advanced Wireless Technologies. Advanced Wireless Technologies commenced its business on 15 May 2002 by virtue of its investment holding in UMTS.

Advanced Wireless Technologies does not have any associated company and has a wholly-owned subsidiary, UMTS. The Company owns a 75% interest in Advanced Wireless Technologies. The remaining 25% interest is owned by MBNS Multimedia Technologies Sdn Bhd, which is a wholly-owned subsidiary of ASTRO, a related party.

**6.3.8 Maxis Online (Company No. 235849-A)**

Maxis Online was incorporated in Malaysia under the Act on 11 March 1992 as a private limited company under the name of Sungai Tembesi (M) Sdn Bhd. On 30 July 1996, it changed its name to BSB Online Sdn Bhd. On 12 July 1999, Maxis Online assumed its present name.

The authorised share capital of Maxis Online is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, and its issued and paid-up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

The intended principal activity of Maxis Online is a holder of investments. Maxis Online has not commenced its business.

Maxis Online does not have any subsidiary or any associated company.

**6.3.9 UMTS (Company No. 520422-D)**

UMTS was incorporated in Malaysia under the Act on 17 July 2000 as a private limited company, under its present name.



## 6. INFORMATION ON THE GROUP *(cont'd)*

The authorised share capital of UMTS is RM100,000,000 comprising 2,500,002 ordinary shares of RM1.00 each and 97,499,998 non-cumulative convertible RPS of RM1.00 each ("NCCRPS"). The issued and paid-up share capital of UMTS is RM100,000,000 comprising 2,500,002 ordinary shares of RM1.00 each and 97,499,998 NCCRPS all of which are held by Advanced Wireless Technologies. Each NCCRPS is convertible into 1 ordinary share of RM1.00 each in UMTS at any time.

UMTS is a 3G spectrum assignment holder. UMTS commenced its business on 18 April 2005.

UMTS does not have any subsidiary or any associated company.

### 6.3.10 Maxis Asia Access (Company No.200001826C)

Maxis Asia Access was incorporated in Singapore on 4 March 2000, under the name of Asia Access Network Pte Ltd. On 30 June 2009, Maxis Asia Access assumed its present name.

The issued and paid-up share capital of Maxis Asia Access is SGD2.00 comprising 2 ordinary shares of SGD1.00 each.

Maxis Asia Access is a provider of international telecommunications services. Maxis Asia Access commenced its business on 1 February 2008.

Maxis Asia Access does not have any subsidiary or any associated company.

### 6.3.11 Maxis Mobile (L) (Company No. LL01709)

Maxis Mobile (L) was incorporated in the Federal Territory of Labuan, Malaysia under the Offshore Companies Act, 1990 on 21 May 1998 under the name of Binariang Mobile (L) Ltd. On 7 July 1999, Maxis Mobile (L) assumed its present name.

The authorised share capital of Maxis Mobile (L) is USD100,000 comprising 100,000 ordinary shares of USD1.00 each, and its issued and paid-up share capital is USD10,000 comprising 10,000 ordinary shares of USD1.00 each.

The principal activity of Maxis Mobile (L) is a holder of investments. Maxis Mobile (L) commenced its business on 21 March 2006.

Maxis Mobile (L) does not have any subsidiary or any associated company.

Save as disclosed above:

- (i) there have been no changes in the issued and paid-up share capital of the Subsidiaries since 1 August 2006 up to the date of this Prospectus; and
- (ii) the Subsidiaries do not have any outstanding warrant, option, convertible security or uncalled capital as at the date of this Prospectus.

**6. INFORMATION ON THE GROUP (cont'd)**

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Save as disclosed below, Maxis has not undertaken any material acquisition or divestment of interests for the 3 years ended 31 December 2008 and the period beginning 1 January 2009 up to the date of this Prospectus:

- (i) the acquisition by Maxis Mobile Services of ABV for a cash consideration of EUR26,120, which in turn acquired a 44% equity interest in NTS for a cash consideration of USD123.9 million, resulting in a total effective shareholding of 95% by Maxis Mobile Services in NTS. The acquisitions were completed in April 2007;
- (ii) the disposal by Maxis Mobile Services of its entire shareholding in Teleglobal Investments B.V. (holding a 51% equity interest in NTS) to STC Indonesia Holding Cooperatief U.A., a wholly-owned subsidiary of Saudi Telecom, as part of an overall aggregate USD3.05 billion investment by Saudi Telecom into the BGSM group of companies, which resulted in Saudi Telecom acquiring a 25% strategic equity interest in BGSM and a 51% equity interest in NTS. The investment also included Saudi Telecom underwriting a USD450.0 million junior sukuk issued by BGSM out of an issuance size of USD900.0 million. This transaction was completed in September 2007; and
- (iii) the Pre-Listing Restructuring as set out in Section 6.2 of this Prospectus.

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## 7. BUSINESS OVERVIEW

### 7.1 Introduction

Maxis is the leading mobile communications service provider in Malaysia by customer base and by revenues from Malaysia, with 11.4 million mobile subscriptions, representing 40.0% of the estimated 28.5 million mobile subscriptions in Malaysia as at 30 June 2009, and revenues of RM8,449.8 million for the year ended 31 December 2008 and RM4,243.8 million for the 6 months ended 30 June 2009.

Maxis' business comprises 3 business segments, namely its mobile services, fixed line services and international gateway services. As at 30 June 2009, Maxis' mobile services are offered on a postpaid basis to customers under the *maxis* brand to approximately 2.9 million subscriptions, representing 46.4% of the estimated 6.2 million postpaid subscriptions in Malaysia, and on a prepaid basis to customers under the *HOTLiNK* brand to approximately 8.5 million subscriptions, representing 38.2% of the estimated 22.3 million prepaid subscriptions in Malaysia. The use of the 2 distinct brands has enabled Maxis to develop its prepaid business successfully while maintaining growth in its postpaid business. As at 1 October 2009, Maxis' GSM Network covered 92.0% of the population in Malaysia. In addition to GSM, Maxis' network also supports GPRS, EDGE and 3G. Maxis currently has been assigned a block of 3G spectrum through its 75%-owned subsidiary, UMTS.

Maxis has pioneered and led the market in the provision of a number of mobile services in Malaysia.

- December 2004 - First operator in Malaysia to launch the BlackBerry™
- April 2005 - First operator in Malaysia to launch 3G services
- September 2006 - First operator in Malaysia to launch HSPA for wireless broadband services
- March 2008 - First operator in Malaysia to surpass 10 million subscriptions
- March 2009 - First operator in Malaysia to launch the Apple iPhone™
- April 2009 - First operator in Malaysia to launch commercial NFC services

Maxis provides its corporate and SME customers with enhanced postpaid plans based on its consumer postpaid plans. The plans are enhanced to meet specific enterprise customers' needs such as free calls or SMS among employees of the organisation using Maxis mobile services, special call rates during business hours and phone subsidies that are commensurate with the type of rate plans and tenure.

Maxis launched its fixed line service in January 1996 and provides a full suite of voice services, data services, VSAT services and IP and managed services to consumers and business customers.

Maxis' international gateway services comprise services to international telecommunications carriers for termination of traffic into Malaysia, services to send Maxis' own international traffic abroad and bandwidth leasing services. The international gateway services were set up to support the mobile and fixed line services for outbound and inbound traffic. Additionally, Maxis also engages in the trading of international voice wholesale (hubbing) minutes. Wholesale hubbing business combines organic and hubbing traffic to derive cost advantages in settlement rates, to allow for competitive IDD rates to be provided to Maxis' customers as well as for securing higher volumes of inbound Malaysian terminating traffic. As at 30 June 2009, Maxis had bilateral connections with 95 carriers in 38 countries and has capital investments in a number of submarine cable systems to carry its international voice and data traffic.

## 7. BUSINESS OVERVIEW (cont'd)

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The Subsidiaries (other than Maxis Asia Access) were part of MCB, which was listed in July 2002. Subsequent to its listing, MCB expanded into India and Indonesia and continued to look into expanding its business overseas. BGSM believed that such expansion would significantly change the financial and risk profile of MCB due to uncertainties surrounding the investment and regulatory environments in new markets, the substantial capital expenditure required which may strain MCB's cash flows and dividend payment capability and the increase in gearing to finance such capital expenditure and investments in new markets which may result in higher borrowing costs. As such, BGSM undertook the privatisation of MCB in May 2007 as it believed that private ownership then would accord greater flexibility for MCB to realise its vision to be a leading telecommunications company and to adopt a capital structure consistent with the change in its funding and risk profile. The privatisation was carried out by BGSM via a voluntary general offer for MCB shares at an offer price which represented the highest traded price of MCB shares since its listing in 2002.

Thereafter, Saudi Telecom entered into an agreement to form a strategic partnership with BGSM in June 2007, which was completed with Saudi Telecom becoming a strategic shareholder of BGSM in September 2007. In June 2007, Saudi Telecom announced that its investment in BGSM represented a significant step forward in Saudi Telecom's history and a milestone in the development of Saudi Telecom as a global player in the telecommunications arena. In its announcement, Saudi Telecom also mentioned that the transaction was consistent with its strategy and objective to expand into high growth emerging markets not only to diversify its revenue to countries outside of Saudi Arabia but also to generate sustainable long-term growth for the future.

The partnership with Saudi Telecom provides the opportunity to link MCB, and its operations in Malaysia and India, to a leading telecommunications operator in the Middle East in a mutually beneficial way. Saudi Telecom has brought complementary expertise to Maxis as an integrated large scale operator.

Subsequent to the privatisation, the Subsidiaries, which recorded combined revenues of RM6,957.1 million and PAT of RM2,105.4 million for the financial year ended 31 December 2006, had recorded combined revenues of RM7,689.6 million, RM8,449.8 million and RM4,243.8 million and PAT of RM1,980.2 million, RM2,400.4 million and RM1,141.0 million for the 2 financial years ended 31 December 2008 and for the 6 months ended 30 June 2009, respectively. For each of those periods, the Subsidiaries' mobile operations accounted for over 90% of its combined revenues. In addition, the Subsidiaries' combined EBITDA increased from RM3,743.0 million for the financial year ended 31 December 2006 to RM4,402.1 million for the financial year ended 31 December 2008.

Prior to the IPO, MCB implemented a restructuring exercise to consolidate its telecommunications operations in Malaysia under the Company. With the IPO and the Listing, MCB will re-introduce to the Malaysian equity market the Malaysian business of MCB, i.e. Maxis, which has grown over the years and has strong and stable cash flows. In comparison to MCB, Maxis is solely focused on Malaysia and therefore its operating free cash flows are separated from the uncertainties of the foreign operations of MCB.

### **Corporate vision**

Maxis' vision is to bring advanced communications services to enrich its customers' lives and businesses, in a manner that is simple and personalised, by efficiently and creatively harnessing leading edge technology, and delivering a brand of service experience that is reliable and enchanting.

## 7. BUSINESS OVERVIEW *(cont'd)*

### 7.2 Competitive strengths

Maxis believes that its position as the leading mobile communications service provider in Malaysia is built on the following competitive strengths:

- *Market leadership and effective branding*

Maxis remains the leading mobile operator in Malaysia in both the prepaid and postpaid segments with 11.4 million aggregate subscriptions and a 40.0% blended market share as at 30 June 2009. Importantly, Maxis' leadership is well entrenched in the postpaid segment where it has a 46.4% market share, providing it with an effective platform to cross-sell new products and services.

Maxis' brand values are centered around the core values of Simple, Creative and Trustworthy, which are manifested across the experience provided by Maxis to its customers and form the foundation of its internal cultural values.

Maxis has built *maxis* and *HOTLINK* into 2 of the most recognised and valuable brands in Malaysia through delivery of distinctive customer experiences and high network quality. This leadership has been strengthened by consistently managed advertising, promotions and image programmes built around Maxis' commitment to providing high quality, customised and innovative mobile communications services to its customers. These promotions and programmes are designed to guide customers towards the products and services which they seek. Maxis has been ranked among the top 5 most valuable brands in Malaysia in 2008 and 2009 by Brand Finance.

- *High network quality and customer service*

Maxis has high network quality and ubiquitous coverage across Malaysia through 6,291 base station sites as at 1 October 2009. The Maxis network has particular strengths in the areas of 2G and 3G voice and data services. Maxis' extensive network coverage and high network quality have been sustained through investments year-on-year in network coverage and capacity enhancements ahead of customer demands. Maxis endeavours to maintain a network that delivers the quality of products and services that its customers have begun to expect from Maxis' brands. More recently, and over the past 2 years in particular, Maxis has invested in next generation networks – it has migrated its 3G radio and major parts of its transmission networks to contemporary IP-based technology and is in the process of migrating its entire core (switching) network. This has enabled Maxis to enhance the delivery of advanced data services and to significantly broaden its broadband footprint, while improving reliability and operational efficiencies.

In tandem with the modernisation of its networks, Maxis has also become the first communications service provider in the Southeast Asian region to enter into a full transformation model with IBM, under a strategic partnership to transform its IT services for the delivery of future products and services to its customers. This transformation process includes selecting and implementing customer centric platforms and applications, which will help simplify and personalise the customer interface while adding further agility to the organisation.

Maxis provides a distinctive customer experience through segment-tailored bundled initiatives linked with associated loyalty programmes that allow the sale of differentiated community products resulting in better churn management and strong customer retention. This is backed by Maxis' customer-focused culture which is predicated on measurable, time-critical and responsive customer care and service. This focus has contributed to Maxis' recognition as an industry leader in Malaysia with respect to service quality, personalised customer experience and overall customer satisfaction, distinctively underlining the premium attached to the brand.

## 7. BUSINESS OVERVIEW (cont'd)

- *Strong and effective distribution network*

Maxis' extensive distribution network comprises over 21,000 points of sale (excluding internet access points) of which over 12,000 are physical retail locations across Malaysia, to complement its segmentation strategy. This comprehensive distribution network is one of the major contributors to Maxis' growth and its ability to maintain its market-leadership position. Maxis regards its dealers and distributors as close business partners, and supports these partnerships with reliable technical support and effective dealer training programmes. Many of Maxis' dealers have been loyal to Maxis for over a decade, effectively creating a reservoir of consumer understanding, while endorsing the product and brand credibility at the customer level.

- *Well placed to capitalise on fast growing broadband and data opportunities*

As Malaysia is estimated to have over 50% of its population under 25 years of age, a large proportion of which comprises regular internet users, Maxis believes that the Malaysian market is poised for significant growth in broadband and mobile data services, and Maxis is well placed to capture this opportunity. For instance, during the month of June 2009, 40.7% of Maxis' subscribers had accessed the internet through their mobile devices. For the 6 months ended 30 June 2009, 31.1% of Maxis' mobile revenues originated from non-voice services, making Maxis a leader in the provision of mobile data services in Malaysia. To support its non-voice and broadband business, Maxis has created a strong product development engine to deliver smart applications across mass market phones as well as sophisticated high end devices. In addition, Maxis has built a powerful ecosystem of partnership with content providers (including ASTRO, Yahoo and Friendster) and device manufacturers (including Apple and RIM) which is expected to support the delivery of the next generation of broadband and data products and services to customers.

- *Experienced management team*

Maxis believes it has an experienced key management team drawn from global and local talent that provides a balanced blend of international telecommunications and relevant industry expertise, local knowledge and understanding. Each member of the key management team has more than a decade of relevant industry experience, and they are part of a generation that saw the birth of mobile GSM and its natural evolution to 3G, HSPA, and broadband. Maxis also believes that this team has the right mix of skill sets and experience necessary to lead a successful communications operation in Malaysia's competitive and changing market environment.

Furthermore, many of Maxis' middle management executives have been with Maxis for a substantial tenure and have implemented many value-enhancing initiatives which have allowed Maxis to adapt to changing market dynamics and maintain its market-leading position.

At its core, Maxis values human capital and is regarded to be among Malaysia's top employers, having invested in an in-house academy for managers, strong leadership development programmes involving partnerships with institutions such as Harvard Business School Publishing and IBM, recruitment of outstanding graduates from leading universities as management trainees, employee performance management systems, scholarships for higher studies and regular employee satisfaction surveys.

## 7. BUSINESS OVERVIEW *(cont'd)*

- *Cash flows generation, financial discipline and corporate governance*

Maxis' robust financial position reflects its sound financial discipline and corporate governance practices. Maxis has demonstrated a track record of relatively high and consistent margins. Together with its prudent investment policies, this has resulted in strong and stable cash flows. Maxis has enhanced and intends to continue to enhance efficiencies through the adoption of international best practices, investment in human resources and systems, and leveraging on the strengths of its strategic partners. All of these factors, accompanied by strong financial discipline and governance, are directed towards underpinning the performance of the business, cash flow generation and supporting its growth.

### 7.3 Business strategies and future plans

Maxis believes that its extensive customer base, stronghold in the high-value segments, high quality network and services, effective distribution, recognised brand equity and resulting strong cash flows generation will allow it to consolidate its position in the mobile market. In addition, Maxis intends to utilise its strengths to extend its leadership into the household, corporate and SME segments and strengthen its position in the fast growing areas of data and broadband.

#### ***Background and trends***

Maxis sees several principal trends impacting the global telecommunications industry and Maxis' businesses: (1) telecommunications companies globally are seeking to capture multiple revenue streams by offering to all categories of customers a broader range of services; (2) mobile access and penetration are continuing to grow due to multiple SIM usage, expansion in underserved areas and the emergence of new segments, devices and applications; (3) voice has largely been commoditised; (4) data usage is increasing and customers are demanding increased speed and bandwidth, mobility, differentiated content and user-friendly applications; and (5) the competitive and regulatory environments are encouraging the emergence of new players and infrastructure sharing.

In addition to these global trends, Maxis believes that the growth in the Malaysian telecommunications market will be driven by the young demographic profile of the population in Malaysia and the accelerating adoption of mobile data, 3G, internet and broadband. This will be fuelled by the growing ownership and increasing range of devices such as smartphones and netbooks and the key initiatives by the Government to use the telecommunications sector as one of the strategic vehicles for driving economic growth and development of rural areas.

Although mobile SIM penetration in Malaysia has exceeded 100%, Maxis believes that significant future growth opportunities still remain, for example, in the less penetrated regions of East Malaysia, the East Coast of Peninsular Malaysia, and in the youth segments. In a number of other markets, SIM penetration continues to grow well over 100% as noted above. Maxis believes that Malaysia's demographic profile, whereby over 50% of its population is estimated to be under 25 years of age, provides opportunities for growth both in terms of subscribers and adoption of new data services.

The Malaysian population is already internet-centric, with 15.9 million reported internet users as at 31 March 2009. Over the last 3 years, these users have increasingly extended their internet access to mobile devices and to wireless and fixed line broadband subscriptions. Penetration rates of Maxis' customer base for key advanced data services are high. During the month of June 2009, 4.6 million of Maxis' subscribers accessed the internet with their mobile devices, and 1.8 million subscribers used MMS. Falling prices of 3G phones and increasing data usage have also served to boost Maxis' 3G penetration to 20.3% of its total mobile customer base, which equates to 2.3 million active subscriptions.

## 7. BUSINESS OVERVIEW (cont'd)

The Government has stated its target to take broadband penetration in the country to 50% by 2010. As part of this initiative, it has entered into a private-public partnership with TM to launch a national HSBB programme. The Commission has stated that it will ensure that other providers, including Maxis, will be able to access the HSBB network on reasonable terms and conditions and on an equitable and non-discriminatory basis. Maxis expects that customers will increasingly seek multiple applications and services, requiring higher bandwidth and differentiated content for their homes and businesses. Maxis believes that fixed line and wireless broadband are addressing a variety of different consumer needs, covering high bandwidths and mobile access, and therefore will provide highly complementary opportunities to drive incremental revenue from its customers.

### ***Maxis' opportunity and strategy***

The global trends and specific developments in Malaysia discussed above provide an opportunity for Maxis to redefine and broaden its products and applications, change the way Maxis interacts with customers and addresses their needs, and extends its leadership into the household and enterprise segments. Through a combination of strategies, Maxis intends to consolidate its market leadership in the mobile market in order to preserve and enhance cash flow generation and to address tangible growth opportunities in areas such as data and broadband.

Maxis aims to attain these objectives through 3 strategic thrusts set out below.

#### **7.3.1 Broaden and deepen customer base and relationships**

To address growing customer communications needs and to consolidate its market leadership, Maxis intends to:

- *Leverage the existing customer base.* Maxis believes that having the largest mobile customer base, with particular strength in the postpaid segment, provides it with unique opportunities to extend the customer relationship into the household and business segments. These include building on-net communities through family and account-type plans and cross-selling data and broadband services. Maxis' distribution channels, especially its existing exclusive postpaid retail outlets, will continue to evolve their cross-sell and service capabilities for existing customers. The size of Maxis' customer base also makes Maxis more attractive when working with third parties to offer compelling loyalty and cross-selling programmes as well as content.
- *Extend and improve reach.* Maxis intends to extend network and channel coverage to underserved and new geographies. This focuses on filling in remaining gaps in existing markets and expanding its reach in East Malaysia and the East Coast of Peninsular Malaysia. In addition, in order to multiply access opportunities and to drive cost efficiencies in distribution, Maxis is enhancing and improving its prepaid top-up points to new forms such as ATM and the internet. Maxis is also pursuing wholesale concepts such as MVNOs and reseller agreements to strategically address underserved and niche segments.
- *Enhance brand equity.* Maxis believes that the core of its brand experience is high network quality, customer service and innovative services. Maxis intends to make additional improvements in these areas, for example, through continued investments in network and IT infrastructure, service quality enhancements in retail and contact centres, new channels and new product launches. These improvements, together with the creative utilisation of mass media and direct communication channels, can further strengthen Maxis' brand equity.



## 7. BUSINESS OVERVIEW (cont'd)

- *Refine customer segmentation.* Maxis believes that customer segmentation enables it to implement strategies to foster growth, loyalty and manage churn, particularly in its areas of strengths (i.e., corporate, SME and high usage segments for mobile services), and to address new opportunities in the youth, household, sub-urban and rural markets. Maxis is developing advanced customer relationship management systems to gain further insights into customer needs. This will allow for more tailored services, bundled solutions, a sophisticated approach to pricing and wider market reach through customised channels for services, enhancing value for the customer.

### 7.3.2 Grow the broadband and data business

To further improve its position in the broadband and data business, Maxis is focused on the following:

- *Driving broadband demand.* Maxis intends to offer integrated broadband services to its customers. Maxis will continue to expand the coverage of its high-speed wireless broadband network and intends to selectively invest in its own fixed line footprint, leverage on the Government's HSBG initiative and form strategic partnerships for access to homes and commercial buildings. Maxis will also capitalise on its large customer base, brand reputation and channel coverage through focused cross-selling and integrated service bundle offerings.
- *Improving user experience.* Maxis is focusing on the development of an innovative concept that is expected to simplify user experience and allow its customers to access their content and applications better. These initiatives are expected to include integrating contact information with user availability and location status, strengthening search and portal capabilities, providing unified access to social networks and offering a seamless multimedia experience across multiple access devices and screens. The first such services are being launched in the second half of 2009 and include an application store, a user-generated and location-based directory services, a unified community platform for all Maxis services, and a seamless gateway to social networks.
- *Developing partnerships.* Customers are increasingly demanding enriched and differentiated content which requires engagement with key players in and around the industry. Maxis has already created a strong ecosystem of partnerships with leading and premium content providers and device manufacturers, including ASTRO, Yahoo, Friendster, Apple and RIM. Specifically, working with ASTRO's multimedia units enables Maxis to obtain access to popular local content reformatted for mobile access and to jointly develop new premium content for mobile access. Maxis has also created partnerships with Visa, Maybank, Touch 'N Go and Nokia for the launch of commercial NFC services in Malaysia. Maxis intends to expand this ecosystem further through relationships and co-branding with partners.
- *Strengthening content differentiation.* Maxis realises the importance of relevant content and continues to be committed to supporting both international and local content developers. Maxis is building on these relationships to strengthen the depth and breadth of content and to develop applications that meet the needs of a growing range of customer segments. For example, Maxis has initiated the development of a third-party oriented application store and launched dedicated programmes for developers, including the Maxis Developer Programme and the Maxis Content Challenge. These efforts also aim to foster the development of productivity-focused applications for the corporate and SME segments.

## 7. BUSINESS OVERVIEW (cont'd)

- *Future proofing.* Maxis is making focused efforts to develop potential future growth areas. In the area of mobile services, for example, Maxis is focused on developing applications for m-commerce, mobile TV and mobile advertising. As part of these efforts, Maxis has set up dedicated teams for each area and carried out trials on new technologies like DVB-H and MediaFlo and introduced mobile advertising and various m-commerce solutions such as NFC services and remittances.

### 7.3.3 Transform operational platforms

In executing the strategic thrusts set out in Sections 7.3.1 and 7.3.2 of this Prospectus, Maxis is making significant efforts for the following:

- *Continuous strengthening and modernisation of network.* Network quality and capabilities are at the heart of Maxis' strategy to consolidate its market leadership and also capture the growing broadband and data opportunities. To this end, Maxis is focusing on continuous network quality improvement and expansion of its high-speed, high-capacity wireless broadband network in geographic areas with significant data demand. Further expansion of the 2G network is also being undertaken in markets where customers are still demanding more basic voice and data services, e.g., in the suburban and rural markets of East Malaysia and the East Coast of Peninsular Malaysia. In addition, Maxis sees the opportunity to broaden its reach to household, corporate and SME customers through selective investments and partnerships relating to access to the customers' premises including through leveraging the HSBB initiative.
- *IT transformation.* Maxis is conscious that it needs an infrastructure that is reliable, business oriented and which supports continuing innovation and business development. Consequently, Maxis has entered into a strategic partnership with IBM to strengthen the robustness of its IT architecture, augment service capabilities through advanced customer relationship management systems and convergent billing, enhance innovation capabilities through improved service delivery platforms, and derive operational efficiencies.
- *Cost management to drive profitability and cashflows.* Maxis is making concerted efforts to further improve its productivity levels and its cost to serve customers. Maxis believes that re-engineering and reducing costs through efficient cost management and streamlined partnerships will be essential for margin preservation and to deliver strong financial performance.
- *Human capital development.* Maxis recognises the importance of an effective human resource strategy to support its growth. Consequently, Maxis has invested significantly in training its employees, including the establishment of the Maxis Training Academy, and is taking active steps to attract, nurture and develop its next generation of leaders.

## 7.4 Mobile services

### 7.4.1 Overview

Maxis has been operating its postpaid mobile service under the *maxis* brand since August 1995, and its prepaid mobile service under the *HOTLiNK* brand, since October 1999. As at 30 June 2009, Maxis had a total of 11.4 million mobile subscriptions, representing 40.0% of an estimated 28.5 million mobile subscriptions in Malaysia, comprising 2.7 million postpaid subscriptions, 8.5 million prepaid subscriptions and 0.2 million wireless broadband subscriptions.

## 7. BUSINESS OVERVIEW (cont'd)

Maxis has been allocated a total of 2x10 MHz of spectrum in the GSM 900 MHz frequency band, 2x6 MHz of spectrum in the extended GSM 900 MHz frequency band and 2x25 MHz of spectrum in the GSM 1800 MHz frequency band. Maxis also has a block of W-CDMA 2100 MHz 3G network spectrum through UMTS, consisting of 2x15 MHz FDD and 1x5 MHz TDD frequencies. Through various access agreements, Maxis has agreed with other Malaysian telecommunication operators and various state-owned companies to share network facilities and services. Maxis' mobile network is interconnected to all other fixed and mobile operators in Malaysia, as well as certain other international fixed and mobile operators so as to allow voice and data services to and from any fixed line or mobile telephone within and outside Malaysia. See Section 7.9 of this Prospectus.

As at 1 October 2009, Maxis' GSM Network covered 92.0% of the population of Malaysia, while Maxis' 3G mobile network covered 57.5% of the population of Malaysia. As at 1 October 2009, Maxis' GSM Network comprised 6,268 2G base stations and 3,145 3G base stations. The 2G mobile network covers all major towns, cities and principal traffic routes throughout Malaysia, including the North-South Expressway which is the principal highway in Malaysia. The 3G network was launched in April 2005 and is being gradually extended to areas with demand for high speed services. The 3G mobile network has fewer sites and therefore less coverage, but 3G coverage is concentrated in the major cities, towns and along principal traffic routes. Coverage is expected to increase as the 3G roll-out progresses. Maxis' 3G mobile network allows subscribers to use the 2G mobile network. Maxis expects to extend further its mobile network geographically within Malaysia in accordance with demand.

The following tables set out selected financial and operating information about Maxis' mobile business for the periods indicated.

	For the year ended 31 December			For the 6 months ended 30 June	
	2006	2007	2008	2008	2009
	(RM million)				
<b>Financial information</b>					
Mobile revenue	6,535.2	7,173.1	7,866.1	3,816.5	3,915.5
- Postpaid	2,657.2	2,815.8	3,185.8	1,525.3	1,772.6
- Prepaid	3,878.0	4,357.2	4,680.3	2,291.2	2,142.9
	As at or for the year ended 31 December			As at or for the 6 months ended 30 June	
	2006	2007	2008	2008	2009
<b>Operational information</b>					
Total population of Malaysia (in thousands)*	26,640.2	27,173.6	27,728.7	27,451.8	28,007.3
Malaysian mobile subscriptions (in thousands)*	19,458.8	23,376.2	27,152.1	25,167.0	28,545.0
Malaysian mobile penetration rate (%)*	73.0	86.0	97.9	91.7	101.9
Number of Maxis mobile subscriptions (in thousands)					
- Postpaid	1,623.1	1,907.3	2,503.8	2,115.0	2,727.7
- Prepaid	6,440.2	7,811.6	8,590.1	8,419.1	8,523.9
- Wireless broadband	4.5	46.3	140.2	101.3	171.2
Total	8,067.8	9,765.2	11,234.1	10,635.5	11,422.8
Maxis market share of subscriptions (%)	41.5	41.8	41.4	42.3	40.0
Maxis annual mobile subscriptions growth rate (%)	2.7 <sup>#</sup>	21.0	15.0	19.3	7.4
Monthly ARPU (RM)					
- Postpaid	140.2	125.3	112.3	115.5	102.9
- Prepaid	46.4	51.0	46.6	47.0	41.6
- Wireless broadband	99.1	75.4	95.5	88.2	101.6
- Blended	61.2	64.0	58.6	59.1	54.2

## 7. BUSINESS OVERVIEW (cont'd)

	As at or for the year ended 31 December			As at or for the 6 months ended 30 June	
	2006	2007	2008	2008	2009
Total MOU (in millions)	15,786.9	18,886.4	22,842.7	11,080.9	11,332.2
Average monthly MOU per subscription (minutes) <sup>(1)</sup>					
- Postpaid	465.4	406.2	396.1	399.7	369.2
- Prepaid	92.0	124.6	131.5	136.3	112.8
- Blended	156.1	178.7	184.0	186.6	171.6
Average monthly churn rate (%) <sup>(2)</sup>					
- Postpaid	1.1	1.2	1.2	1.2	1.8
- Prepaid	6.8	4.3	4.3	3.9	4.9
- Wireless broadband	7.0	11.9	3.9	3.4	4.5
- Blended	5.4	3.7	3.6	3.3	4.2

### Notes:

- \* Based on Frost & Sullivan's report as set out in Section 8 of this Prospectus.
- # Low growth attributable to commencement of mandatory prepaid subscriber registration.
- <sup>(1)</sup> Average monthly MOU per subscription excludes roaming partner minutes but includes free minutes effective from June 2007.
- <sup>(2)</sup> Average monthly churn rates for postpaid, prepaid and wireless broadband subscribers exclude migration of Maxis' subscribers from one product to another

### 7.4.2 Customers

Maxis has experienced rapid mobile customer growth since the launch of its mobile services. With 11.4 million mobile subscriptions as at 30 June 2009, Maxis' share of the Malaysian mobile market, which is estimated at 28.5 million mobile subscriptions as at 30 June 2009, is 40.0%, making Maxis the leading mobile operator by customer base in Malaysia.

Maxis has a broad range of customers across different demographic groups. Over the last 3 financial years ended 31 December 2008 and for the 6 months ended 30 June 2009, the average age of Maxis' customers has become younger. As at 30 June 2009, a third of the customer base comprises individuals under the age of 25. The youth segment customers are more likely to be users of SMS, MMS and GPRS data. Many of Maxis' postpaid customers are part of family type plans with a principal line and supplementary lines, and Maxis also has internationally connected customers who are extensive users of roaming and IDD services. While historically Maxis had more prepaid subscribers than postpaid subscribers, largely due to the difference in pricing of voice services over the 3 years ended 31 December 2008, there has been increasing migration by customers from using prepaid services to postpaid services.

Currently, a large proportion of Maxis' postpaid customer base consists of individuals subscribing for mobile services principally for personal use. *HOTLiNK* customers are individuals, primarily comprising individuals from the urban and youth segments. In general, the majority of Maxis' customers are in the more affluent regions of Peninsular Malaysia, including the Klang Valley (which includes Kuala Lumpur), Selangor, Penang and Johor Bahru.

## 7. BUSINESS OVERVIEW *(cont'd)*

Maxis intends to continue to focus on supporting long-term customer relationships with its customers belonging to the higher-spending postpaid category, and to support ARPU levels through growth in data services by increasing its cross-selling of advanced data services. Maxis also plans to grow its mobile business in the following areas:

- the youth segment (below the age of 25), which Maxis believes will be early adopters of technology and data usage;
- mobile data services such as mobile internet, music downloads, games, sports and caller ringtones, which are increasingly popular;
- the SME segment, where Maxis has seen 31.1% subscriber growth between 2007 and 2008;
- the corporate segment, where Maxis services large corporates and the government sector. This segment has experienced 24.1% subscriber growth between 2007 and 2008; and
- East Malaysia and East Coast of Peninsular Malaysia, where Maxis has identified East Malaysia and East Coast of Peninsular Malaysia as growth areas both in terms of its under-developed market size and Maxis' market share.

There are no customers that individually contributed 10.0% or more of the revenue of the audited combined financial statements of the Subsidiaries for each of the last 3 years ended 31 December 2008 and for the 6 months ended 30 June 2009.

### 7.4.3 Revenues and tariffs

Maxis' mobile revenues are generated primarily from usage for outgoing local, long distance and international calls, recurring fees such as monthly subscription charges and access fees, interconnection charges, data transport fees, value-added and other chargeable services and connection fees. Maxis sets its own tariffs and is not subject to any regulatory price controls.

Although total mobile revenues have increased since 2006, Maxis' ARPU levels have gradually declined, in line with global industry trends. Maxis believes that the decline in its ARPU has resulted primarily from Maxis' expansion of its customer base (including into the prepaid segment), and the reduction in tariffs in response to the competitive forces in the industry.

Maxis has seen high growth in non-voice revenue, accounting for 31.1% of mobile revenues for the 6 months ended 30 June 2009. This growth was driven by Maxis' focus on encouraging the adoption of SMS, advanced data services and wireless broadband. Non-voice revenues are particularly important in the youth segments as young users tend to send a high volume of SMS and are faster adopters of mobile data and mobile internet services.

Maxis offers its mobile services to postpaid and prepaid subscribers under different plans. The key difference between plans offered to postpaid subscribers and prepaid subscribers is that postpaid plans allow usage on "account" with customers paying monthly bills, while prepaid requires customers to pay in advance into their account (known as 'top-up') to allow usage.

## 7. BUSINESS OVERVIEW (cont'd)

### 7.4.4 Postpaid mobile

Maxis' postpaid service is sold under the *maxis* brand. Maxis' postpaid revenues are dependent on the customer's particular rate plan and usage. On subscription, Maxis' new customers are usually charged a refundable deposit or advanced payments (which is usually credited on their first bill), following which customers pay a monthly commitment fee for certain basic postpaid mobile services. Maxis operates under CPP whereby customers are only charged for calls made, except for inbound calls when internationally roaming.

Maxis offers a variety of postpaid plans. These plans are designed to meet the needs of individuals, families and business customers.

Under the *Value Plus* plan, customers are not bound to a set term or incur an exit penalty if they decide to terminate the plan. Maxis' current *Value Plus* plan has varying levels of monthly commitments ranging from RM30 to RM500. Generally the higher the commitment, the lower domestic rates are charged for voice, video, SMS and data services. Some of the plans also have additional features such as reduced tariffs based on usage, priority customer service and international assistance when roaming. The monthly commitment provides customers an allowance equal to the value of their commitment for domestic voice and data, international voice and SMS, and voice roaming services. The plans are designed to provide a simple purchase choice for customers with flexibility as their product usage changes from month to month.

To meet the needs of families, most postpaid accounts also have the ability to add a secondary (supplementary) line. *Value Plus Family* plans include the following features:

- shared monthly commitment with the principal;
- shared call rates; and
- free volume of local voice and SMS between principal and supplementary lines up to a cap.

Maxis does not typically provide handsets directly to its customers. Maxis offers discounts on a range of handsets that are likely to increase the adoption of data or 3G services. These plans normally offer a discount on the price of the handset and in return the contract specifies the minimum length of time the customer has to retain the service. Penalty fees are levied for changes or cancellation of contract and minimum monthly usage commitment. Examples of such contract plan include contract plans linked to the Apple iPhone™ and RIM's Blackberry™ devices.

Maxis encourages spend and usage through the provision of the following:

- added functionality through value added services such as CLIP, CLIR, voicemail, IDD, international roaming, multi-line single SIM and multi-line SIM single line;
- a range of special packages called *Value Extras*, which offer discounts on services for an additional upfront monthly fee. For example, *Extra Ten* offers preferential calling rates to 10 chosen on-net numbers for an extra RM10 per month; and
- advanced data services.

## 7. BUSINESS OVERVIEW (cont'd)

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Maxis provides its enterprise customers with postpaid plans based on the consumer postpaid plans. The plans offered to enterprise customers are enhanced to meet specific enterprise customers' needs such as free calls or SMS among employees of the organisation using Maxis mobile services, special call rates during business hours and phone subsidies depending on type of rate plans and tenure.

Maxis also provides BlackBerry™ Internet Solutions and BlackBerry™ Enterprise Service supported by 2G, 3G and HSDPA technologies. The BlackBerry™ service is a single, integrated handheld solution that provides the customer access to a broad range of applications which include e-mail, phone, intranet, internet, SMS and personal information management applications operating over mobile data networks. It uses the "push" technology which automatically routes all e-mails directly to the customer's handheld unit.

### 7.4.5 Prepaid mobile

Maxis' prepaid service was launched in 1999 in Peninsular Malaysia and in 2001 in East Malaysia. The service is sold under the *HOTLiNK* brand. In addition to voice services, *HOTLiNK* offers a suite of value-added services and advanced data services that are also available to Maxis' postpaid customers. For new customers, all *HOTLiNK* plans require the purchase of a starter kit which may, depending on the plan, include a certain amount of airtime and is subject to a registration requirement as set by the Commission. Existing customers can top-up their air time through cash or electronic payment options. Cash options include top-up tickets available at all Maxis Centres and *HOTLiNK* authorised dealers, "Easy Top Up" (where a minimum top-up of RM3 is made directly into a Maxis customer's SIM card at participating authorised Maxis dealers) and E-Pay Terminals (where a Maxis prepaid customer can purchase an e-voucher and top-up instantly using e-pay terminals at major departmental stores, pharmacies and petrol stations). Electronic payments can be made via the customer's bank accounts. These include online banking (by logging on to [www.hotlink.com.my](http://www.hotlink.com.my) or a participating bank's website), ATM machines (by ATM card), SMS top-up (by registering with the customers' preferred bank) and OnePay Terminals (available at many Petronas, Shell and Bhp stations nationwide). Malaysian Electronic Payment System (1997) Sdn Bhd ATM cards can also be used.

Maxis primarily offers 2 types of prepaid plan, with different validity periods. Maxis offers pay-and-go plans under which the customers can use the prepaid services within a specified period of time after which they have to top-up for further usage. The pay-and-go plans are customised to cater to the requirements of different market segments. For instance, customers in Peninsular Malaysia are offered *HOTLiNK Extra* and *HOTLiNK Basic* plans targeted at short duration callers while Indonesian foreign workers in Malaysia are offered *HOTLiNK Simpati* which offers preferred IDD rates to Indonesia.

In addition to pay-and-go plans, Maxis offers prepaid plans with extended lifetime where the validity period for usage is not determined by the top-up value. These plans usually have prespecified length of validity period which will be valid so long as certain conditions are met. For example, *HOTLiNK Youth Club* provides a 4-year validity period upon registration, subject to a minimum top-up of RM10 for every 12 months. Currently, such long validity plans in the market are *HOTLiNK 365* (which has an East Malaysia variant) and *HOTLiNK Youth Club* which is targeted at customers below 25 years of age.

## 7. BUSINESS OVERVIEW (cont'd)

Other than the validity period, prepaid plans generally differ in terms of domestic voice, video, SMS rates and call blocks while some have additional features in terms of tariff adjustments. Similar to the postpaid plans, additional bundles can be purchased under *Supersavers* which are designed to stimulate off-peak voice and data usage or predetermined international usage. Most prepaid plans have the ability to have preferential rates to connect up to 10 other *HOTLiNK* subscribers and this is known as *Activ10*. Like postpaid plans, prepaid plans also have access to a range of value-added services, including roaming.

A prepaid customer must register the customer's prepaid number after purchasing a prepaid starter kit before the customer can start using the mobile service. Customers can register using MyKad (which enables instant registration) or by completing forms that are available in the starter kits, which are to be submitted to Maxis Centres. Activation will be carried out within 24 hours upon receipt of completed forms by Maxis Centres.

A website for prepaid users ([www.hotlink.com.my](http://www.hotlink.com.my)) with entertainment and lifestyle news and games is used to announce service enhancements and promotions.

### 7.4.6 Mobile data

As part of its strategy to diversify its revenue base, Maxis plans to increasingly focus on providing mobile data applications and content in line with market demand and current technology to differentiated customer segments. To support this strategy, Maxis is building strategic partnerships with selected content solution providers, device manufacturers and technology partners who can add value to current and future data initiatives and develop additional content distribution channels.

Maxis' existing initiatives in mobile data and multimedia are focused primarily on mobile internet, music, non peer-to-peer messaging, MMS, location-based services and m-commerce.

- *Mobile internet.* Maxis is focused on enhancing the ease of access to key search engines, internet and social networking sites and establishing strategic partnerships with companies like Friendster and Yahoo. During the month of June 2009, 4.6 million of Maxis' subscribers had accessed the internet on their mobile devices. Going forward, Maxis is planning several initiatives to further enhance and simplify access and personalise the portal experience of its customers.
- *Music.* Maxis has grown this data service through building an integrated music portal which it continues to improve on, working closely with music labels and providing customer education on its music services. During the month of June 2009, 4.7 million of Maxis' subscribers had used ringbacktone services by Maxis. Maxis is working towards enabling the distribution of user generated content and enhancing the features to enable better personalisation of the customers' music selection and experience.
- *Non peer-to-peer messaging.* Maxis has increased the use of non peer-to-peer SMSs through the promotion of application-to-peer messaging traffic, particularly for on-demand information for sports, news and entertainment, interactive shows such as Akademi Fantasia and Malaysian Idol, and quizzes and contests.
- *MMS.* Maxis continues to promote the usage of MMS through interactive campaigns, proactively enabling MMS devices with the required setting, and developing a complete suite of services to support the use of MMS, such as remote storage and photo printing. During the month of June 2009, 1.8 million of Maxis' subscribers had used MMS.



## 7. BUSINESS OVERVIEW (cont'd)

- *Location-based services.* As at 30 June 2009, 3.1 million subscribers had used Maxis' *Friend Finder* and *Family Finder* services since its launch in 2004. These services enable a Maxis subscriber to locate another Maxis subscriber within coverage areas in Malaysia. Maxis intends to continue to expand its location-based services into directory and listing services.
- *M-commerce.* Maxis has developed a range of m-commerce and m-payment services, including several leading initiatives such as commercial NFC services (together with Visa, Maybank, Touch 'N Go and Nokia), instant mobile-to-mobile remittances and airtime sharing programmes across multiple countries.

These data initiatives have contributed to the increase in the usage of 3G services to over 2.9 million 3G devices as at 30 June 2009, with 2.3 million customers actively using 3G services (excluding subscribers of wireless broadband services).

### 7.4.7 Broadband services

Maxis offers wireless broadband services to its consumer and enterprise customers. In September 2006, Maxis commenced providing consumer broadband services in Malaysia, and launched wireless consumer broadband services using HSDPA modems for desktop personal computers in residential homes. HSDPA technology provides superior speeds for data and video services, as well as operating efficiencies, using the same spectrum and infrastructure for voice and data on an IP-based platform. This service runs on Maxis' existing 3G/HSDPA networks and is currently available in the Klang Valley, Penang, Johor Bahru, Ipoh, Melaka, Seremban, Alor Setar, Kuantan, Batu Pahat, Kulim, Sungai Petani and Kuala Terengganu. Despite the competitive environment, Maxis continues to attract customers to subscribe for its broadband services by offering attractive promotions such as providing additional savings to Maxis mobile postpaid customers and customers who pay via direct debit when they sign up for the broadband packages. These services are offered together with other mobile services to provide customers with a broad range of communications solutions. Maxis intends to offer integrated broadband services to its customers in the future.

### 7.4.8 Roaming services

Maxis has roaming arrangements with operators in other countries under which the other operators allow Maxis' mobile customers to use their respective foreign networks while in the relevant country in return for reciprocal use of Maxis' network in Malaysia. Maxis offers a wide range of roaming destinations and currently has roaming for voice and data services with more than 455 mobile operators in over 180 countries and 3G coverage in 60 countries.

As at 30 June 2009, 1.0 million, or 34.5%, of Maxis' postpaid mobile subscriptions had activated their roaming capability. Call charges while roaming internationally are those imposed by the operator in the country the customer is calling from, plus a roaming surcharge. Callers to the roaming customer pay the local, national or IDD rate for making calls from the caller's location. Roaming customers are charged for the routing of a call from Malaysia to the country where they are receiving the call.

As at 30 June 2009, *HOTLiNK* customers can make and receive calls in over 180 countries when their balance is over RM10. In 15 countries, *HOTLiNK* customers have automatic roaming service which allows direct outbound calls. In the remaining countries, outbound calls by a Maxis prepaid customer use international call back.

## 7. BUSINESS OVERVIEW (cont'd)

### 7.5 Fixed line services

Maxis has operated a fixed telecommunications network in Malaysia since January 1996. Its fixed line services comprise a full suite of voice services, data services, VSAT services and IP and managed services to consumers and business customers.

The following table sets out selected financial and operating information about Maxis' fixed line services for the periods indicated.

	For the year ended 31 December			For the 6 months ended 30 June	
	2006	2007	2008	2008	2009
	(RM million)				
<b>Fixed line services revenue</b>	170.5	204.4	203.7	95.5	103.7
Voice	101.0	91.6	73.6	40.2	36.1
Data	50.1	52.7	66.9	33.6	32.9
VSAT	16.6	19.6	24.5	10.5	14.9
IP and managed services	2.8	40.5	38.7	11.2	19.8
<b>Total fixed line services revenue</b>	<b>170.5</b>	<b>204.4</b>	<b>203.7</b>	<b>95.5</b>	<b>103.7</b>
	As at or for the year ended 31 December			As at or for the 6 months ended 30 June	
	2006	2007	2008	2008	2009
<b>Selected operating data</b>					
Number of POTS	31,100	29,644	29,001	29,307	28,429
Business POTS average revenue per line (RM)	95	89	78	83	74
Residential POTS average revenue per line (RM)	67	58	50	53	46
Leased lines <sup>(1)</sup>	13,693	16,334	16,674	15,384	17,535
VSAT terminals	1,104	1,610	2,049	1,821	2,199
<b>ISP lines</b>					
xDSL lines	2,258	6,333	8,055	7,490	8,388
DIA lines <sup>(1)</sup>	1,816	1,535	2,017	2,000	2,119

**Note:**

<sup>(1)</sup> Leased line and DIA trunks with bandwidth 2mbps and below are converted to 64kbps equivalent circuits, and no conversion is done for bandwidth above 2mbps.

#### 7.5.1 Voice services

Voice services refer to local, domestic long distance and IDD, ISDN and single PSTN line services provided by Maxis to its business and residential customers. Revenue from voice services consists of airtime usage, monthly access fees, interconnect revenues and connection fees.

## **7. BUSINESS OVERVIEW (cont'd)**

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### **7.5.2 Data services**

Maxis offers a range of services under its data services offering, including DIA, a secured internet access service using a dedicated leased line connectivity to the internet gateway which is targeted at large and medium businesses which require high speed connections. Maxis also offers HSIA broadband connection services, which are provided through xDSL, using Maxis' copper telephone lines. Maxis' HSIA services currently include ADSL to residential customers, SDSL and ADSL2+ access to suit various commercial requirements. DPLC, IPLC and Metro-E services are offered to large and medium businesses which require point-to-point connection between their offices.

### **7.5.3 VSAT services**

Maxis offers satellite-based multimedia services including voice, data, digital video broadcast and IP services over MEASAT satellites. Maxis is among the leading VSAT providers in Malaysia with more than 2,000 VSAT terminals nationwide as at 30 June 2009. Its customers are primarily in the retail oil and gas industries as well as timber and plantations sectors and the programmes by the Government for rural libraries, clinics and security agencies.

### **7.5.4 IP and managed services**

IP services refer to IP platforms or network architecture such as MPLS. Managed services relate to the design, supply, commission and management of network and communication services (voice, video and data) of large businesses.

Maxis started offering IP MPLS products and managed services to business customers in October 2006. The revenues from these services grew significantly from RM2.8 million for the year ended 31 December 2006 to RM38.7 million for the year ended 31 December 2008, primarily through the delivery of managed services by Maxis to the corporate and government sectors. Maxis continues to pursue large managed services projects, targeting government bodies and corporate customers. In the second half of 2009, Maxis entered into an agreement with MEASAT Broadcast Network Systems (a subsidiary of ASTRO) to design, supply, commission and manage ASTRO's network infrastructure in Malaysia over the next 5 years.

## **7.6 International gateway services**

Maxis' international gateway services comprise services to international telecommunications carriers for termination of traffic into Malaysia, services to send Maxis' own international traffic abroad and bandwidth leasing services. The international gateway services were set up to support the mobile and fixed line services for outbound and inbound traffic. Additionally, Maxis also engages in the trading of international voice wholesale (hubbing) minutes. Wholesale hubbing business combines organic and hubbing traffic to derive cost advantages in settlement rates, to allow for competitive IDD rates to be provided to Maxis' customers as well as for securing higher volume of inbound Malaysian terminating traffic. As at 30 June 2009, Maxis had bilateral connections with 95 carriers in 38 countries and has capital investments in a number of submarine cable systems to carry its international voice and data traffic.

## 7. BUSINESS OVERVIEW (cont'd)

The following table sets out selected financial and operating information about Maxis' international gateway services for the periods indicated.

	For the year ended 31 December			For the 6 months ended	
	2006	2007	2008	30 June	2009
	(audited)	(audited)	(audited)	(unaudited)	(audited)
	(RM million)				
<b>Financial information</b>					
Revenue	251.4	312.2	380.0	156.1	224.6
	For the year ended 31 December			For the 6 months ended	
	2006	2007	2008	30 June	2009
	(unaudited)			2008	2009
	(million)				
<b>Selected operating data</b>					
Total minutes <sup>(1)</sup>	1,624.2	2,074.5	2,549.0	1,169.5	1,313.4

**Note:**

<sup>(1)</sup> Total minutes comprise incoming, outgoing and hubbing minutes.

### International tariffs

Maxis derives revenue through settlements from international telecommunications carriers for the termination of calls to Maxis customers in Malaysia. In turn, when Maxis customers in Malaysia make IDD calls, Maxis is billed by its overseas counterparts a termination cost for the use of their facilities. Accounting rates and settlement procedures are agreed bilaterally between international telecommunications carriers for this purpose. Hubbing operations from the international gateway services allow Maxis to aggregate minutes from other carriers in order to derive cost advantages in settlement rates, to allow for competitive IDD rates to be provided to Maxis customers as well as for securing higher volume of inbound Malaysian terminating traffic.

### 7.7 Distribution, sales and marketing

Maxis' distribution, sales and marketing activities are aimed at retaining and servicing its existing customer base and acquiring new customers in Malaysia.

#### Distribution

Maxis reaches out to its postpaid customers through a combination of 29 Maxis Centres nationwide and through 198 exclusive partnership with dealers. These also service the prepaid customers. *HOTLiNK* prepaid products (including prepaid starter packs and top-up tickets) are distributed through 7 distributors to the dealer channels and are also sold at retail outlets, Maxis Centres and selected ATMs. No single distributor or dealer accounted for more than 10.0% of Maxis' total revenues for the year ended 31 December 2008 or the 6 months ended 30 June 2009.

As at 30 June 2009, Maxis' distribution network comprises 21,000 points of sale (excluding internet access points) of which over 12,000 are physical retail locations.

Dealers receive commissions on subscriptions sold, which is in line with industry practice. Maxis rewards its dealers with bonuses and awards during consumer promotions and campaigns. Maxis' policy is to be transparent and consistent in its treatment and communications with them. Technical and customer care training are also offered to dealers and their staff to improve service and productivity.

## 7. BUSINESS OVERVIEW (cont'd)

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Maxis' distribution strategy for the business segment includes in-house direct sales teams supported by a nationwide network of appointed specialised channel resellers. Dedicated account managers are deployed for selected large corporations, while Maxis works closely with channel resellers to serve the SME segment.

As part of its strategy to extend and improve its reach to underserved and niche segments in Malaysia, Maxis entered into a reseller agreement with Next Telecommunications Sdn Bhd ("**Nextel**") on 31 July 2009 ("**Nextel Reseller Agreement**") pursuant to which it agreed to provide network capacity, together with associated services, to Nextel to enable Nextel to provide prepaid mobile services under the 'OKtel' brand, using Maxis' digital network. The Nextel Reseller Agreement is effective for 3 years and is extendable for another 2 years subject to certain terms and conditions.

### ***Advertising and promotion***

Maxis advertises on television and the radio, outdoor billboards, in selected magazines and newspapers and online. Maxis also utilises promotional materials including posters, signs and point of purchase advertising, to highlight a particular promotional tariff plan or other products. Maxis' strategy is to focus on quality rather than quantity advertising by selecting appropriate media and ensuring that the content of the message is effective and consistent with the *maxis* and *HOTLINK* brand images. As such, in addition to using mainstream media, events and ground-level activities are also capitalised on and tailored to engage Maxis' relevant target segments. For the 3 years ended 31 December 2008 and the 6 months ended 30 June 2009, 4.7%, 4.2%, 4.7% and 4.6%, respectively, of Maxis' total revenue was spent on advertising and marketing. Maxis' track record of bringing innovation and creativity to its advertising and promotion campaigns has won many accolades over the years, including a 4th ranking in Malaysia's Most Valuable Brands 2009 by Brand Finance and the Silver award for Malaysian Effie Awards 2008 by Malaysian Advertisers Association, Association of Accredited Advertising Agents and Media Specialists Association (see Section 7.17 of this Prospectus).

### ***Customer churn and retention programmes***

#### *Customer churn*

Churn can either be voluntary (by choice of the customers) or involuntary (as a result of non-payment or fraud). Maxis closely monitors churn and seeks to reduce voluntary churn levels by continuously improving network quality and service and through loyalty programmes.

## 7. BUSINESS OVERVIEW (cont'd)

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Maxis continuously monitors postpaid customer spending and payment information to minimise fraud and bad debts. Prior to registration, new postpaid customers are verified for credit quality against Maxis' internal database. Maxis also conducts a check against a customer credit database operated by a number of Malaysian operators and to which Maxis contributes. In addition, Maxis' staff randomly call a new customer's fixed line number to validate the customer's identity. Each customer is given a credit limit initially based on the customer's credit-worthiness and the rate plan subscribed for, and thereafter the limit is dependent on spending and payment history. A process of reminders through notices and voice mail or SMS is triggered when a customer is about to exceed the credit limit or when payment is due. If a customer fails to make payment when due, Maxis will suspend his ability to make outgoing calls after 35 days from the date payment is due but will still allow incoming calls to be received. A postpaid customer is disconnected if his bill remains unpaid for 150 days after payment is due. Upon disconnection, Maxis applies any outstanding deposit or advance payment to any outstanding balance and a reconnection fee and new deposit, where applicable, are payable to restore service. Prepaid customers are unable to make calls once they have completely utilised their airtime. Their service becomes inactive if they do not top-up their account within a certain number of days, depending on their plan and most recent top-up amount. Some plans will remain active for between 1 and 4 years, subject to a minimum top-up. Prepaid customers are disconnected permanently if they have not topped up for 90 days after becoming inactive. Maxis retains the flexibility to modify its suspension and disconnection policies to manage credit exposure and to adapt to market changes.

### *Retention programmes*

Maxis One Club is a tiered postpaid loyalty programme designed to provide member customers with a sense of privilege and recognition in being with Maxis. Maxis One Club membership is by invitation only and is based on customers' spending level, tenure and credit history. It offers eligible Maxis customers tangible benefits such as free or subsidised handsets, special broadband and advanced data services bundles, merchant offers, invitations to special events as well as concierge and priority services.

Maxis typically does not offer handset subsidies. However, Maxis occasionally has promotions that allow its customers to purchase the handsets of their choice with a limited discount associated with fixed term contracts. This is designed to reward and retain postpaid customers and at the same time encourage mobile device upgrades, thereby enabling the adoption of services beyond basic voice services and SMS. Maxis' postpaid customers will be targeted, and customised programmes are developed and offered to them on a regular basis to reward their loyalty to Maxis.

*HOTLiNK Rewards* is the loyalty programme for Maxis' prepaid customers. It is a point collection and redemption programme designed to reward the value-seeking prepaid segment. Apart from direct redemption of bonus talk time or SMS, the points programme offers redemption of mobile contents, promotional lifestyle-related benefits and aspirational contest programmes. Through a customer lifecycle management process, prepaid customers are directly engaged in an organised and segmented manner where usage and behaviour profiles are utilised to create relevant offers and rewards.

In addition, Maxis offers its Malaysian postpaid customers and their children an undergraduate scholarship through the *Maxis Scholarship for Excellence Undergraduate Programme*. Each year, Maxis awards up to 40 scholarships under this programme.

## 7. BUSINESS OVERVIEW (cont'd)

### **Website**

Maxis' website ([www.maxis.com.my](http://www.maxis.com.my)) was launched in August 1999. The website is used to support the image of the *maxis* brand and to communicate with customers as an interactive one-stop portal. Among other things, Maxis customers can use the website to pay their bills online, unlock their SIM cards, change their tariff plans, sign up for value-added services and purchase caller ringtones. Customers of other network providers can also use the online portal to switch to Maxis while retaining their existing mobile numbers. The website has been extended to include *HOTLiNK*, Youth Club and music services.

### 7.8 Customer service

Maxis believes that customer service, from sign-up through after-sale service, is critical to customer retention and brand maintenance. Maxis' customer service focuses on providing better customer management, easier access to Maxis support and services, expanding payment channels and differentiating Maxis from its competitors. Maxis aims to build long-term relationships with its customers by providing expert assistance to its customers in a variety of customer service channels where Maxis customers can explore, test products and compare, learn, and derive more value out of Maxis' services and offerings. Maxis' staff are available at these customer service channels to provide hands on technical support and advice. Maxis' principal customer service channels and initiatives are:

- *Maxis Centres*. Maxis' 29 Maxis Centres are located in major cities across Malaysia and offer a complete range of standard customer services and are equipped with on line payment and registration facilities. Maxis Centres provide a range of facilities focused on the customers' convenience including priority services counters, VIP rooms, self-service kiosks and ATM top-up kiosks. Maxis' 5 largest Maxis Centres are located in Kuala Lumpur, Johor Bahru and Penang;
- *MEPs*. Maxis currently has 198 selected MEPs appointed as authorised service agents to complement Maxis Centres and provide customer services such as registration and payment facilities and account enquiries;
- *Maxis Contact Centres*. Maxis operates 3 contact centres which are available 24 hours a day, all year round to handle customers' enquiries, requests, feedback and complaints;
- *Maxis e-customer services*. Maxis customers can use e-customer services 24 hours a day, all year round by accessing Maxis' website where they can check their accounts, update their billing and personal information, subscribe to new services and make bill payments;
- *Maxis Interactive Automated Response system*. Maxis also provides 24 hours a day, all year round self-service alternatives for its customers to dial-in to obtain account and billing information and to pay their bills by phone, request for bill statements, request for pin unlock codes and request for enabling or disabling mobile internet and picture messaging phone setting; and
- *\*100#*. Customers can request for value-added services, account and current promotion information by dialing *\*\*100#* on their mobiles.

Apart from the customer service channels above, Maxis also facilitates payments of bills by accepting payments through post offices, selected bank branches and ATMs, selected banks' internet payment portals, telephone, direct debit, internet payment kiosks and other facilities that complement Maxis' own payment network.

## 7. BUSINESS OVERVIEW (cont'd)

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Maxis' customer management service system consolidates customer information and captures all interactions with customers. This integrated information system centralises information on customers and makes such information available to Maxis customer service agents nationwide, which provides them with a valuable tool for improved responsiveness to customer needs.

Key enterprise customers are serviced directly by account managers and account servicing executives within the business segment. There is also an extensive network of appointed specialised channel resellers dedicated to support and service Maxis' SME customers. All enterprise customers also have access to customer service resources through telephone hotlines and web-enabled facilities. The account management team deploys an account management methodology which includes overall account relationship management, account profiling, opportunity identification and pipeline management.

Maxis operates on a number of key performance indicators ("KPIs") such as overall service level, customer satisfaction index, first call resolution, processing time and case resolution time, which are tracked systematically.

Maxis is also transforming its customer relationship management system to ensure that customers are given the appropriate and relevant treatment which will be consistent at all customer-facing channels. Maxis regularly reviews its IT and control systems through a business continuity programme to review the risks associated with system failure and to determine appropriate measures to minimise these risks (see Section 7.10.2 of this Prospectus). This will enable those at the frontline to provide prompt service advice to customers that will improve their experience with Maxis.

### 7.9 Network infrastructure

#### 7.9.1 Background

Maxis' network infrastructure comprises the mobile network, the fixed network which in turn comprises the transmission network and the metropolitan area network, and the international network which comprises the international gateway and submarine cable infrastructure and the IP network.

#### 7.9.2 Mobile network

Maxis' mobile network operates on GSM and W-CDMA, the most widely-used 2G and 3G digital communications technologies. The 2G network has been upgraded to support packet technologies such as GPRS and EDGE, while the 3G network has both the latest HSDPA and HSUPA technologies to support the high data demand. See Section 7.23 of this Prospectus.

In respect of the modernisation of the core network, there will be 8 mobile softswitch servers and 10 mobile media gateways upon completion of the exercise.

As at 1 October 2009, Maxis' GSM Network comprised 6,268 2G base stations covering 92.0% of the population in Malaysia, while EDGE service covered 67.4% of the population. Maxis had 2,481 EDGE-enabled 2G base stations to offer higher data speeds than GSM. 3G services were launched in the Klang Valley in April 2005, Penang in December 2005, and Johor Bahru in April 2006. As at 1 October 2009, Maxis had 3,145 3G base stations (most of them co-located with 2G base stations), covering 57.5% of the population of Malaysia. Wireless broadband service using HSDPA was launched in September 2006. As at 1 October 2009, the wireless broadband network covered 52.2% of the population in Malaysia and comprised 1,931 3G base stations upgraded for HSDPA.



## 7. BUSINESS OVERVIEW (cont'd)

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As at 1 October 2009, Maxis' mobile network had 33 MSCs, which include gateway MSCs and 10 HLRs. In May 2008, Maxis commenced a major modernisation of its core and radio networks with Huawei's RAN infrastructure for the Klang Valley area and Ericsson's RAN infrastructure in other regions.

In Malaysia, Maxis operates a nationwide GSM Network and a W-CDMA network. The GSM Network licences do not impose on Maxis any roll-out or minimum geographic or population coverage obligations. However, the 3G spectrum assignment granted to UMTS in 2003 imposes on UMTS yearly minimum geographic and population coverage obligations. As a result of delays in 2005 and 2008 in the roll-out of its 3G network, UMTS was subject to certain penalties pursuant to the terms of the spectrum assignment. Maxis is taking steps to address possible issues such as transmission provisioning to ensure the obligations to the Commission are met. Transmission provisioning covers the process of transmission planning, physical activities at site to deploy and upgrade transmission link, and assigning the necessary capacity in the network. Maxis has taken the steps, including making changes to its organisation set-up, changing the process, and engaging its business partners and vendors to ensure supply chain effectiveness and efficiency are addressed and improved upon Maxis' roll-out obligation for the year 2009 is 3,388 3G base station sites. As at 1 October 2009, Maxis had 3,145 3G base station sites. Maxis believes that it is on schedule to comply with its 2009 roll-out obligations (see Section 5.1.11 of this Prospectus).

Given the rapid deployment of base station sites required to support network growth, Maxis has a significant number of base stations which have been installed on sites while pending submission to or approval from the local authorities. This is in line with common practice among mobile operators in Malaysia given the lead time generally required for the approvals. The lack of approvals has in certain cases resulted in the local authorities issuing notices and dismantling the base station sites. As at 1 October 2009, Maxis was in receipt of notifications to dismantle its base stations at 38 base station sites in the Klang Valley and Penang, out of its 6,291 base station sites nationwide. The total cost to dismantle and rebuild the base stations is estimated to be RM5.9 million. There were no fines and penalties imposed on Maxis. Maxis has submitted appeals for all 38 of these sites. The appeals are presently on going and decisions are pending. It is anticipated that dismantling of base stations will result in poor network quality in the affected locations. See Section 5.1.6 of this Prospectus.

The base stations are interconnected to the regional mobile switching centres via microwave, fibre optic and VSAT links. The NSS elements in Peninsular Malaysia are distributed among Maxis' 6 telecommunications operation centres which are in turn interconnected to its NOFN.

In addition to providing voice service and related value-added services such as voicemail and SMS to its customers, the entire mobile network is also fully configured to deploy GPRS services which enable the facilitation of other value-added services such as MMS and mobile data service enablers including data/content and transaction servers.

Maxis' base stations are located on buildings, vacant lots or sites, the majority for which tenancies have been individually negotiated. Most of the individually-negotiated tenancies are for 3-year terms renewable at Maxis' option for further 3-year terms up to a total of 15 years. All MSCs, save for 1 which is located at KLCC, are located on Maxis property. As at 1 October 2009, Maxis leases or shares 39.9% of the base stations that it operates with other telecommunication operators and various state-owned companies, pursuant to lease agreements or access agreements.

**7. BUSINESS OVERVIEW (cont'd)**

Maxis has entered into access agreements (“**Access Agreements**”) with other Malaysian telecommunications operators who are licensed to offer network facilities, network services or applications services within Malaysia. The Access Agreements set out bilaterally agreed terms and conditions relating to network facilities and network services that are provided by Maxis to the other telecommunications operators and vice versa, subject to the scope of each of their respective licences. The Access Agreements govern the terms and conditions to access both regulated facilities and services and non-regulated facilities and services and relating to interconnection of the network facilities of one operator with the network of another operator and the carriage of call communications across the other operator’s network. The Access Agreements are entered into subject to various determinations published by the Commission. Maxis is highly dependent on certain of these Access Agreements. See Section 7.24 of this Prospectus.

Under the Access Agreements, Maxis and the other telecommunications operators provide certain services, including fixed network origination services, fixed network termination services, mobile network origination services, mobile network termination services and interconnect link services. In certain of these Access Agreements, the operators also provide network co-location services and infrastructure sharing services to each other. As part of its network co-location services, an operator provides space at its premises to enable the other operator to install and maintain its own equipment necessary for the provision of such other operator’s services through the facilities and services of the operator. Network co-location services include providing physical space, power, environmental services (such as light, ventilation and air-conditioning), security, site maintenance, and access for the personnel of the other operator. Infrastructure sharing services, on the other hand, consists of the provision of cabin space, floor space, tower space, and land space at specified towers, sites and associated tower sites to enable an operator to install and maintain its equipment. Pursuant to Determination No. 1 of 2009 and a letter issued by the Commission effective 2 February 2009, operators were required to enter into new access agreements with other operators in Malaysia by September 2009. The Commission has on 30 September 2009 granted an extension of time to Maxis and other operators to enter into new access agreements by 30 November 2009. Existing access agreements between operators will continue to remain in effect between the operators who are parties to the access agreement until the registration of the new access agreements with the Commission.

The following table sets out the number of MSCs and base station sites operated by Maxis as at the dates indicated:

	As at 31 December			As at 1 October
	2006	2007	2008	2009
MSCs	31	33	33	33
<b>Total base station sites</b> .....	<b>4,913</b>	<b>5,643</b>	<b>6,027</b>	<b>6,291</b>
2G base station sites .....	4,900	5,617	5,972	6,268
3G base station sites <sup>(1)</sup> .....	1,463	2,265	2,325	3,145

**Note:**

<sup>(1)</sup> Most 3G base stations are co-located with 2G base stations on the same site.

## 7. BUSINESS OVERVIEW (cont'd)

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In June 2008, one of Maxis' MSCs in Kota Kinabalu, Sabah in East Malaysia malfunctioned, resulting in a state-wide service disruption which lasted for 1 day, and partial service disruptions which lasted for 3 days, as a result of technical difficulties. To prevent the recurrence of such an event, Maxis has changed the configuration settings of all the MSCs and reinforced the manual business continuity process so that mobile traffic can be redirected more quickly to another MSC. In addition, Maxis is currently in the process of replacing its mobile switching infrastructure with Huawei softswitches. See Section 5.1.4 of this Prospectus.

Maxis commenced the roll-out of its 3G network using Ericsson and Siemens infrastructure in selected areas in the last quarter of 2004. Commencing in May 2008, this was swapped with Huawei's RAN infrastructure for the Klang Valley area and with Ericsson's RAN infrastructure for all other regions. Maxis expects that these swaps will be completed by the end of 2009. As at 1 October 2009, the 3G network had 3,145 base stations in service, covering the Klang Valley as well as other cities such as Penang, Johor Bahru, Langkawi, Alor Star, Kangar, Ipoh, Sungai Petani, Melaka, Kota Bharu, Kuala Terengganu, Kota Kinabalu, Kuching, Miri and Kuantan.

Maxis measures the technical performance of its service against internal and external benchmarks. Internal benchmarks include the number of (i) calls made, (ii) calls that are involuntarily terminated, (iii) calls that are not completed because access to the network is unavailable, and (iv) completed calls, as well as signal strength and network performance in processing and transmitting SMS between Maxis customers. External benchmarks include testing and surveys performed by the Commission, Maxis' own tests against its competitors' networks and customer surveys. Maxis monitors network quality and performance on a daily basis to enhance the effectiveness of network operations and quickly identify impending network problems. Maxis regularly compares its call quality to the call quality of other networks in Malaysia along major routes and high traffic areas. Maxis seeks to improve its network performance in these areas and believes that network expansion will further improve the coverage and capacity of the network.

### 7.9.3 Fixed line network

Maxis' fixed line network supports the provision of integrated broadband services including the transmission of voice, data and video. Maxis' fixed line network comprises both the transmission network (including its long distance NOFN) and a local access and metropolitan area network (concentrated in the Klang Valley). The fixed line network also serves to interconnect all telecommunications operation centres in Peninsular Malaysia.

The transmission network is the backbone of the Maxis network and comprises a combination of fibre, satellite and microwave infrastructure, fixed wireless access, MPLS and Metro-E connecting the mobile, local access, international and IP networks. The core transmission network is configured as fully redundant. The MPLS was designed to cater to 40Gbps traffic and is primarily supporting the access network and mobile network. Metro-E is concentrated in the Klang Valley with a capacity of 10Gbps and serves the last mile access network.

Maxis uses VSAT infrastructure, which utilises MEASAT satellites and 2 earth stations as part of the transmission network which provides bandwidth of 78Mbps (47Mbps for GSM and 31Mbps for corporate data).

Maxis uses digital microwave transmission to link the various geographically separated components of the system. As capacity requirements increased, microwave links have either been supplemented or replaced, or both, by local access and fibre optics and Maxis' NOFN.

## 7. BUSINESS OVERVIEW *(cont'd)*

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The NOFN was constructed to further complement the existing transmission network and also to provide increased resiliency, reliability and transmission quality to the network, in particular for the inter-office connections. The NOFN is fully redundant and spans along the West Coast of Peninsular Malaysia from the north in Arau, Perlis to Johor Bahru in the south (connecting to Singapore) and back north to Kuantan along the East Coast of Peninsular Malaysia before cutting across from Kuantan to Kuala Lumpur. All primary routes for the NOFN are owned and operated by Maxis except for the diverse routes from Kuala Lumpur to Penang (running along a separate route along the West Coast), the "return" section from Kuantan to Kuala Lumpur and the Kuantan to Cherating section of the network, which are leased.

In conjunction with the NOFN, Maxis also has an extensive fibre optic network in the Klang Valley which provides interconnecting routes for the telecommunications operation centres in the central region of Peninsular Malaysia and also connectivity to 280 commercial buildings as at 30 June 2009.

Maxis' mobile and fixed line businesses operate on the basis of integrated infrastructure, including microwave and fibre links. For example, when property developments are connected to the Maxis broadband network, GSM microcells within a building can also be connected directly to the fibre network thereby reducing deployment costs. Maxis has also reduced deployment costs through integration of its businesses.

### 7.9.4 *International gateway network*

The international gateway network comprises 2 international gateway switches, direct data connections to Thailand and Singapore and submarine cable infrastructure. The international gateway switches are connected to Maxis' NOFN and then to TM's cross connect facilities at their 3 submarine cable landing stations for onward connectivity to Maxis' own submarine cable infrastructure, which allows Maxis to connect to other international operators.

Maxis' capital investment in submarine cable infrastructure consists of SEA-ME-WE-3 (Southeast Asia, Middle East and Western Europe Cable 3), APCN (Asia Pacific Cable Network), APCN-2 (Asia Pacific Cable Network 2), Japan-U.S. (Japan-United States) and TPC-5 (Trans Pacific Cable 5) submarine cable systems. Maxis also has submarine cable capacity in the FLAG (Fibre-Optic Link Around The Globe), C2C (City to City) Cable Network, DMCS (Dumai-Melaka Cable System) and EAC (East Asia Crossing) systems.

### 7.9.5 *Network management centre*

A key component of Maxis' network service support is Maxis' centralised network management centre which was established in mid-1995 and operates 24 hours a day, throughout the year. The network management centre manages the entire Maxis network.

The operations of the network management centre are modelled on the global standards stipulated by the ITU and has received ISO 9002 accreditation.

### 7.9.6 *Interconnection*

To enable users to call and receive calls from outside the Maxis network, Maxis interconnects with all other operators in Malaysia and with international operators through its international gateway.

## 7. BUSINESS OVERVIEW (cont'd)

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Payments between Malaysian operators are determined according to commercially negotiated bilateral arrangements, as well as according to Commission rules and regulations on maximum rates that can be charged by operators for certain facilities and services. See Section 7.22 of this Prospectus.

Other than for a very small proportion of traffic terminating in Kuantan and Terengganu to address overflow and congestion, Maxis employs "far-end handover" for its interconnection in Peninsular Malaysia. This means that Maxis will carry traffic originating from its customers as far as possible to its destination using its NOFN, before handing over the traffic to the other operator for termination. This minimises the interconnection payments to other operators for long distance traffic.

### 7.10 Information technology infrastructure

Maxis' IT infrastructure comprises computerised inter-related information systems to support key functions, including network operations management, billing, customer services, financial services, procurement, sales, marketing and distribution. All group functions are interconnected via the LAN with connection to the intranet and the internet. In January 2009, Maxis entered into a strategic IT partnership agreement with IBM, pursuant to which certain functions will be passed to IBM. The organisational and system-level changes that will result from this partnership are set out more fully in Section 7.10.2 below.

#### 7.10.1 Key systems

*Customer management.* Maxis uses a Customer Management Services System ("CMSS") to manage customer relationships. Maxis can view information about individual customers and their interactions when customers contact Maxis Customer Care centres. In 2009, Maxis upgraded its call centres with IP technology, which allows Maxis to operate a "virtual call centre" model, among its 3 physical call centres. This enables Maxis to serve customers in a standardised way and reduces call overflows from any of the centres, resulting in better customer experience. The "virtual call centre" model is expected to improve response time, operational efficiency and workforce management.

*Sales and distribution support.* Maxis' DealerNet application enables its network of dealers to access product information and conduct basic business transactions with Maxis, such as sign-up of new customers, credit verification and promotional updates. At present, Maxis allocates numbers to prepaid SIM packs and distributes these to dealers via a conventional logistics network.

*Services.* It is vital that Maxis' technology enables customers to access the various services available to them in a fast and reliable manner. Maxis has implemented a Mobile Service Delivery Platform which supports services such as content hosting and WAP and WEB Portal. Self-service platforms enable customers to access Maxis' services, either online or via their handset. Customers have dynamic access to the product catalogue using Maxis' website and *HOTLiNK* platform, and can download and install new service from their handset using USSD technology. Recently, new platforms have been added to enable Maxis to offer services to users of the 3G-enabled Apple iPhone™.

*Billing.* Maxis currently uses the Kenan billing application for postpaid (including broadband) and fixed line customers. The printing of bills is outsourced to external printers. Customers are also able to receive bills electronically via e-mail and in summarised form by SMS. Billing for broadband is electronic by default, though customers may request paper bills.

## 7. BUSINESS OVERVIEW (cont'd)

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*Top-up functions.* Maxis' prepaid customers may top-up through cash or electronic payment options. See Section 7.4.5 of this Prospectus.

*MNP.* Following the introduction of MNP, Maxis has introduced a MNP platform that enables the transfer of numbers and their registration with other mobile operators.

### 7.10.2 Strategic IT partnership with IBM

Maxis' strategic partnership with IBM is the key element of Maxis' IT strategy for the next 5 years. The partnership follows a "Full Transformational" model under which the execution and delivery of the IT infrastructure is performed by IBM, while freeing up Maxis' Information Services Division to focus on how IT can be used to further Maxis' business objectives.

The model was chosen to address the changing landscape and the new business challenges presented by the markets in Malaysia. Maxis believes that successful operators in the new landscape will be those that can create a sustainable differentiation between themselves and their competitors. The partnership will form part of a major IT-enabled business transformation over the next 2 years towards this objective. There are 3 key elements to the model: operation and maintenance ("**O&M**"), business transformation, and innovation.

#### *O&M*

The O&M process is an IT process transformation that will result in the majority of IT functions being migrated to IBM as service provider. As at 30 June 2009, 54 contracts with former suppliers of IT services have been novated or otherwise transferred to IBM with 1 contract in the process of being transferred. A further 6 contracts will not be transferred due to lack of consent from the third party service providers, but those parties have entered into alternative arrangements within the IBM partnership framework.

Under the partnership arrangement, IBM will be responsible for the operation and maintenance of Maxis' IT systems, including its upgrade and consolidation, for example of data centres, within an agreed roadmap. IBM's remuneration will be dependent on performance, as measured by defined service levels and key performance indicators.

#### *Business transformation*

The business transformation is expected to result in a transformation of existing business functions, enabled by new or upgraded technology. The business aim is to make Maxis' services more individually tailored on a per-consumer basis. The IT strategy to achieve this is convergence and increased interoperability of 5 key IT functions (as described below) over the next 2 years. The interrelation of these 5 areas is key to the model. Although they are separate functions, together they are expected to enable the business transformation objective. IBM's remuneration for its participation in the business transformation is outcome-driven to align its interests with those of Maxis.

## 7. BUSINESS OVERVIEW (cont'd)

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The 5 key IT functions are:

- *Customer Relationship Management ("CRM")*. CRM is a linked suite of "customer-centric" applications that is expected to improve the customer experience and bring greater operational efficiencies. Customer centricity focuses on each customer at an individual level, to deliver services relevant to each customer. This is expected to be achieved with an upgraded version of the CMSS system. The key benefit of the upgraded system is that it is expected to allow Maxis to gain increased customer insights via "behavioural segmentation" of its customers and new customer analytics. These insights are expected to enable Maxis to develop relationships with its customers and reach out to them on an individual basis. Based on customer insights, a new campaign management system is expected to enable coordinated company-wide campaigns, as well as the ability to track the success of new services, which in turn is expected to enable Maxis to improve its targeted offerings.

In addition, a new credit management system will also be implemented, which incorporates new credit rating system based on customer behaviour data.

- *Dealer Sales Management ("DSM") and Dynamic Sim Allocation ("DSA")*. DSM is a new system which will replace DealerNet and is intended to also enable a new way forward for dealers leading to their greater loyalty, operational efficiency and transparency. DSM will automate many transactions which were labour intensive under DealerNet and create 2-way communications between Maxis and the dealers that DealerNet was not able to support. In addition, Maxis also makes use of the DSA system which enables numbers to be allocated to new prepaid accounts dynamically when the account is activated, rather than when the SIM pack is originally created. This assists Maxis in managing its finite resources of unused numbers, which should improve cost and operational efficiency and make Maxis less reliant on the traditional packaging and distribution network.
- *Service Delivery Platform (SDP)*. SDP will create a common delivery platform that should speed up the roll-out of new services to customers who will benefit from a personalised experience, and enable customers to use and share Maxis services from multiple devices and across multiple delivery channels. It is also expected to enable the consumer and amateur development community to create new services by utilising existing services and new Application Programming Interface. SDP is expected to simplify the registration and development processes of Maxis' content partners. The new framework should result in a "Service Factory" model where developers and content partners are expected to simulate consumer experience to assist their development processes.
- *Convergence Billing*. Convergence Billing is expected to enable Maxis to bill for all services consumed across all of Maxis' customer range, from individuals to enterprises. Convergence Billing will support existing services as well as future services. Convergence Billing should enable the provision of personalised services to customers, and allow Maxis to charge for these in a flexible and real-time manner.
- *Business Analytics*. Business Analytics is a cross-functional team that analyses data gathered from the customer relationship management system to form a better understanding of customer behaviour. These customer insights should enable targeted marketing and will feed into the "Service Factory" concept to provide feedback on existing services and suggest opportunities for new ones.

## 7. BUSINESS OVERVIEW (cont'd)

### *Innovation*

The focus of innovation under the partnership is on convergence of IT functionality and on new services and business models. IBM's "Innovation Discovery Teams" will work with Maxis and is expected to bring knowledge and new ideas from IBM's global "Innovation Labs". Additionally, IBM will establish an "IBM Telecommunications Centre of Excellence" in Malaysia to provide expertise to telecommunications companies in Malaysia. Maxis will be a primary beneficiary of this expertise under the terms of the partnership.

## 7.11 Licences and intellectual property

### 7.11.1 Licences

Under the CMA, the ownership or provision of any network facilities, the provision of any network services, the provision of any applications services, or the provision of any content applications services requires a licence.

For purposes of its business, Maxis holds licences granted under the CMA and a Services-Based Operator (Individual) licence granted by the Infocomm Development Authority of Singapore, the salient terms of which are set out in Section 7.22 of this Prospectus.

Please refer to Annex A for list of licences.

### 7.11.2 Intellectual property

Maxis and MCB rely on a combination of trademark, servicemark and domain name registrations, common law copyright protection and contractual restrictions to establish and protect their brand names and logos, marketing designs and internet domain names.

- The *maxis* and *HOTLiNK* logos are set out below.




Trademarks and servicemarks registered under MCB are used in Malaysia by Maxis under a perpetual, royalty-free licence granted by MCB.

- *Trademarks and servicemarks:*
  - (i) *maxis* with device and *maxis* with other word(s) with or without device have been registered in Malaysia as trademarks mainly for goods classified under Class 9 (products related to telecommunications, telephones, answering machines, pagers), Class 16 (papers, letter pads, envelopes, writing papers, labels, handbooks, manuals, notebooks, pictures, printed matters and announcement cards), Class 41 (education; providing of training; entertainment; sporting and cultural activities) and as servicemark in respect of services classified under Class 38 (telecommunications).



## 7. BUSINESS OVERVIEW (cont'd)

- (ii) *HOTLiNK* has been registered as a trademark for goods classified under Class 9 (products related to telecommunications, telephones, answering machines, pagers), Class 16 (papers, letter pads, envelopes, writing papers, labels, handbooks, manuals, notebooks, pictures, printed matters and announcement cards), Class 18 (backpacks, shopping bags etc), Class 25 (hats, headbands (clothing), headgears for wear, t-shirts, scarves etc), Class 41 (education; providing of training; entertainment; sporting and cultural activities) in Malaysia and as servicemark in respect of services classified under Class 38 (telecommunications). *maxisbroadband* has also been registered in Malaysia as trademarks in Classes 9 and 16 and as servicemarks under Classes 38 and 41.

Applications to register *maxis*, *maxis* with device and *maxis* with other word(s) with or without device and *HOTLiNK* and *HOTLiNK* with other word(s) with or without device under various other classes for goods and servicemarks in Malaysia are at various stages of consideration for registration in Malaysia.

- *Copyrights.* Maxis' copyrights relate principally to certain designs used in marketing and advertising its mobile communications and enhanced services in Malaysia.
- *Domain names.* Maxis uses a number of internet domain names, the most significant of which are "maxis.com.my" and "hotlink.com.my". Other active sites are "hotlinkyouthclub.com.my", "musicunlimited.com.my" and "gamesunlimited.com.my".

### 7.12 Suppliers

#### *Operating expenditure*

None of Maxis' suppliers has contributed more than 10% of its total operating expenses for the 3 years ended 31 December 2008 and for the 6 months ended 30 June 2009.

#### *Capital expenditure*

Generally, the telecommunications industry in Malaysia is dependent on imports for the majority of its network components as most of the network equipment cannot be sourced domestically. Maxis' networks utilise standard equipment which is available from a limited number of suppliers. Most of the GSM 2G radio equipment for Maxis' mobile network operations is purchased from Motorola, Nokia Siemens Network and Ericsson, and Maxis maintains close working relationships with its other key network equipment suppliers. Motorola, Nokia Siemens Network and Ericsson have been suppliers to Maxis for approximately 13, 10 and 5 years respectively. Most W-CDMA equipment is purchased from Huawei and Ericsson. Maxis has also been purchasing certain network components manufactured by various other key suppliers, including Alcatel Lucent and Cisco for the past 5 and 13 years, respectively. Maxis has been dealing with substantially the same group of suppliers since commencement of operations in 1995, save for Huawei, which was introduced as a key supplier of 3G equipment in 2008. For the year ended 31 December 2008 and for the 6 months ended 30 June 2009, the 3 key suppliers, Ericsson, Huawei and Nokia Siemens Network each accounted for more than 10% of purchases based on purchase orders issued. Maxis believes that comparable equipment and support are available from other established suppliers and hence is not dependent on any of these suppliers. However, Maxis would incur additional cost as a result of switching its network equipment supplier.

## 7. BUSINESS OVERVIEW (cont'd)

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### **General work and services**

For operational and cost effectiveness reasons, Maxis is considering proposals to consolidate in favour of a smaller number of contractors the majority of work and services currently performed by more than 60 different contractors for Maxis in relation to, among others, civil, mechanical and electrical works, general construction work and maintenance, and other miscellaneous services. Over time, Maxis intends for the majority of such work and services to be performed by less than 10 vendors.

### **7.13 Competition**

#### **Mobile services**

The market for mobile services in Malaysia remains highly competitive. Maxis believes that the main competitive factors in the mobile services market are network coverage, service quality, pricing and brand. Maxis' key competitors in the mobile segment are Celcom and DiGi, in addition to the new mobile entrant, U Mobile. In addition, MVNOs such as Merchantrade Asia Sdn Bhd, Tunetalk Sdn Bhd and XOX Dot Com Sdn Bhd have also recently entered the market. Apart from the mobile operators, there are 4 WiMAX licensees, which are in various stages of rolling out their services and network. These new entrants are expected to intensify price competition and product offering in their target segments.

#### **Fixed line services**

Prior to the liberalisation of the telecommunications industry in Malaysia, TM had a monopoly in the fixed line telecommunications services in Malaysia. In recent years, other players have entered the fixed line services market. Currently, TdC and Maxis are the leading competitors in the industry behind TM, which remains the dominant player. Maxis believes that it has the opportunity to compete by providing a full suite of fixed and mobile products and service offerings.

### **7.14 Property**

Maxis leases space for its 29 Maxis Centres and its 2 Maxis Contact Centres at Menara Maxis in Kuala Lumpur and Menara Sunway in Petaling Jaya. Maxis currently leases approximately 99% of its sites in its mobile network.

MCB has entered into a letter agreement dated 26 April 1999 with Tanjong City Centre Property Management Sdn Bhd, a related party (which was novated by MCB to Maxis Mobile with effect from 1 June 2007) for a sub-lease for its corporate headquarters which are located at Menara Maxis, KLCC, Kuala Lumpur. The sub-lease is not registered. The sub-lease expires on 31 May 2013.

Maxis leases additional office space in Menara Sunway, Plaza Sentral, 4 sales offices and 7 engineering offices throughout Malaysia. Maxis owns a warehouse in the Klang Valley and leases another 2 warehouses in Subang Jaya. Maxis also owns 10 telecommunications operation centres in Malaysia, including 2 in East Malaysia and 1 in Technology Park Malaysia (of which the building is owned by Maxis, although the land is sub-leased from MEASAT Digicast, a related party), and leases another telecommunications operation centre facility in KLCC. These centres primarily house a combination of Maxis' switching systems for both the mobile and fixed line services.

## 7. BUSINESS OVERVIEW (cont'd)

Maxis Broadband has executed a letter agreement on 5 January 2000 for the sub-lease of land for the telecommunications operation centre at Technology Park Malaysia with MEASAT Digicast, a related party. This sub-lease is not registered. The term of the sub-lease will be the same as the term of the principal lease between Technology Park Malaysia Corporation Sdn Bhd and MEASAT Digicast, namely up to 27 July 2025 or until the earlier termination of the principal lease.

Leases and sub-leases in West Malaysia are required to be registered under the National Land Code, 1965. The interest of a sub-lessee vests in the sub-lessee on registration of the sub-lease. On registration, a sub-lessee acquires an interest which is enforceable against any assignee of the lessor's reversion or the sub-lessor's reversion. However, where a claim subsequent to the unregistered sub-lease is registered, the claimant will not be adversely affected nor bound by the sub-lease agreement unless the claimant has notice of the sublease.

Maxis' leased properties are mainly rented properties used as customer service centres, offices and accommodation for employees. There are more than 6,000 sites which are on a lease rental basis, located across Peninsular Malaysia and East Malaysia for the placement of telecommunication network equipment. The rented properties and the sites which are on a lease rental basis do not belong to Maxis.

As at 30 June 2009, material tangible fixed assets of Maxis comprised the following:

- Land and buildings (with a total net book value of RM116.2 million), comprising 10 parcels and 5 parcels of freehold and leasehold land with buildings respectively, located in Johor Bahru, Seberang Perai, Kepong, Shah Alam, Rawang, Nilai, Sungai Besi, Kelana Jaya, Kuching and Kota Kinabalu. These properties are used mainly as Technical Operation Centres ("TOCs"), with one of the Shah Alam locations being used for warehousing purposes.
- Telecommunication equipment (with a total net book value of RM3,769.9 million)

These assets comprised primarily of radio network systems (RM2,034.9 million), transmission systems (RM1,074.6 million), core network systems (RM369.2 million) and operational support systems (RM212.5 million).

Radio network and transmission systems are located throughout Peninsular Malaysia and East Malaysia. As at 30 June 2009, Maxis' 2G network is spread across a total of 6,131 sites over the Klang Valley (31%), Northern Region (19%), Southern Region (21%), East Coast (14%) and East Malaysia (15%) while 3G network is spread across 2,772 sites over the Klang Valley (49%), Northern Region (21%), Southern Region (19%), East Coast (7%) and East Malaysia (4%). Core network systems are placed in TOCs located in Shah Alam, Kepong, Rawang, Sungai Besi, KLCC, Nilai, Seberang Perai, Johor Bahru, Kuching and Kota Kinabalu.

Operational support systems represent predominantly of IT systems and network management systems. These systems support IT operations and the operation of various network systems respectively and they are housed in Data Centres or TOCs located in Shah Alam, Kepong, Rawang and Sungai Besi.

- Capital work-in-progress (with a total net book value of RM246.5 million), which relates primarily to radio network assets.

## **7. BUSINESS OVERVIEW (cont'd)**

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### **7.15 Risk management and insurance**

Risk management is embedded in the business activities to manage the key risks impacting business objectives. Maxis' risk management framework involves the identification and analysis of risks impacting its objectives, formulation of response strategies and monitoring and reporting on a regular basis.

Maxis has an established business continuity plan, for dealing with any unexpected and unknown risks for the recovery of critical business processes, information technology systems and networks in a cost-effective and timely manner, to minimise the impact of any disruption to its business and customers. The plan involves the identification and protection of the critical business processes and functions required to maintain an acceptable level of operations, in the event of a sudden and unexpected interruption in these processes and functions and their supporting resources.

Redundancy processes and procedures are in place for all critical systems. In addition, Maxis is also developing off-site recovery capabilities for 2 critical systems, namely post-paid billing and network management.

Maxis has established procurement policies and procedures for sourcing and selecting suppliers for its major purchases. Maxis also has in place contract management and vendor performance evaluation processes to identify, assess and resolve events that may impact equipment delivery and quality of services.

Under the strategic IT partnership, IBM is responsible for the operation and maintenance of Maxis' IT systems. As part of the governance framework, meetings are held on a regular basis to monitor and review the delivery and execution of the various IT processes. In addition, IBM's remuneration is based on performance, as measured by defined service level agreements and key performance indicators.

Maxis relies on a combination of trademark, servicemark and domain name registrations, common law copyright protection and contractual restrictions to establish and protect its brand names and logos, marketing designs and internet domain names.

Maxis maintains insurance policies with registered insurance companies in Malaysia, which cover material damage to property, business interruption, public liability, employer's liability, directors' and officers' liability, internet liability, construction and installation liability, money-in-transit and premises, fidelity guarantees, marine-related liabilities, goods-in-transit, group accident and term life.

### **7.16 Research and development**

Maxis maintains close working relationships with its key network equipment suppliers and participates in their technology trials so as to improve equipment performance. Maxis does not currently undertake proprietary basic research and development as at the Latest Practicable Date.

## 7. BUSINESS OVERVIEW (cont'd)

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### 7.17 Corporate awards

Maxis has been recognised as one of the leading corporate and mobile service operators in the Asian region. Recent awards received by Maxis include:

- **PC.com Awards 2009** — *Best Mobile Broadband*
- **Frost & Sullivan Malaysia Telecoms Awards 2009** — *Mobile Data Service Provider of the Year*
- **Brand Finance Awards 2008 and 2009** — *Number Four brand in Malaysia*
- **Asian Mobile News Awards 2008** — *Mobile Operator of the Year Malaysia*
- **Malaysian Effie Awards 2008** — *Silver Award Winner*

### 7.18 Corporate social responsibility

As Malaysia's leading mobile communications provider, Maxis is committed to supporting national aspirations in the area of technology, education and youth. Maxis implements a corporate social responsibility programme, which it believes contributes to societal development in the communities in which it operates. In 2002, Maxis launched *Maxis Bridging Communities* to leverage on technology and Maxis' organisational capabilities to narrow the knowledge gaps seen among the less fortunate. *Maxis Bridging Communities* has developed programmes under 4 main key initiative categories, which are, bridging the digital divide, education and development of Malaysians, employee volunteerism and the environment.

In 2002, Maxis launched the *Maxis Cyberkids* flagship programme with the aim of promoting the use of technology to children living in rural communities in Malaysia in order to bridge the digital divide between children living in rural and urban communities. In November 2008, Maxis co-hosted the *ASEAN Cyberkids Camp* together with the MICC as well as the Commission. The camp provided participants the chance to learn skills and acquire confidence to explore technology tools and share knowledge acquired from the camp to their peers and community. *Maxis Cyberkids with Community* is another extension of the Maxis Cyberkids Programme. It focuses on bridging the digital divide among communities through providing access to education through technology and improving the socio-economic status of underprivileged communities. Initiated in conjunction with the USP project, *Maxis Cyberkids with Community* is implemented in selected USP sites with effective learning of basic information communications and technology skills including an introduction of tools and applications of the internet.

Maxis also established an education and development of the Malaysian initiative to promote and support students in their pursuit of academic excellence. Key programmes under this initiative are the *Maxis Scholarship for Excellence Postgraduate Programme* and the *Maxis Scholarship for Excellence Undergraduate Programme*. Under both programmes, eligible and qualified members of the public in general are awarded full scholarships in any area of study in top-tier universities located domestically and abroad.

## 7. BUSINESS OVERVIEW (cont'd)

The other 2 initiatives that were established by Maxis to empower young adults to develop their skills and nurture a community of young entrepreneurs in Malaysia include the *Mobile Content Challenge* and the *Maxis Developer Programme*. Under the *Mobile Content Challenge*, university and college students with innovative content concepts are given cash prizes to commercially launch their winning content applications. Launched in 2003, the *Maxis Developer Programme* is part of Maxis' industry development initiatives aimed at building a community of local mobile content and application developers. The programme involves providing local content developers with guidance, equipment and training to assist them in generating new solutions and applications for the mobile devices that will be useful to Malaysians.

Maxis also initiated the *Employee Volunteerism* programme which aims to encourage Maxis' employees to embrace the spirit of volunteerism. Established in 2002, this initiative provides the grounds for Maxis employees to work together on community projects by reaching out to underprivileged communities.

### 7.19 Environmental matters

Maxis believes that it is in compliance in all material respects with applicable environmental regulations in Malaysia. Maxis is not aware of any environmental proceedings or investigations to which it is or might become a party except as disclosed in Section 5.1.19 of this Prospectus.

### 7.20 Employees

As at 30 June 2009, Maxis had 2,845 full-time employees (comprising 2,701 permanent employees and 144 contract staff who have been employed by Maxis with a term of employment of more than 1 year). More than 60% of Maxis' employees are graduates and professionals with a broad base of experience ranging from the manufacturing and IT to banking and oil and gas sectors, besides experience in the telecommunication sector. Maxis' workforce has a diverse ethnic composition which Maxis believes allows for a more culturally sensitive and responsive service to Maxis' customers. For greater flexibility, Maxis uses a combination of short and long-term contracts, and where expertise is not domestically available for management positions, Maxis hires people with the appropriate experience from overseas.

The table below sets forth the number of employees for each of Maxis' different business segments as at the end of each of the past 3 years and as at 30 June 2009.

<b>Business</b>	<b>31 December 2006</b>	<b>31 December 2007</b>	<b>31 December 2008</b>	<b>30 June 2009</b>
Mobile services.....	2,284	2,411	2,541	2,546
Fixed line services.....	234	243	272	222
International gateway services.....	72	74	88	77
<b>Total.....</b>	<b>2,590</b>	<b>2,728</b>	<b>2,901</b>	<b>2,845</b>

## 7. BUSINESS OVERVIEW (cont'd)

The table below sets forth the number of employees in the segments below as at the end of each of the past 3 years and as at 30 June 2009.

Department	31 December 2006	31 December 2007	31 December 2008	30 June 2009
Management.....	115	143	161	156
Sales and marketing.....	345	430	480	526
Information technology.....	170	170	157	24*
Technology and engineering.....	1,052	1,019	1,017	1,015
Support services.....	448	531	580	559
Customer services.....	327	293	374	439
Clerical and general workers.....	133	142	132	126
Total.....	2,590	2,728	2,901	2,845

**Note:**

- \* The reduction in the number of IT employees is due to the strategic IT partnership with IBM. See Section 7.10.2 of this Prospectus.

Maxis is union-free and Maxis believes that labour relations within the Group and its relationships with its employees are good. Maxis has not experienced any strikes or disruptions due to labour disputes in the past.

### **Training and development**

#### *Maxis Academy*

Employee development is one of Maxis' key priorities. *Maxis Academy*, Maxis' internal training centre, which was established in 2001, is an attestation of Maxis' commitment to promoting a culture of learning within Maxis.

This training centre, which is based in Kuala Lumpur, prides itself with state of the art equipment and facilities that provide a stimulating environment for employees to equip themselves with the right knowledge and skills geared towards meeting the future challenges of Maxis' business.

Through its 2 faculties, the College of Management Development and the College of Professional Development, *Maxis Academy* offers a wide range of training programmes from customised business management courses to the very latest technical and professional development programmes.

For the 3 years ended 31 December 2006, 2007 and 2008 and the 6 months ended 30 June 2009, RM13.4 million, RM17.0 million, RM11.8 million and RM4.6 million, respectively, was spent on training.

#### *Leadership development*

The *Next Generation Manager* programme was established in 2006 for the benefit of Maxis' management staff and has since played a key role in the development of managers across the organisation. For Maxis' top management, the *Executive Education Programme* provides the opportunity to study at some of the most prestigious universities globally. This programme was developed exclusively for Maxis in collaboration with Harvard Business School Publishing and IBM.

Maxis' *Leadership Development Engine* was established to identify and develop internal talent with a high aptitude for leadership and is a core component of management development and succession planning. A formal process to review the development of talent is conducted regularly and continuous training is provided to strengthen areas that require professional development.

## 7. BUSINESS OVERVIEW (cont'd)

Maxis also established the *Maxis Management Associate Programme* through which Malaysian fresh graduates from top-tier universities who possess strong academic qualifications, ambition and an interest in the telecommunications industry are selected to go through a 1-year programme in Maxis as a stepping stone to becoming future managers and leaders in Maxis. Since its inception in 2000, a total of 115 young talents have participated in this structured development programme.

To complement Maxis' training curriculum, a comprehensive robust competency framework to manage and develop human capital more effectively and proactively was implemented. These customised competencies have also been incorporated into key human resource processes.

### *Scholarships and internships*

Each year, Maxis' scholarship programme also offers employees an opportunity to obtain a Masters in Business Administration at top-tier universities of their choice. Maxis also provides scholarships for its employees' children to pursue undergraduate studies. The scholarship programmes further illustrate Maxis' commitment to educational excellence.

Maxis offers internship opportunities to undergraduate students who seek work experience in the telecommunications industry. The internship programme offers undergraduate students some exposure to various aspects of the telecommunications industry through hands-on experience.

### 7.21 Interruptions to business for the past 12 months

There was no interruption in Maxis' business and operations, which had a significant effect on its operations in the 12 months preceding the Latest Practicable Date.

### 7.22 Regulations of telecommunications in Malaysia

#### **Regulatory regime**

The primary legislation governing the communications and multimedia industry in Malaysia is the CMA. The CMA came into force in 1999, and provides the basic framework for the regulation on the Malaysian telecommunications, broadcasting and information technology sectors based on principles of increased transparency, competitiveness, and self-regulation.

#### **Regulator**

Under the CMA, the communications and multimedia industry in Malaysia is subject to the purview of the Commission. The Commission is, in turn, subject to the oversight of the Minister.

The Commission was established under the Malaysian Communications and Multimedia Commission Act 1998. Its functions include, among others, the following:

- advising the Minister on all matters concerning national policy objectives for communications and multimedia activities;
- implementing and enforcing the provisions of all communications and multimedia laws;
- considering and recommending reforms to communications and multimedia laws;
- supervising and monitoring communications and multimedia activities;



## 7. BUSINESS OVERVIEW (cont'd)

- encouraging and promoting the development of the communications and multimedia industries, including in the areas of research and training; and
- encouraging and promoting self-regulation in the communications and multimedia industries.

The Commission has the power to issue directions to licensees, to make determinations, to hold public inquiries and to conduct investigations. It also has the power to issue guidelines. It is responsible for policy implementation.

The Minister is responsible for policy making. The grant of licences is within the purview of the Minister, upon 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. In addition, the Minister is empowered to make subsidiary legislation in the form of orders, rules and regulations.

### Legislative framework

The CMA and its subsidiary legislation are the principal legislation governing the telecommunications industry in Malaysia. The national policy objectives under one of the objects of the CMA are, among others:

- 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.

Various subsidiary legislation has been made under the CMA to specifically regulate certain aspects of the industries concerned, such as (among others) rules and regulations on technical standards, spectrum, licensing, and rates. These are in turn supplemented by guidelines issued to address specific areas in more detail as needed.

### Licensing regime

The regulatory framework established by the CMA covers 4 main categories of activity which can be undertaken only if licensed, which are as follows:

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

## 7. BUSINESS OVERVIEW (cont'd)

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Within these categories, the CMA provides for the issuance of either individual or class licences. Effective 1 April 2005, the regulation of licensing for individual ASP licences was migrated to class ASP licences.

### Individual licences

For individual licences, conditions imposed consist of standard and special conditions, which vary depending on the category of licence. Standard conditions are imposed under the CMA, and those applicable to individual licences generally include the following:

- that the licensee shall be a company that is incorporated in Malaysia;
- that the shareholding of the licensee shall comply with relevant Malaysian foreign investment restrictions;
- that the licensee shall notify the Minister of any joint venture into which the licensee enters;
- that the licensee shall comply with the provisions of the CMA;
- that the licensee shall indemnify the Minister and the Commission against any claim or proceeding arising from any breach or failing on the part of the licensee;
- that the licensee shall comply with any applicable spectrum plan; and
- that the licensee shall comply with any applicable consumer code.

In addition to standard conditions, the Minister may declare additional special licence conditions that are specifically applicable to individual licensees. These may include, but are not limited to, the following:

- the term of the licence;
- the licence fees payable;
- the local area within which the activity concerned is licensed;
- specific undertakings with respect to levels of investment, activities and operations; and
- specific rights and privileges agreed between the licensee and the Minister.

Under the CMA, the Minister is empowered, at any time, to make a declaration:

- to modify or vary any special condition;
- to revoke any special condition; or
- to impose further special conditions;

in respect of an individual licence.

The term of an individual licence granted under the CMA is generally 10 years. 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 licence;

## 7. BUSINESS OVERVIEW (cont'd)

- the licensee contravenes the provisions of any other 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.

### Class licences

In the case of a class licence, conditions that may be imposed include, among others, the following:

- compliance with the provisions of the CMA;
- compliance with the provisions of all subsidiary legislation made, or other instruments, guidelines or regulatory policies issued, under the CMA;
- an obligation to indemnify the Minister and the Commission against any claim or proceeding arising from any breach or failing on the part of the licensee; and
- compliance with any other standard conditions 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 under that class. The registration is valid for 1 year. The Minister may by declaration amend the conditions of class licences.

### Licences held by Maxis

As of the Latest Practicable Date, Maxis holds the following licences:

Entity	Registration date	Licence	Expiry date
Maxis Mobile	1 October 2009	Network facilities provider individual licence for the provision of fixed links and cables, radiocommunications transmitters and links and towers, poles, ducts and pits used in conjunction with other network facilities.	30 September 2019
	1 October 2009	Network service provider individual licence for the provision of communications services over network facilities.	30 September 2019
	23 January 2003	Network facilities provider individual licence for the provision of fixed links and cables, radiocommunications transmitters and links and towers, poles, ducts and pits used in conjunction with other network facilities.	23 December 2014
	23 January 2003	Network service provider individual licence for the provision of communications services over network facilities.	23 December 2014
	1 April 2009	Applications service provider class licence for the provision of PSTN telephony, public payphone services, directory services and internet access services.	31 March 2010*

## 7. BUSINESS OVERVIEW (cont'd)

Entity	Registration date	Licence	Expiry date
Maxis Broadband	1 October 2009	Network facilities provider individual licence for the provision of earth stations, fixed links and cables, radiocommunications transmitters and links, satellite hubs and towers, poles, ducts and pits used in conjunction with other network facilities.	30 September 2019
	1 October 2009	Network service provider individual licence for the provision of communications services over network facilities.	30 September 2019
	1 April 2009	Applications service provider class licence for the provision of PSTN telephony messaging services, internet access services, directory services, public payphone, IP telephony and public switched data services.	31 March 2010*
Maxis International	1 October 2009	Network facilities provider individual licence for the provision of earth stations, fixed links and cables, satellite hubs, submarine cable landing centre and towers, poles, ducts and pits used in conjunction with other network facilities.	30 September 2019
	1 October 2009	Network service provider individual licence for the provision of communications services over network facilities.	30 September 2019
Maxis Mobile Services	1 October 2009	Network facilities provider individual licence for the provision of radiocommunications transmitters and links and towers, poles, ducts and pits used in conjunction with other network facilities.	30 September 2019
	1 October 2009	Network service provider individual licence for the provision of communications services over network facilities.	30 September 2019
Maxis Mobile Services	1 April 2009	Applications service provider class licence for the provision of public cellular services, directory services, internet access services, messaging services and IP telephony.	31 March 2010*
Maxis Asia Access	27 November 2007	Services-Based Operator (Individual) licence for the provision of international simple resale services, resale of leased circuit services and virtual private network services in Singapore.	26 November 2012

**Note:**

\* Subject to annual renewal.

The conditions of all licences have been complied with in all material aspects. 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 Minister and the Commission. The CMA provides for the renewal of an individual licence subject to continued compliance with the terms of such licences, the CMA and any instruments issued, made or given by the Minister or the Commission.

## 7. BUSINESS OVERVIEW (cont'd)

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 0.5% of the preceding financial year's gross turnover derived from individually licensed activities less applicable rebates for that year; 0.15% of the preceding financial year's gross turnover; or RM50,000. Further, the licensees have to give at least 2 months' written notice to the Minister and the Commission for any suspension of facilities or services, and recommence within 4 months of the suspension (unless there is approval otherwise). In addition, there are obligations to, among others, submit accounting records to the Commission; to notify the Minister of any restructuring or rationalisation; to comply with the Commission's determination on universal service provision; and to inform the Commission of any proposed change to the facilities or services. The network facilities or services provider licences require the licensees to permit interconnection with other network facilities or services under terms which the Commission determines.

### Foreign ownership restrictions

Maxis' licences require it to comply with all relevant laws or rules under any legislation or guidelines issued by the Government or Government agencies pertaining to the restrictions on foreign shareholdings in Maxis. Pursuant to the announcement by the Prime Minister of Malaysia on 30 June 2009, the Foreign Investment Committee Guidelines have been repealed and equity ownership restrictions, if any, will (in the case of Maxis) be imposed by the Minister. No foreign equity ownership restrictions are presently imposed by the Minister on Maxis.

Each of the individual licences held by Maxis may be revoked by the Minister on the recommendation of the Commission if there is a breach of any Government policy on foreign equity ownership.

### Spectrum allocation and utilisation

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. Maxis has been allocated a total of 2x10 MHz of spectrum in the GSM 900 MHz frequency band, 2x6 MHz of spectrum in the extended GSM 900 MHz frequency band and 2x25 MHz of spectrum in the GSM 1800 MHz frequency band. Maxis also has a block of W-CDMA 2100 MHz 3G network spectrum through UMTS consisting of 2x15 MHz FDD and 1x5 MHz TDD frequencies. 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 recommendations of the Commission, to reallocate spectrum.

Under the Commission's Spectrum Plan published in November 2006, 880 MHz to 915 MHz and 925 MHz to 960 MHz are designated for GSM and extended GSM.

In respect of the 3G spectrum, Maxis was, on 2 April 2003, granted a spectrum assignment in respect of the following frequency bands:

- 1935 MHz to 1950 MHz
- 2125 MHz to 2140 MHz
- 2015 MHz to 2020 MHz

in consideration of an assignment fee totalling RM50 million, which has been fully paid in 2008. The assignment is for a period of 15 years, expiring 1 April 2018.

Please refer to Annex A for a list of Maxis' spectrum assignment and spectrum allocation.

## 7. BUSINESS OVERVIEW (cont'd)

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### **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 in 2000. These guidelines underscore the Government's policy to develop a framework for competition in the communications and multimedia industries.

### **Interconnection and access**

The access regime comprises the Access List, the MSA and the MSAP.

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 first published a determination on Access List which came into effect in 2001. The current Access List (Determination No. 1 of 2009) came into force on 2 February 2009 and varies the previous Determination on Access List issued in 2005.

The Access List includes, among others, "fixed network origination service", "fixed network termination service", "mobile network origination service", "mobile network termination service", "domestic network transmission service", "infrastructure sharing" and "3G-2G domestic inter-operator roaming service".

Access to the HSBB network (with and without quality of service) and local loop unbundling elements (i.e. Full Access, Line Sharing, Sub-loop Service, Bitstream and DSL Resale) in locations outside the HSBB network have also been included as broadband items on the Access List. However, according to the Ministerial Direction of HSBB and Access List (Ministerial Direction No 1 of 2008), the implementation of local loop unbundling in the forms of Full Access, Line Sharing and Sub-loop Service which are provided over the HSBB network have been deferred for 7 years from 16 September 2008 to 15 September 2015.

The MSA sets out the process and rules of facilitating access to all relevant licensees. Among others, the MSA outlines the general principles applicable to access regulation in Malaysia, such as implementing standard access obligations in areas including negotiations, disclosures, content and registration of Access Agreements. The Commission normally reviews the MSA together with the Access List every 3 years. The current MSA (Commission Determination No. 2 of 2009), which is a variation to the previous Commission Determination on the Mandatory Standard on Access (Commission Determination No. 2 of 2005), came into force on 2 February 2009.

## 7. BUSINESS OVERVIEW (cont'd)

The MSAP mandates the maximum prices on selected items from the Access List, *inter alia* Fixed Termination/Origination, Mobile Termination/Origination Private Circuit Completion Service, Domestic Network Transmission Services and Domestic Connectivity to International Services. These prices, based on the Long Run Incremental Cost ("LRIC") principles, are applied to facilities and services which the Commission considers would suffer market failure if not regulated. LRIC is a cost-based interconnection/access pricing model for the hypothetical 'efficient operator' and thus prevents an operator from either being over or under-compensated for providing access to its network facilities and services. Operators are allowed to commercially negotiate pricing on Access List items that do not have mandated rates. The current MSAP (Commission Determination No 1 of 2008), which is a variation to the original Commission Determination (Determination No. 1 of 2006), will expire on 30 June 2010.

### Rates and tariffs

Mobile services are not subject to any rate settings and cellular mobile service operators 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 following principles:

- 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, except for international calls, fixed line tariffs are regulated under the Communications and Multimedia (Rates) Rules 2002.

### USP

USP is regulated by the CMA and Communications and Multimedia (Universal Service Provision) Regulations 2002. The Communications and Multimedia (Universal Service Provision) Regulations 2002 has been amended several times, the latest of which was in 2008 pursuant to the Communications and Multimedia (Universal Service Provision) (Amendment) Regulations 2008. The Communications and Multimedia (Universal Service Provision) Regulations 2002 provides for among others, the designation for a universal service target and provider, processes and procedures for a universal service plan, contributions to the USP Fund and payments to the designated universal service providers from the USP Fund.

The objectives of USP are as follows:

- the installation of network facilities and the provision of network services; and

## 7. BUSINESS OVERVIEW (cont'd)

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- the provision of applications services for:
  - (i) providing collective access to basic telephony service and internet access service; and
  - (ii) providing individual access to basic telephony service and internet access service,

for universal service targets.

A universal service target is an underserved area and/or an underserved group within the community. An underserved area is defined as per the following:

- PSTN – any area where the penetration rate for PSTN subscribers in Malaysia is 20% below the national PSTN penetration rate or where the PSTN services are not sufficiently available.
- Public cellular services – any area with a population density of 80 persons per square kilometre or less or where public cellular services are not sufficiently available.
- Broadband access services – any area where broadband penetration rate is below the national broadband penetration rate or where broadband access services are not sufficiently available.

Notwithstanding the above, the regulations also allow the Commission to determine an area as underserved if either any of the services above is not sufficiently available. Once the Commission has identified the universal service targets, it will publish a notification of these specified areas. Licensees will then be invited to submit their draft universal service plans to bid to provide services to these underserved areas. Upon approving the selected draft universal service plan, the winning licensee will be designated as the universal service provider for that area.

All licensees with total net revenue derived from the designated services in the preceding year that is more than the minimum threshold of RM2.0 million are required to contribute to the USP Fund. Designated universal service providers are allowed to claim from the USP Fund to finance the roll-out in the designated USP areas. The funding can either be for both operating and capital expenses on a no-gain-no-loss basis, or solely for capital expenses in certain instances. The claiming mechanism will be spelt out in the Commission's bidding documents. The eligible licensees are required to contribute 6% of their weighted net revenue from designated services annually to the USP Fund. However, participation in USP projects is not confined to licensees that contribute to the USP Fund, as licensees that have not achieved the minimum net revenue threshold are also allowed to take part.

The regulations also feature a provision for major contributors. Major contributors are licensees whose contribution to the USP Fund exceed RM20 million. These contributors may utilise up to 50% of their contribution in a particular calendar year for the purpose of funding the capital costs for the provision of universal service. A major contributor intending to do so is required to submit its plan to the Commission by 30 September every year for approval.

### **MNP**

From August 2008, MNP was implemented in Malaysia, with the nationwide implementation occurring in October 2008. This permits mobile users to retain their numbers when switching service providers. Mobile users now have the choice and freedom to choose service providers without the inconvenience of having to change their numbers. A porting fee of a maximum of RM25 is permitted to be charged when a user switches service providers.



## 7. BUSINESS OVERVIEW (cont'd)

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### 7.23 Technology

#### Cellular technology

Maxis employs GSM, GPRS, EDGE and W-CDMA technologies for the provision of wireless services across 2G to 3G.

#### GSM

Maxis employs the GSM standard for its 2G 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 channel into 8 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 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 a higher frequency such as GSM 1800 or GSM 1900 is that the maximum range of the cells is smaller, with the result that more cells are required to cover the same geographic area as compared with a GSM 900 network. Increasing the number of cells would increase the opportunity for frequency re-use and therefore would create additional capacity. Maxis believes that, in most cases, the GSM 900 network, which is the frequency in which the Company mainly operates its 2G network, provides the best combination of capacity and coverage options out of the three GSM frequency bands.

GSM 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 enhanced radio cell 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.

## 7. BUSINESS OVERVIEW (cont'd)

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All MSCs are interconnected to each other and to international gateway switches via a transmission network system. When a mobile subscriber 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 HLR stores information relating to the subscriber such as current and most recently used network and location area. The 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 GMSC.

The majority of mobile systems operate on assigned pairs of frequency bandwidths, one for transmitting (downlink) and one for receiving (uplink), 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 GSM mobile systems are:

- frequency re-use — enabling the simultaneous use of the same frequency in two or more adequately separated cells; and
- call handover — 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 handover 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".

### **GPRS**

The GSM network can be upgraded to provide GPRS by software and hardware upgrades. GPRS integrates GSM and internet protocol technologies, providing continuous connection for data transfer. GPRS improves the available data rates supported by the air interface, thereby permitting the introduction of new, data-oriented services and applications, and enabling users to have faster access to the internet using their mobile phones. 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

## 7. BUSINESS OVERVIEW *(cont'd)*

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- 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.

### **EDGE**

Another enhanced GSM technology is EDGE, a packet switched mobile data service for GSM networks that is mainly used for data applications like multimedia (such as music downloads) and video services. EDGE delivers data at a higher speed compared with GPRS. The provisioning of EDGE technology only requires software and hardware upgrades and swap for GSM networks.

### **3G mobile communications**

3G is a family of standards for wireless communications defined by the ITU, which includes GSM EDGE, Universal Mobile Telecommunications System and CDMA2000 as well as DECT and WiMAX. Services include wide-area wireless voice telephone, video calls, and wireless data, all in a mobile environment. 3G networks enable network operators to offer users a wider range of more advanced services while achieving greater network capacity through improved spectral efficiency.

There are 3 main standards of 3G technology today:

- (i) **W-CDMA** — W-CDMA is a wideband spread-spectrum channel access method that utilises the direct-sequence spread spectrum method of asynchronous code division multiple access to achieve higher speeds and support more users compared to most TDMA schemes used today. Wireless operators in Malaysia, including Maxis, have adopted the W-CDMA standard as mandated by the Commission. HSPA is a software protocol that improves data transmission speeds for existing W-CDMA networks. The HSPA protocol consists of 2 parts:
  - **HSDPA** — A software upgrade for W-CDMA that increases data download speeds and sometimes referred to as 3.5G. HSDPA can support downlink data transmission speeds up to 14.4 Mbps.
  - **HSUPA** — Improves upstream data bit rate on the 3G systems in coordination with HSDPA; the objective being to support symmetrical up and down data rates, so that 3G can support applications such as videoconferencing. HSUPA can support uplink data transmission speed of up to 5.76Mbps.
- (ii) **CDMA2000** — CDMA2000 standard evolved from CDMA One standard. CDMA2000 standard is mainly used in Korea and the US.
- (iii) **Time Division-Synchronous Code Division Multiple Access ("TD-SCDMA")** — A standard that has been mandated by the government of The People's Republic of China and developed by the Chinese Academy of Telecommunications Technology, Datang Mobile and Siemens AG.

### **WiMAX technology**

WiMAX, which stands for Worldwide Interoperability for Microwave Access, is a wireless technology that delivers data over long distances, in a variety of different ways, from point-to-point links to full mobile cellular-type access. Compared with 3G technology, WiMAX can transmit data at a faster speed, but is not as widely employed worldwide as it is an emerging technology. The initial services that have launched are restricted to limited or nomadic wireless services and currently allow for limited mobility.

## 7. BUSINESS OVERVIEW *(cont'd)*

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Maxis does not provide WiMAX services. However, in Malaysia, 4 companies have been awarded WiMAX licences, including Packet One Networks (Malaysia) Sdn Bhd, REDtone International Bhd, YTL E-Solutions Berhad and Asiaspace Dotcom Sdn Bhd.

### **Fixed line broadband technology**

#### ***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. With the use of fibre optic transmission technologies, signals are transmitted through pulses of light through a very thin strand of plastic or glass at great data carrying capacity. The use of fibre optic networks allows data to be transmitted at very high speeds. Signals can also be transmitted at greater distances between local telephone systems without needing to be "refreshed" or strengthened.

#### ***Digital subscriber line technology***

xDSL stands for digital subscriber line, while the x represents different kinds of DSL, for example ADSL.

xDSL 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. xDSL 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.

### **Metro-E**

This technology is designed to deliver cost-effective data connections and value added services to residential, business or mobile customers through Ethernet and IP networks.

The versatility of the Metro-E technology allows for the provision of true carrier-grade Ethernet solutions and new revenue-generating services to business and residential customers such as leased line (point-to-point, multipoint-to-multipoint and point-to-multipoint), internet access, high bandwidth multimedia connections, IP telephony and shared virtual private network which can be offered onto a single platform. This product offers customers higher connection speeds either with copper or optical fibre handoff.

### **MPLS**

MPLS technology is capable of delivering a wide variety of advanced, IP value-added services over a single infrastructure. This versatile solution can be integrated seamlessly over any existing infrastructure, such as IP, ATM, and Metro-E over fiber.

The IP/MPLS Network Architecture can be designed to allow for high availability, enhanced traffic engineered capabilities enabling minimisation of traffic latency, one of the principal causes of deterioration of voice transmission over IP thereby improving quality, IN performance and fault management.

**7. BUSINESS OVERVIEW (cont'd)**

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**7.24 Contracts/Agreements on which Maxis is highly dependent**

The following contracts, being contracts within the ordinary course of business, are contracts on which Maxis is highly dependent and are material to Maxis' business or profitability:

- 7.24.1 Access Agreement dated 31 May 2006 entered into among Maxis Broadband, Maxis Mobile Services, Maxis Mobile, Maxis International and TM as amended by the Supplemental Agreement No. 1 dated 18 May 2007, Supplemental Agreement No. 2 dated 27 December 2007 and Supplemental Agreement No. 3 dated 31 December 2008 in relation to the facilities and services offered by 1 operator to the other operator subject to the scope of their respective licences. The Access Agreement has been registered with the Commission and where required the supplemental agreements have been registered or are pending registration with the Commission. The Access Agreement shall remain in full force until its termination.
- 7.24.2 Access Agreement dated 30 April 2004 entered into among Maxis Broadband, Maxis Mobile Services, Maxis Mobile and Celcom, Celcom Transmission (M) Sdn Bhd and TM Cellular Sdn Bhd, as amended by the Supplemental Agreement No. 1 dated 15 October 2004, Supplemental Agreement No. 2 dated 20 February 2006, Supplemental Agreement No. 3 dated 31 May 2006, Supplemental Agreement No. 4 dated 18 May 2007, Supplemental Agreement No. 5 dated 1 August 2008, Supplemental Agreement No. 6 dated 26 February 2009 and Supplemental Agreement No. 7 dated 1 June 2009 in relation to the facilities and services offered by 1 operator to the other operator subject to the scope of their respective licences. The Access Agreement has been registered with the Commission and where required the supplemental agreements have been registered or are pending registration with the Commission. The Access Agreement shall remain in full force until its termination.
- 7.24.3 Access Agreement dated 31 May 2006 entered into among Maxis Broadband, Maxis Mobile Services, Maxis Mobile and DiGi Telecommunications Sdn Bhd as amended by the Supplemental Agreement No. 1 dated 18 May 2007 and Supplemental Agreement No. 2 dated 1 August 2008 in relation to the facilities and services offered by 1 operator to the other operator subject to the scope of their respective licences. The Access Agreement has been registered with the Commission and where required the supplemental agreements have been registered or are pending registration with the Commission. The Access Agreement shall remain in full force until its termination.

## 8. INDUSTRY OVERVIEW



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21 October 2009

The Board of Directors  
 Maxis Berhad  
 Level 18 Menara Maxis  
 Kuala Lumpur City Centre  
 Off Jalan Ampang  
 50088 Kuala Lumpur  
 Malaysia

Dear Sirs

**EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT ON THE MOBILE TELECOMMUNICATIONS INDUSTRY IN MALAYSIA FOR MAXIS BERHAD ("MAXIS" OR "COMPANY")**

We, Frost & Sullivan Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared the Executive Summary of the Independent Market Research report on the mobile telecommunications market in Malaysia ("**Report**") for inclusion in Maxis' Prospectus dated 28 October 2009 ("**Prospectus**") in relation to the initial public offering and the listing of and quotation for the entire issued and paid-up share capital of Maxis on the Main Market of Bursa Malaysia Securities Berhad.

We are aware that this Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under section 214 of the Capital Market and Services Act, 2007.

This research is undertaken with the purpose of providing an overview of the mobile telecommunications industry in Malaysia.

We acknowledge that if we are aware of any significant changes affecting the content of this Report between the date hereof and the issue date of the Prospectus, we have an on-going obligation to either cause this Report to be updated for the changes and, where applicable, cause Maxis to issue a supplementary prospectus, or withdraw our consent to the inclusion of this Report in the Prospectus.

Bangalore	Bangkok	Beijing	Bogota	Buenos Aires	Cape Town	Chennai	Delhi	Dubai	Frankfurt
Kolkata	Kuala Lumpur	London	Melbourne	Mexico City	Mumbai	New York	Oxford	Palo Alto	Paris
	San Antonio	Sao Paulo	Seoul	Shanghai	Singapore	Sydney	Tokyo	Toronto	

## 8. INDUSTRY OVERVIEW (cont'd)

## F R O S T &amp; S U L L I V A N

## 1.1 Market Overview

Figure 1.1 provides historical mobile market indicators in Malaysia between December 31, 2006 and June 30, 2009.

**Figure 1.1: Mobile Market Indicators (Malaysia), December 31, 2006 – June 30, 2009**

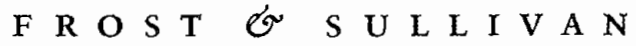
	As at Dec 31, 2006	As at Dec 31, 2007	As at Dec 31, 2008	As at June 30, 2009
<b>Subscribers ('000)</b>				
Postpaid	3,363	3,941	5,520	6,249
Prepaid	16,096	19,435	21,632	22,296
<b>Total</b>	<b>19,459</b>	<b>23,376</b>	<b>27,152</b>	<b>28,545</b>
<b>Subscribers by Operator ('000)</b>				
Maxis	8,068	9,765	11,234	11,423
Celcom	6,079	7,202	8,761	9,698
DiGi	5,312	6,409	7,062	7,230
U Mobile	0	0	95	194
<b>Total</b>	<b>19,459</b>	<b>23,376</b>	<b>27,152</b>	<b>28,545</b>
<b>Postpaid / Prepaid ('000)</b>				
Maxis				
Postpaid	1,628	1,953	2,644	2,899
Prepaid	6,440	7,812	8,590	8,524
<b>Total</b>	<b>8,068</b>	<b>9,765</b>	<b>11,234</b>	<b>11,423</b>
Celcom				
Postpaid	1,230	1,282	1,765	2,149
Prepaid	4,849	5,920	6,996	7,549
<b>Total</b>	<b>6,079</b>	<b>7,202</b>	<b>8,761</b>	<b>9,698</b>
DiGi				
Postpaid	505	706	1,099	1,176
Prepaid	4,807	5,703	5,963	6,054
<b>Total</b>	<b>5,312</b>	<b>6,409</b>	<b>7,062</b>	<b>7,230</b>

*Note: All figures are rounded; Selected June 30, 2009 figures are estimates. Source: Frost & Sullivan*

Malaysia is the second-most developed mobile market in Southeast Asia behind Singapore and exhibited a mobile subscriber growth rate of 16.2% to 27.152 million subscribers at the end of 2008. Total mobile subscribers grew from 25.167 million as at June 30, 2008, to 28.545 million mobile subscribers as at June 30, 2009. To put this in perspective, the Malaysian population stood at approximately 27.4518 million as at June 30, 2008 and approximately 28.0073 million as at June 30, 2009 respectively. Thus, this represented a mobile penetration rate that rose from 91.7% as at June 30, 2008 to cross the 100% mark to 101.9% as at June 30, 2009.

Most of the net subscriber additions come from the prepaid segment. We believe that the Malaysian mobile market will grow modestly over the next few years where growth will come from an increasing number of multiple subscriptions (multiple mobile SIM cards), mobile broadband growth and subscriber growth coming from East Malaysia and rural areas. Mobile operator revenue which currently is primarily from mobile voice services will also be supported by the growth in mobile data services and mobile broadband services.

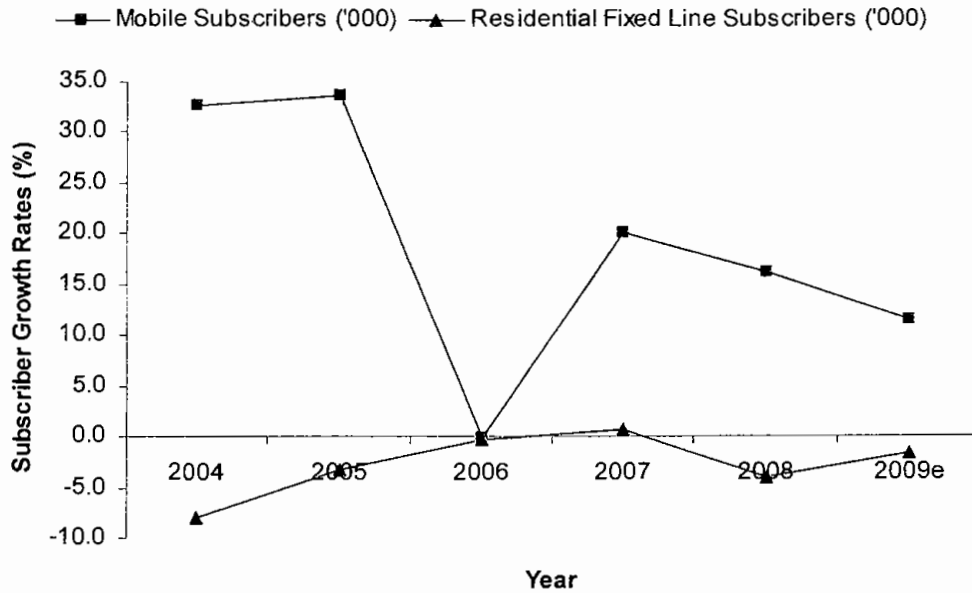
8. INDUSTRY OVERVIEW (cont'd)



Residential fixed-line services have seen a general decline and the increasing preference for mobile services are expected to continue the pace of fixed-to-mobile substitution effect where more users are expected to adopt mobile services over fixed-line services.

Chart 1.1 shows the historical growth rates of mobile subscribers versus residential fixed-line subscribers in Malaysia between 2004 and 2009.

**Chart 1.1: Comparison of Growth Rates of Mobile Subscribers and Residential Fixed-Line (Malaysia), 2004-2009**



Note: The sharp decline in growth rate in 2006 is a result of the nationwide prepaid registration initiative by operators in line with the Malaysian Government's directive to register all prepaid users.

Note: 2009 figures are estimates. Source: MCMC and Frost & Sullivan

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## 8. INDUSTRY OVERVIEW (cont'd)

## F R O S T &amp; S U L L I V A N

Figure 1.2 shows the historical data of residential fixed-line and mobile subscribers in Malaysia between 2003 and 2008; and estimated data for 2009.

**Figure 1.2: Comparison of Historical Residential Fixed-line and Mobile Subscriber Growth (Malaysia), 2003-2009e**

Year	Residential Fixed Line Subscribers ('000)	Household Penetration Rate* (per 100 households)	Total Mobile Subscribers ('000)	Mobile Penetration Rate* (%)
2003	3,194	58.0	11,004	43.9
2004	2,938	52.3	14,597	57.1
2005	2,839	49.5	19,511	74.7
2006	2,831	48.3	19,459	73.0
2007	2,851	47.8	23,376	86.0
2008	2,734	44.9	27,152	97.9
2009e	2,686	43.6	30,251	107.0

\*Penetration rates are calculated based on population and household figures from the Department of Statistics and MCMC, Malaysia

Note: All figures are rounded; 2009 figures are estimates.  
Source: Department of Statistics, MCMC & Frost & Sullivan

## 1.2 Industry/Market Segmentation

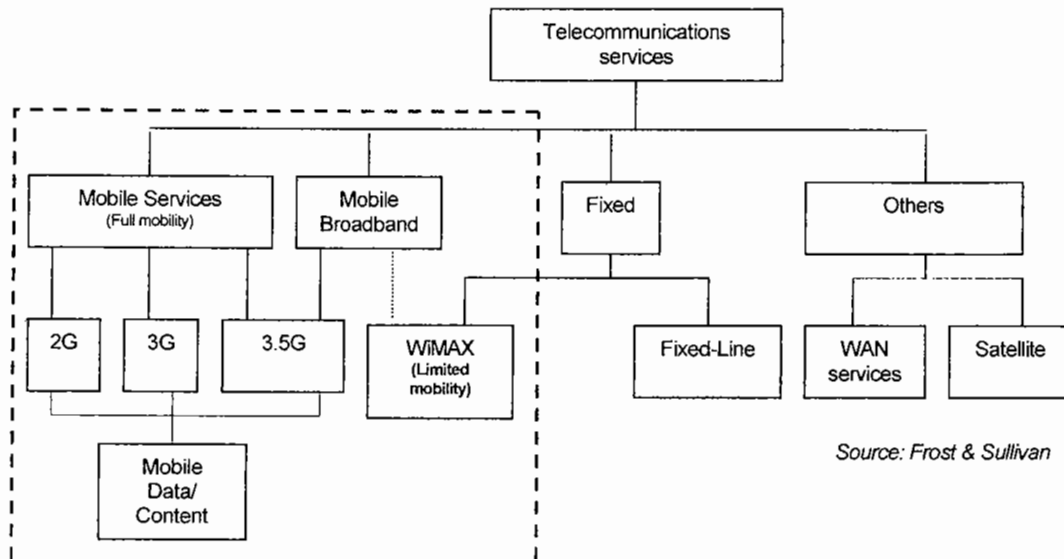
Segmentation of telecommunications services in Malaysia can be summarized in Chart 1.2. The mobile market is defined as a market that provides mobile services which include 2G, 3G and 3.5G services. On a broad level, mobile services would include mobile voice, mobile data and mobile broadband services. Within this report, mobile revenue refers to the mobile service revenues of an operator for when goods are delivered or services are rendered. This would not include handset sales and activation fees. Total mobile revenues are estimated based on the individual reported figures by operators and Frost & Sullivan, where necessary.

Chart 1.2 depicts the market segmentation of telecommunication services in Malaysia.

## 8. INDUSTRY OVERVIEW (cont'd)

F R O S T &amp; S U L L I V A N

Chart 1.2: Market Segmentation of Telecommunications Services in Malaysia



Mobile data services refer to the non-voice services that generate revenues for a mobile operator, which include data traffic charges (WAP, GPRS revenues), wireless broadband revenues, messaging revenues and non-messaging revenues. Premium content includes the chargeable content and services delivered over mobile, which exclude messaging revenues and data traffic charges. Premium content revenues include non-messaging mobile data revenues recorded by mobile operators. This sometimes also includes the portion of revenues that goes to third-party content providers. Total mobile data revenues are based on the individual reported figures by operators and Frost & Sullivan estimates, where necessary.

The wireless broadband space in Malaysia is becoming more competitive with a mixture of mobile broadband 3.5G and fixed wireless broadband (WiMAX, iBurst) services. Mobile broadband is the term used to describe various types of wireless high-speed Internet access through a portable modem, telephone or other devices. Various network standards may be used. The provision of 3.5G services relates to High-Speed Downlink Packet Access ("HSDPA") and High-Speed Uplink Packet Access ("HSUPA") technologies, collectively known as High-Speed Packet Access ("HSPA"). The use of HSPA has so far been positioned as an alternative broadband service over a wireless connection.

## 8. INDUSTRY OVERVIEW (cont'd)

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# F R O S T S U L L I V A N

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For market definition purposes, we consider a subscriber as a mobile broadband subscriber when subscribed to a monthly broadband data plan from a service provider in Malaysia including mobile operators and WiMAX operators. However, we note that as each service provider has different product bundles, there is no standard definition as to what constitutes a broadband data plan. The implication of this is that a mobile subscriber for a certain plan which may be deemed as a mobile broadband subscriber under one service provider may not be deemed as such under a different service provider.

Devices that enable mobile broadband include: PC data cards, USB modems, USB dongles, phones with data modems and portable devices with built-in support for mobile broadband (like notebooks, netbooks and Mobile Internet Devices (MIDs)). Frost & Sullivan does not include EDGE and GPRS users as mobile broadband subscribers.

### 1.3 Key Industry Participants

There are a total of four key industry participants that operate in the mobile space in Malaysia namely Maxis, Celcom, DiGi and U Mobile. All four mobile operators offer mobile voice, mobile data and mobile broadband services. Maxis and Celcom are the earliest 3G participants launching their 3G services in 2005. U Mobile commercially launched its services in March 2008 providing mobile broadband and a year later, DiGi also launched its 3G mobile broadband services in March 2009 after securing the transfer of 3G spectrum from Time dotCom.

Within the mobile broadband space, competition is also expected from the four new WiMAX service providers. In 2007, the Malaysian Government issued four WiMAX licenses in the 2.3 GHz band to YTL E-Solutions, Packet One Networks, Asiaspace Dotcom and REDtone-CNX Broadband. However their impact on the mobile broadband space is expected to be minimal in the near term as the WiMAX service providers are presently competing with Telekom Malaysia's fixed broadband offering, Streamyx. Furthermore, the current commercially available WiMAX technology has limited mobility compared with mobile broadband and suffers from the lack of WiMAX-enabled devices and support by large telecommunications providers.

## 8. INDUSTRY OVERVIEW (cont'd)

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# F R O S T S U L L I V A N

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Several Mobile Virtual Network Operators ("MVNOs") have been introduced into the Malaysian mobile market. A MVNO is a company that provides mobile services but does not have its own frequency allocation of the radio spectrum, nor does it have the entire infrastructure required to provide mobile services. MVNOs are generally set up to target specific segments within the market such as enterprise customers or foreign workers.

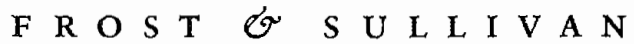
The first two such companies were set up by REDtone International Bhd, namely REDtone Mobile Services and Merchante Asia Sdn Bhd. The former targets the enterprise customers within the postpaid segment while the latter addresses foreign workers in Malaysia. XOX Com Sdn Bhd ("XOX") which is targeting the Chinese community was launched in May 2009. TuneTalk Sdn Bhd ("Tune Talk") (which is affiliated to AirAsia Berhad) launched its services in August 2009 targeting budget-conscious prepaid mobile users. With the addition of XOX and TuneTalk, a total of four MVNOs are expected to increase the competition in the mobile space for their respective targeted segments. The four MVNOs are hosted by Celcom.

### 1.4 Supply Conditions

We believe that having four mobile operators providing voice and data services sufficiently address the Malaysian mobile market. Maxis and Celcom have continued to invest in their network by upgrading their base stations to provide HSDPA mobile broadband services. U Mobile and DiGi have investments planned for providing improved network coverage for 3G and data services. The three key mobile operators Maxis, Celcom and DiGi are increasingly competing in the areas of network quality and customer services as opposed to network coverage.

The introduction of MVNOs in the country has been largely to address specific segments. However the impact of MVNOs on the leading mobile operators has not been felt. MVNOs on the other hand are subject to risks to supply conditions in terms of network ownership and therefore will need to consider effective partnerships. This is because of the requirement to enter into wholesale agreements with network providers on a negotiated basis makes it more challenging to compete on tariffs when compared to markets where wholesale prices are regulated.

8. INDUSTRY OVERVIEW (cont'd)



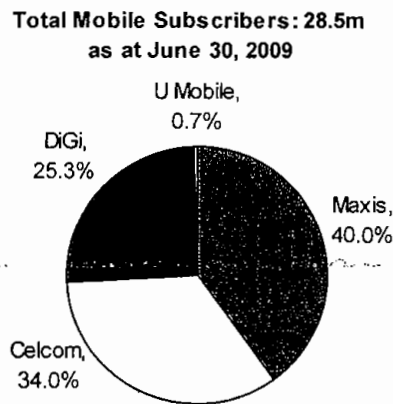
The wireless broadband space is becoming more competitive with all four mobile operators offering 3.5G services. They have since launched mobile broadband access services through USB dongles and data cards. At the end of 2008, there were 412,500 mobile broadband subscribers in Malaysia. In addition, the introduction of four WiMAX companies in the second half of 2008 also increased competition. The WiMAX companies are in various stages of rolling out their services and networks.

1.5 Market Share Analysis

Maxis is the largest mobile operator in Malaysia with 11.4 million subscribers followed by Celcom with 9.7 million, DiGi with 7.2 million and U Mobile with an estimated 0.2 million subscribers, as of June 30, 2009.

Chart 1.3 shows mobile operator market share by subscribers in Malaysia as at June 30, 2009.

Chart 1.3: Mobile Operator Market Share by Subscribers (Malaysia), June 30, 2009




Source: Frost & Sullivan

Maxis has been the leading mobile service provider by subscribers and mobile revenues over the last five years, from 2004 to 2008. Between the years 2006 to 2008, the market ranking has not changed and the market share of the three leading mobile operators, namely Maxis, Celcom and DiGi remained very stable. U Mobile entered the market in 2008 but so far has had minimal impact, holding approximately 0.7% of the market as of June 30, 2009.

## 8. INDUSTRY OVERVIEW (cont'd)

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F R O S T  S U L L I V A N

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### 1.6 Barriers to Entry

The mobile telecommunications industry is subject to high entry barriers due to its capital intensive nature, licensing requirements, scarce spectrum allocation, the need for wide network coverage and the overcrowded nature of the industry. There is also strong brand affinity amongst Malaysians for the three leading operators, a result of many years of strong marketing push and establishing their presence. Mobile data services and mobile broadband services are part of mobile telecommunication services and therefore are subject to the same barriers as mobile services. However, mobile broadband services are also competing for a share of a broadband market dominated by incumbents providing a fixed or wireline alternative to mobile broadband services. Mobile broadband services are also reliant on having sufficient devices to support the market and achieve economies of scale.

### 1.7 Relevant Laws and Recent Regulatory Developments

The Malaysian Communications and Multimedia Commission ("MCMC") is the regulator for the communications and multimedia industry and its key role is in the regulation of the communications and multimedia industry based on the powers provided for in the Malaysian Communications and Multimedia Commission Act (1998) and the Communications and Multimedia Act (1998). Pursuant to these Acts the role of the MCMC is to implement and promote the Malaysian Government's national policy objectives for the communications and multimedia sector.

The Communications and Multimedia Act (1998) also provides for the establishment of a Universal Service Provision ("USP") Fund to enable the roll out of services in areas identified for USP. The objective is to pool the resources of the telecommunications industry to promote the widespread availability and use of network services and applications services throughout Malaysia by encouraging the installation of network facilities and the provision of services in underserved areas or for underserved groups within the community. In this respect, all telecommunications operators are required to contribute part of their applicable service revenues to USP development.

**8. INDUSTRY OVERVIEW (cont'd)****F R O S T & S U L L I V A N**

Mobile Number Portability ("MNP") was launched in October 2008 and enables mobile subscribers to keep their existing numbers after changing mobile operators. MNP is a service enabled by mobile operators to promote competition and enhance customer choice in the mobile market. It is perceived as an effective tool to eliminate customer "stickiness" resulting from an attachment to a mobile number or perceived premium attached to a prefix, as may be the case in Malaysia. However, it is observed that MNP has had limited impact so far amongst the mobile operators since it was launched, as promotions have not been appealing enough to encourage subscribers to switch mobile operators.

**1.8 Reliance and Vulnerability to Imports**

Generally, the telecommunications industry in Malaysia is dependent on imports for the majority of its network components as most of the network equipment cannot be sourced locally. The mobile operators rely on a number of leading international equipment vendors to provide network equipment and facilities. Nevertheless, operations can be adversely affected if the required supply of equipment or services is not met in a timely manner. Due to the licensing requirements and nature of the mobile telecommunications business, it is not possible for overseas service providers to provide mobile telecommunications services in Malaysia.

**1.9 Product Substitution**

The threat of product substitution arises from other businesses which are able to provide mobility services via a different technology or business model. Two immediate technologies expected to impact the mobile services market are WiMAX (which has been launched to a limited extent) and mobile voice-over-IP ("VoIP"). VoIP is the transmission of voice through the Internet or packet-based networks. It is anticipated that there will be little near term impact from the new WiMAX licensees and from third party mobile VoIP service providers. Due to current limitations in the rollout of WiMAX networks, WiMAX service providers are only providing fixed or nomadic wireless broadband and thus are not competing with mobile voice services by the mobile operators. With the growing demand for broadband services, the mobile operators have also entered the foray providing mobile broadband via USB dongles. Frost & Sullivan also anticipates competition within the broadband space to increase with the HSBB project by Telekom Malaysia which intends to offer fibre-to-the-home ("FTTH") services against the mobile and wireless broadband players.

## 8. INDUSTRY OVERVIEW (cont'd)

F R O S T &amp; S U L L I V A N

## 1.10 Market Size and Growth Forecast

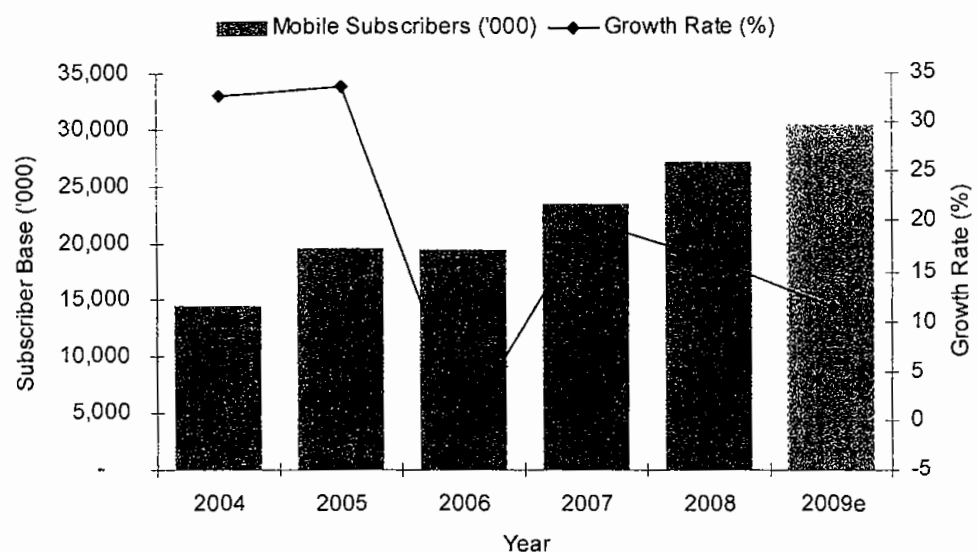
## 1.10.1 Mobile Services Market

Malaysia is one of several countries in the Asia Pacific region that exhibits strong mobile penetration rates. By the end of 2009 the mobile penetration rates for the following countries is estimated at: Singapore (138.8%), South Korea (96.8%), Taiwan (119.8%), Thailand (101.5%), Philippines (81.5%), Hong Kong (139.8%), and Australia (114.4%).

Malaysia is currently the second-most developed mobile market in Southeast Asia behind Singapore. As at June 30, 2009 mobile penetration rate stood at 101.9% with 28.5 million subscribers. Year-on-year subscriber growth rate declined slightly from 20.1% in 2007 to 16.2% in 2008, with most of the net subscriber additions coming from the prepaid segment. We believe that the Malaysian mobile market will grow modestly over the next few years where growth will come from an increasing number of multiple subscriptions (customers with multiple SIM cards), mobile broadband growth and subscriber growth coming from East Malaysia and rural areas. Mobile operator revenue, which is primarily from mobile voice services, will also be supported by the growth in mobile data and mobile broadband services.

Chart 1.4 and Figure 1.3 shows the historical data of total mobile subscribers in Malaysia between 2004 and 2008; and estimated data for 2009.

**Chart 1.4: Total Mobile Subscribers and Growth Rates (Malaysia), 2004-2009e**



Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan



## 8. INDUSTRY OVERVIEW (cont'd)

F R O S T &amp; S U L L I V A N

**Figure 1.3: Mobile Penetration Rate, Total Mobile Subscribers and Growth Rates (Malaysia), 2004-2009e**

Year	Malaysia Population ('000)	Mobile Penetration Rate (%)	Total Mobile Subscribers ('000)	Growth (%)
2004	25,581.0	57.1	14,597	-
2005	26,128.0	74.7	19,511	33.7
2006	26,640.2	73.0	19,459	(0.3)
2007	27,173.6	86.0	23,376	20.1
2008	27,728.7	97.9	27,152	16.2
2009e	28,284.6	107.0	30,251	11.4

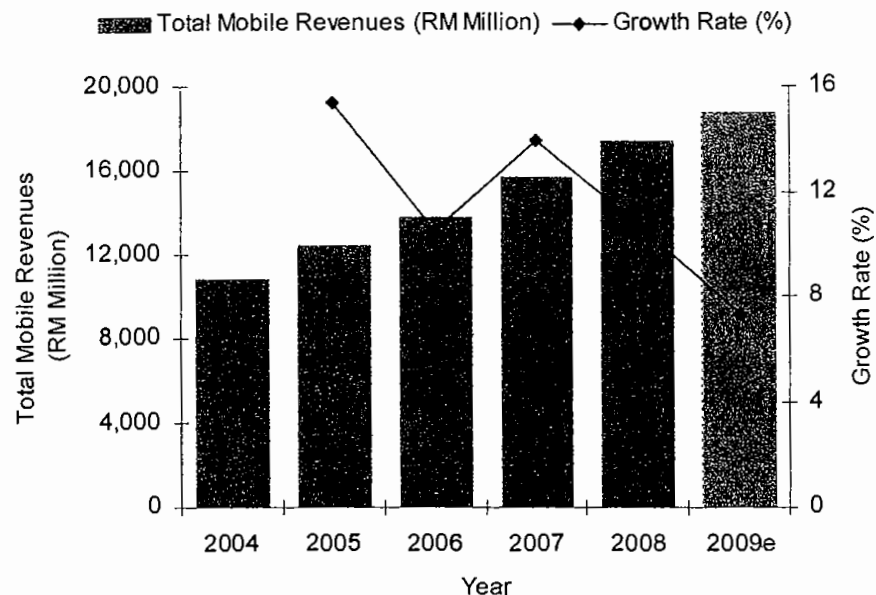
\*Mobile penetration rate is calculated based on population figures from the Department of Statistics, Malaysia

Note: The negative growth rate in 2006 is a result of the nationwide prepaid registration initiative by operators in line with the Malaysian Government's directive to register all prepaid users.

Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan


Chart 1.5 and Figure 1.4 shows the historical data of total mobile revenues in Malaysia between 2004 and 2008; and estimated data for 2009.

**Chart 1.5: Total Mobile Revenues and Growth Rates (Malaysia), 2004-2009e**



Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan

## 8. INDUSTRY OVERVIEW (cont'd)

F R O S T  S U L L I V A N**Figure 1.4: Total Mobile Revenues and Growth Rates (Malaysia), 2004-2009e**

Year	Mobile Revenues (RM Million)	Growth (%)
2004	10,946	-
2005	12,512	15.4
2006	13,830	10.5
2007	15,755	13.9
2008	17,450	10.8
2009e	18,724	7.3

Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan

**1.10.2 Mobile Broadband Services Market**

In the broadband space, the total number of fixed broadband subscribers in Malaysia stood at just over 1.3 million subscribers in 2008, an increase of 28.5% from 2007. Malaysia had a 21.4% fixed household broadband penetration rate in 2008, compared to 17.0% in 2007. However, it is still low in comparison to neighbouring countries in the region such as Australia (63.7%), Taiwan (66.0%), Hong Kong (85.0%), Singapore (78.5%), and South Korea (92.8%). This is mainly due to the slower expansion activities of the fixed line broadband provider and the relatively recent entry of mobile and WiMAX players into the Malaysian broadband space.

Historically, with the notable exceptions of Japan and perhaps South Korea, 3G wireless or mobile broadband business models have not been a resounding success in most parts of the Asia Pacific region. The example challenges cited, which are similar across the region where expensive terminals, poor network coverage, high service pricing, operator hype and lack of local content.

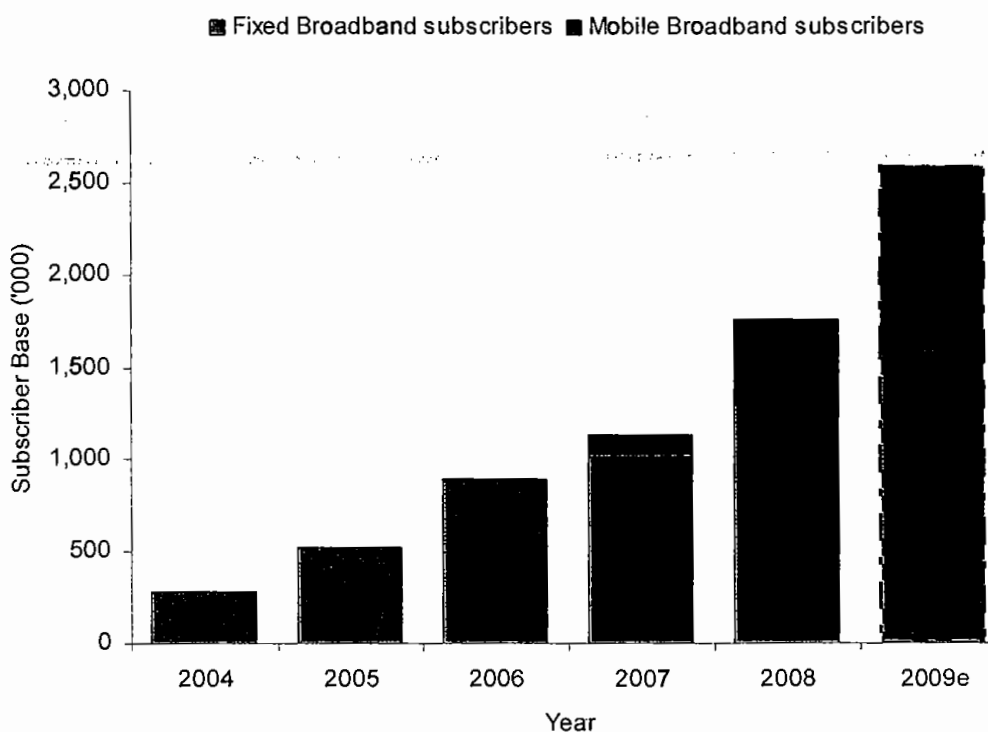
However, the growth of mobile broadband in Malaysia has recently been very strong with total mobile broadband subscriptions reaching 412,500 at the end of 2008. This represented a growth of 266.0% over 2007. In 2008, mobile broadband subscriptions represented 24.1% of the total broadband market in Malaysia. We expect this proportion to increase to 39.6% of the total broadband connections bringing total mobile broadband subscriptions to over 1.0 million by the end of 2009.

## 8. INDUSTRY OVERVIEW (cont'd)

F R O S T & S U L L I V A N

Chart 1.6 shows the historical data of total mobile broadband subscribers in Malaysia compared with fixed broadband between 2004 and 2008; and estimated data for 2009.

**Chart 1.6: Total Fixed and Mobile Broadband Subscribers (Malaysia), 2004-2009e**



Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan

Figure 1.5 shows the historical data for Malaysia's mobile broadband subscriber base between 2006 and 2008; and estimated data for 2009. Figure 1.4 also shows the ratio of total mobile broadband subscribers to total broadband subscribers in Malaysia.

## 8. INDUSTRY OVERVIEW (cont'd)

F R O S T &amp; S U L L I V A N

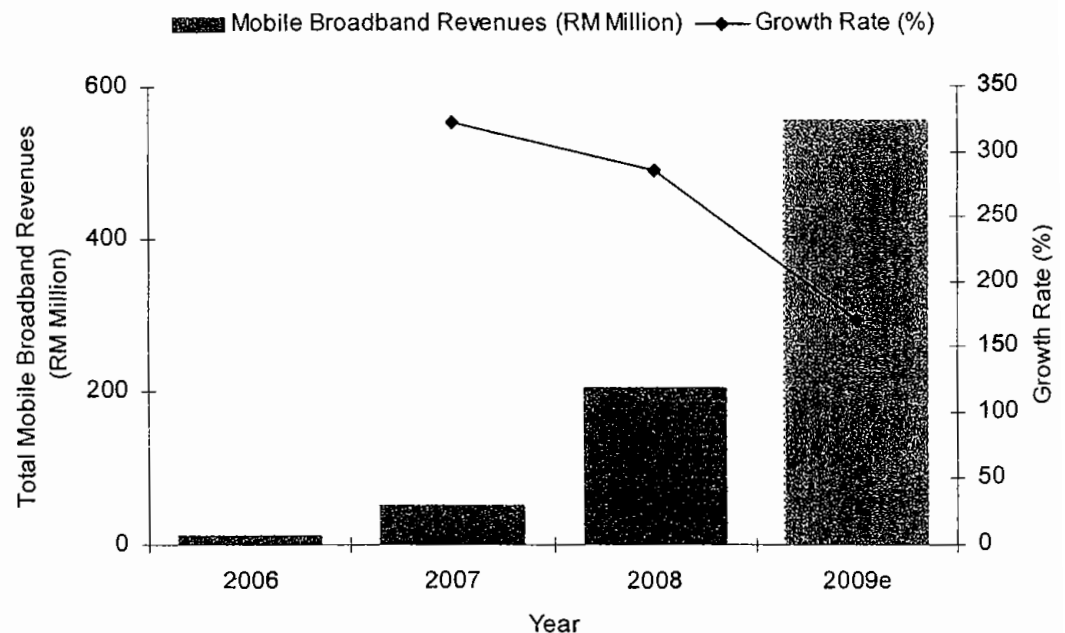
**Figure 1.5: Total Mobile Broadband Subscribers, Growth Rates and Ratio to Total Broadband Subscribers (Malaysia), 2006-2009e**

Year	% of Total Broadband Subscribers	Fixed Broadband Subscribers	Total Mobile Broadband Subscribers ('000)	Growth (%)
2006	1.5	882.1	13.1	-
2007	10.0	1,010.9	112.7	760.3
2008	24.1	1,301.6	412.5	266.0
2009e	39.6	1,571.3	1,031.6	150.1

Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan

Chart 1.7 and Figure 1.6 show the historical data of total mobile broadband revenues in Malaysia between 2006 and 2008; and estimated data for 2009.

**Chart 1.7: Total Mobile Broadband Revenues and Growth Rates (Malaysia), 2006-2009e**



Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan

## 8. INDUSTRY OVERVIEW (cont'd)

F R O S T &amp; S U L L I V A N

**Figure 1.6: Total Mobile Broadband Revenues and Growth Rates (Malaysia), 2006-2009e**

Year	Mobile Broadband Revenues (RM Million)	Growth Rate (%)
2006	12.6	-
2007	53.1	322.5
2008	205.0	285.8
2009e	554.0	170.3

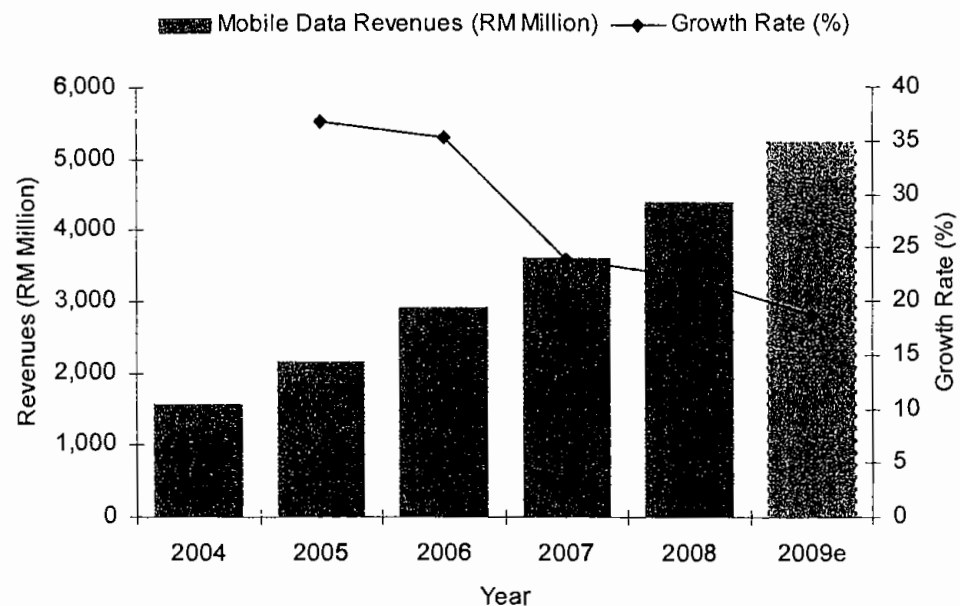
Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan

### 1.10.3 Mobile Data Services Market

The mobile data services market garnered RM4.41 billion revenues in 2008, which represented a growth of 22.3% over 2007. Growth in this segment is driven by factors such as greater 3G coverage and deployment, greater number of mobile data users, the declining cost of advanced multimedia handsets, and the competition to secure continuous stream of content through partnerships.

Chart 1.8 and Figure 1.7 shows the historical revenue for mobile data services market in Malaysia from 2004 to 2008; and estimated data for 2009.

**Chart 1.8: Mobile Data Services Revenues (Malaysia), 2004-2009e**



Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan

## 8. INDUSTRY OVERVIEW (cont'd)

## F R O S T &amp; S U L L I V A N

Figure 1.7: Mobile Data Services Revenues (Malaysia), 2004-2009e

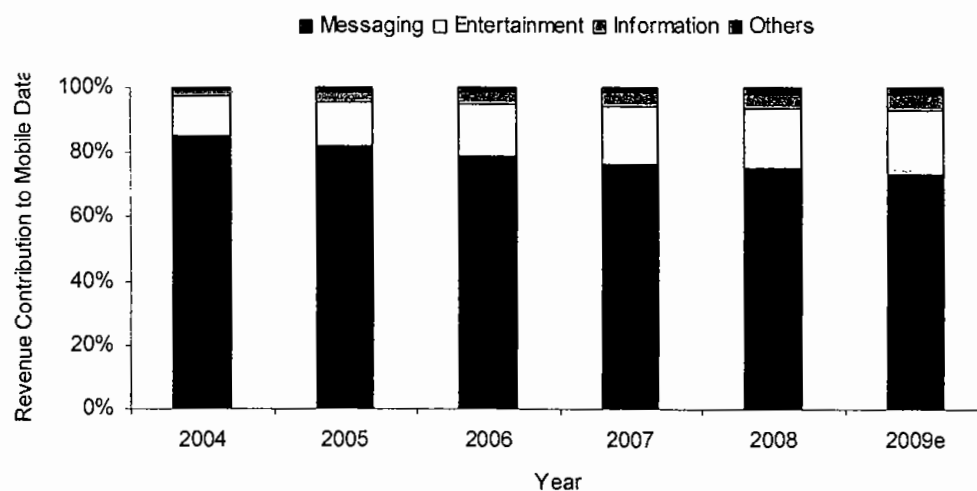
Year	Revenues (RM Million)	Growth (%)
2004	1,574	-
2005	2,153	36.8
2006	2,915	25.4
2007	3,610	23.9
2008	4,415	22.3
2009e	5,243	18.7

Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan

In 2008, mobile messaging revenues contributed 75.0% of the total mobile data revenues. Data value added services ("VAS") or premium content, comprising the segments of mobile entertainment, information, and others covered 25.0% of the total mobile data revenues. In the next few years, the messaging segment is expected to continue to contribute a large portion of total mobile data revenues, however the contribution is anticipated to decline slowly in place of growth in the entertainment and information segments.

Chart 1.9 and Figure 1.8 show the historical data of the contribution of messaging, entertainment, information and others to total mobile data revenues in Malaysia from 2004 to 2008; and estimated data for 2009.

Chart 1.9: Mobile Data Services by Segment (Malaysia), 2004-2009e



\* Others include mobile commerce, mobile marketing / advertising, mobile banking, mobile e-mail, telematics etc.

Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan

## 8. INDUSTRY OVERVIEW (cont'd)

F R O S T &amp; S U L L I V A N

**Figure 1.8: Messaging and Non-messaging Percentage Contribution to Mobile Data Services (Malaysia), 2004-2009e**

Year	Messaging	Non-Messaging		
		Entertainment	Information	Others
2004	85.2%	12.0%	2.0%	0.7%
2005	81.7%	14.2%	3.0%	1.0%
2006	79.0%	16.2%	3.6%	1.2%
2007	76.5%	18.0%	4.1%	1.4%
2008	75.0%	18.8%	4.5%	1.7%
2009e	73.6%	19.3%	5.1%	2.0%

*Note: All figures are rounded; 2009 figures are estimates. Source: Frost & Sullivan*

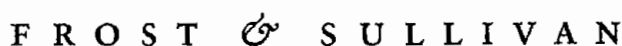
### 1.11 Demand Conditions

Demand for mobile services in the market is expected to remain healthy with the increasing importance of mobility. Further, the falling prices of mobile handsets will increase the reach of mobile services to a wider category of people, particularly the younger segments. Growth is expected from new subscribers in East Malaysia and rural segments as well as niche market segments. Increased competition and innovation with regards to mobile services are expected to further stimulate a higher number of mobile subscribers in a household. It is anticipated that the migration of prepaid users to postpaid will continue as a result of the removal of anonymity due to prepaid registration and more appealing tariffs and bonuses associated with postpaid plans.

At the end of 2008, Malaysia had a 21.4% fixed broadband household penetration rate which implies a significant proportion of the Malaysian population is not on broadband. The Malaysian Government has also mandated a target to achieve 50% household broadband penetration by 2010. These factors present an opportunity for other broadband alternatives such as mobile broadband to help improve the broadband penetration in the country.

MCMC conducted a survey on home Internet users to collect statistics pertaining to access and use of the Internet. The MCMC's Household Use of the Internet Survey 2008 (HUIS 2008) suggests that the number of Internet users comprising the age group of teenagers to young adults is fairly large (17.9% of the household user base is between the ages of 15 to 19 years, while 15.7% are between 20 and 24). The study also infers that the high number of '15 to 19 year olds' seem to indicate that interest in Internet usage starts increasing when students reach their ninth year of formal education in Malaysia. This interest appears to continue when students pursue

8. INDUSTRY OVERVIEW (cont'd)



their higher education and becomes ingrained as part of a digital and mobile lifestyle for this generation of users. We believe this to also be a driver for mobile broadband services.

There is also significant room for growth in the mobile data services segment given the infancy of the mobile data service industry. Aiding the demand for data services is the penetration of colour and feature rich handsets and smartphones which are becoming more affordable to the mass market. Higher data usage is expected to result in the migration of premium prepaid subscribers to postpaid packages. Further, market drivers such as the mobility lifestyle and social networking sites are driving demand for mobile data services.

**1.12 Future Outlook and Prospects**

Demand for mobile services in the market is expected to remain healthy with the increasing importance of mobility. Mobile operators are looking for options to expand their business and to grow or maintain ARPU levels. 3G services are anticipated to be the next area for competition considering 3G subscribers represented approximately 19.9% of total mobile subscribers as at June 30, 2009. Further, mobile operators will also be looking at the migration of a predominantly prepaid market to postpaid.

Figure 1.9 shows the historical growth of 3G subscribers in Malaysia from 2005 to 2008; and estimated data for 2009.

**Figure 1.9: 3G Subscribers (Malaysia), 2005-2009e**

Year	3G Subscribers ('000)	Ratio of 3G to Total Mobile Subscribers (%)
2005	68	0.3
2006	427	2.2
2007	1,555	6.7
2008	4,366	16.1
2009e	6,898	22.8

*Note: All figures are rounded; 2009 figures are estimates. Source: MCMC & Frost & Sullivan*

In Malaysia, prospects for the mobile telecommunications industry are service convergence and triple play (provision of voice, data and video services) as the market is already developed and sophisticated, and will need this as the next driver for growth. As



**8. INDUSTRY OVERVIEW (cont'd)****F R O S T & S U L L I V A N**

discussed earlier, broadband penetration in Malaysia is still fairly low and there remain opportunities for various alternative technologies and means to provide broadband services to Malaysian consumers.


Frost & Sullivan anticipates that for the near to medium term, due to the readiness of the networks, availability of devices (dongles, data cards) to support connectivity and good network coverage, mobile broadband services by way of 3.5G HSPA has an edge over WiMAX networks which is still in its development and emerging phase. We anticipate that 3.5G HSPA connectivity will dominate the wireless broadband space over the next few years for these very reasons. Frost & Sullivan foresees that wireless broadband subscriptions will exceed the market share of fixed line broadband subscriptions over the next five years.

Mobile data services have a strong role to play in contributing to mobile operator revenues. Mobile data segments with a positive outlook include peer-to-peer messaging services, mobile Internet and mobile instant messaging. Messaging still constitutes a significant part of a service provider business and remains the most significant mode of communication after voice. It is imperative that operators understand that they need flexible platforms to respond to market demands quickly and cost effectively and proper segmentation of the customer base is crucial to roll out new services or tariff plans. The discussion about mobile broadband services so far shows much promise.

Mobile Internet access is advancing in many Asia Pacific countries such as Hong Kong, Taiwan, Malaysia, Singapore, and Indonesia. The popularity of the unlimited data plans in these countries has picked up where it is either competitive or cheaper to have a mobile broadband connectivity than over a fixed network. Further content bundles are also likely to become more prominent as part of operator differentiation strategies. Social networking services such as Facebook, Friendster and MySpace are also playing a key role in the growth of the mobile Internet. An indicator of the popularity of such sites over mobile is the development of device specific applications to make it convenient for users to quickly access their social networks via mobile. We believe these social networks will also present an opportunity for brands and media companies to introduce new products and entertainment content in different ways.

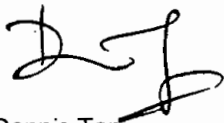
Other areas of growth expected are in providing mobile video services to address consumption of video content over services like YouTube and mobile commerce enabling convenient methods of paying for small-value items or other transactions with mobile phones.

## 8. INDUSTRY OVERVIEW (cont'd)

F R O S T  S U L L I V A N

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of among others, secondary statistics and primary research. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

For and on behalf of Frost & Sullivan Malaysia Sdn Bhd,



Dennis Tan

Associate Director

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT

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### 9.1 Directors

#### 9.1.1 Board of Directors

The Board has adopted the following responsibilities for effective discharge of its functions:

- (i) reviewing and adopting a strategic plan for the Company;
- (ii) overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- (iii) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- (iv) succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing key management;
- (v) developing and implementing an investor relations programme or shareholders' communications policy for the Company; and
- (vi) reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Under its Articles of Association, the Company must have at least 3 and not more than 15 Directors. A Director is not required to hold any qualification share in the Company.

As at the date of this Prospectus, the Board consists of 10 Directors. Under the Articles of Association, at the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one third of the Directors must retire at each annual general meeting of shareholders but are eligible for re-election. The Directors must submit themselves for re-election at least once in 3 years.

Upon completion of the Listing, the Selling Shareholder will continue to own 70% of the Shares. As a result of such majority control, the Selling Shareholder will be able to influence, in a significant manner, the election of the Directors. The Selling Shareholder is a wholly-owned subsidiary of BGSM and the major shareholders of BGSM are Usaha Tegas, Saudi Telecom and Harapan Nusantara (collectively, "**Major Shareholders**"). The Major Shareholders have agreed that, subject to applicable law, Usaha Tegas and Harapan Nusantara shall jointly have the right to nominate up to 3 non-independent Directors and 3 independent Directors and Saudi Telecom shall have the right to nominate up to 3 non-independent Directors and 1 independent Director. In this regard, the Major Shareholders have further agreed to procure that the Selling Shareholder shall, so far as it is legally able, vote in favour of the appointment of Directors nominated by the Major Shareholders, at the relevant general meeting of the Company.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

The Board comprises the following Directors:

Name	Age	Address	Nationality	Date of appointment as Director	Designation
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	62	No. 16 Jalan 12 Taman Tun Abdul Razak 68000 Ampang Selangor Darul Ehsan Malaysia	Malaysian	16 October 2009	Chairman and Independent Non-Executive Director
Robert William Boyle	61	St Andrews House Kilmeston Alresford Hants SO24 ONL UK	British	17 September 2009	Independent Non-Executive Director
Dato' Mokhzani bin Mahathir	48	No. 5, Lorong 1/80C Damaisari Off Jalan Medang Kapas Bukit Bandaraya 59100 Kuala Lumpur Malaysia	Malaysian	16 October 2009	Independent Non-Executive Director
Asgari bin Mohd Fuad Stephens	49	H1-2-3 Menara Polo Jalan 1/76E Desa Pandan 55100 Kuala Lumpur Malaysia	Malaysian	16 October 2009	Independent Non-Executive Director
Eng. Saud Majed A. AlDaweesh	50	No. 28, Razan Street AlEzdhar P.O.Box 58773 Riyadh 11515 Saudi Arabia	Saudi	19 October 2009	Non-Executive Director
Dr. Fahad Hussain S. Mushayt	41	No. 30, King Abdullah Road Alworood P.O.Box 365392 Riyadh 11393 Saudi Arabia	Saudi	25 September 2009	Non-Executive Director
Ghassan Hasbani	37	299 Scott Ellis Gardens London NW8 9RU UK	British	25 September 2009	Non-Executive Director
Augustus Ralph Marshall	58	Unit 17, Impian Bukit Tunku No. 8, Jalan Tunku Bukit Tunku 50480 Kuala Lumpur Malaysia	Malaysian	7 August 2009	Non-Executive Director
Chan Chee Beng	54	No. 3 Jalan TR 6/1 Tropicana Golf & Country Club 47410 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	7 August 2009	Non-Executive Director
Sandip Das	51	No. 6 Lorong Titiwangsa 4 Off Jalan Kuantan 53000 Kuala Lumpur Malaysia	Indian	17 September 2009	Executive Director/ Chief Executive Officer

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(cont'd)*

### 9.1.2 Biographies of Directors

**Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda** is the Chairman and an Independent Non-Executive Director. He is the former executive chairman and senior partner of PricewaterhouseCoopers ("PwC"), Malaysia and former chairman of the Leadership Team of PwC Asia 7. He was also formerly the chairman of the Malaysian Accounting Standards Board and chairman of Danamodal Nasional Berhad. His previous international appointments include being a member of the PwC Global Leadership Team, a member of the PwC Global IFRS Board and a member of the Standards Advisory Council of the International Accounting Standards Board. He is presently a director of Sime Darby Berhad and Khazanah (the Malaysian Government Investment Company). Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda is also the chairman of BGSM, Ekuiti Nasional Berhad and Yayasan Raja Muda Selangor. His previous public appointments include being a member of the SC, a member of the Commission, a member of the Investment Panel of the Employees Provident Fund and a member of the board of trustees of the National Art Gallery. He is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Accountants. He is also a member of the Malaysian Institute of Certified Public Accountants and served on its council for 24 years, including 3 years as its president.

**Robert William Boyle** is an Independent Non-Executive Director. He is a retired senior partner of PwC, London in the UK, with experience in leading and participating in global teams on client and PwC projects. He specialised in audits and deal-related advice to multi-nationals and held a variety of management positions including chairman of the Entertainment and Media Industry Group for Europe, Middle East and Africa and the UK Telecommunications Industry Group. He is a director of Witan Investment Trust plc, an investment trust listed on the AIM market, and Prosperity Voskhod Fund Limited. He is also an independent member of the audit committee of the National Trust. Prior to PwC London, he was also a partner of Coopers & Lybrand, Tanzania from 1979 to 1982. He was seconded to the UK Civil Service as company analyst in the Price Commission in 1976. From 1972 to 1974, he was seconded to Coopers & Lybrand in Paris following qualification in London. He holds a Masters of Arts in Law from Oxford and is a Fellow of the Institute of Chartered Accountants of England and Wales.

**Dato' Mokhzani bin Mahathir** is an Independent Non-Executive Director. He started working in 1987 as a wellsite operations engineer with Sarawak Shell Berhad and resigned in 1989 to pursue business opportunities in Kuala Lumpur. By investing in Tongkah Holdings Berhad (listed on the then Kuala Lumpur Stock Exchange), he ventured into the component manufacturing, oil and gas, finance and healthcare sectors. He held positions as the group chief executive officer of Pantai Holdings Berhad (healthcare), chairman of THB Industries Berhad (electronics) and group executive chairman of Tongkah Holdings Berhad (oil and gas, finance). A divestment exercise in 2001 saw him relinquish all positions and equity in these companies. Presently his portfolio of investments includes businesses in IT, oil and gas support services, structural steel engineering and fabrication, automotive sector and property development. He leads Kencana Petroleum Berhad and its group of companies and holds the franchise for Porsche automobiles in Malaysia. He is currently the chairman of Sepang International Circuit Sdn Bhd, which hosts the FIA Formula One World Championship and is a regular GT race car driver. He is a qualified Petroleum Engineer. He pursued his tertiary education at the University of Tulsa, Oklahoma in the USA, where he graduated with a Bachelor of Science in Petroleum Engineering.

**9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT** *(cont'd)*

**Asgari bin Mohd Fuad Stephens** is an Independent Non-Executive Director. He is the director and founding member of Intelligent Capital Sdn Bhd ("**Intelligent Capital**"). He has extensive experience in both public and private equity investing in Malaysia. He has been involved in several start-up companies as an angel investor and has been actively involved in building their businesses as mentor. A number of these companies have gone public. Asgari bin Mohd Fuad Stephens started his career working in general management in companies involved in a wide range of industries. He joined Usaha Tegas in 1988 where he worked in various capacities. He left in 1990 to join the stock broking industry. He returned to work in Usaha Tegas in 1992 before leaving in 1995 to co-found Kumpulan Sentiasa Cemerlang Sdn Bhd ("**KSC**"), an investment advisory and fund management group. He took a year off to work with the National Economic Action Council ("**NEAC**") in 1998. After his period at the NEAC, he started 2 venture capital firms, Intelligent Capital and iSpring Venture Management Sdn Bhd, while continuing to work with KSC. He holds a Bachelor of Commerce (Honours) from the University of Melbourne in Australia and a Masters of Business Administration from Cranfield University in the UK. He was previously the chairman of the Malaysian Venture Capital Association.

**Eng. Saud Majed A. AIDaweesh** is a Non-Executive Director. He has more than 24 years of experience in the areas of telecommunication and leadership management. He is the president of Saudi Telecom, the largest integrated telecommunications operator in the Gulf and the Middle East region. Prior to his appointment in February 2006 as president of Saudi Telecom, he was the president of Al-Jawal, the mobile business unit of Saudi Telecom, where he implemented the build-up of a new Al-Jawal organisational structure. He played an active role in the introduction of all core and value-added services for mobile including prepaid services. Preceding his roles in the mobile business unit, he has held the positions of vice president for Customer Services and District Affairs and acting vice president for Network at Saudi Telecom. He holds a Bachelor's Degree in Engineering from the University of Southern California in the USA. He has attended specialised training programs at institutions such as California Institute of Technology in the USA, INSEAD in France, IESE Business Schools in Spain and MIP Politecnico di Milano in Italy.

**Dr. Fahad Hussain S. Mushayt** is a Non-Executive Director. He is the head of the Strategic Investment Unit of Saudi Telecom. He joined Saudi Telecom in October 2000 as a senior business analyst in corporate planning and has held the positions of capital allocation project manager, balanced scorecard project manager and concept controlling manager. Before assuming his current position at Saudi Telecom in July 2004, he was the strategic planning director and business development director at Saudi Telecom since December 2001. He has served as a vice president of the Telecom Development Advisory Group of the ITU. He serves on various boards of directors, including NTS in Indonesia and Saudi Telecom Investment Commercial Company in Saudi Arabia, Gulf Digital Media Holding BSC (C) in Bahrain, STC Bahrain BSC (C) in Bahrain, Gulf Allied Digital Media FZ LLC in Dubai and STC Turkey Holding Ltd in the British Virgin Islands. He holds a Bachelor of Science degree in Operations Research from King Saud University, Riyadh in Saudi Arabia. He holds a Master of Science Degree in Economics from California State Polytechnic University, Pomona in the USA and obtained his Doctorate of Philosophy in Political Economy and Public Policy from the University of Southern California Los Angeles in the USA. He has also completed a variety of management programs from INSEAD in France, London Business School in the UK and Stanford University in the USA.

**9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)**

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**Ghassan Hasbani** is a Non-Executive Director. He is a vice president and member of the leadership team of the communication and technology practice of Booz & Co in the Middle East. He is also the partner of Booz & Co, Riyadh. He has extensive experience in the telecommunications sector and has led a number of engagements related to telecommunications markets assessment, investment strategies, mergers and acquisitions marketing, product and service development, organisation restructuring and governance, technology plans, channel strategy and management, customer care, business development, chief financial officer and chief executive officer agendas. Prior to joining Booz & Co, he held several positions within Nortel Networks and Cable & Wireless in Europe. He holds a Masters of Business Administration from Hull University in the UK and a Bachelor of Engineering (Honours) from the University of Westminster in the UK.

**Augustus Ralph Marshall** is a Non-Executive Director. He has more than 30 years of experience in financial and general management. He is an executive director of Usaha Tegas and of ASTRO (listed on Bursa Securities) of which he is also the deputy chairman and group chief executive officer and Tanjong (listed on Bursa Securities and the London Stock Exchange plc), in which Usaha Tegas has significant interests. He also serves as a non-executive director on the boards of directors of several other companies in which Usaha Tegas also has significant interests viz. MCB, Overseas Union Enterprise Limited (listed on the Singapore Exchange Securities Trading Limited), Johnston Press plc (listed on the London Stock Exchange plc) and Arnhold Holdings Limited (listed on the Stock Exchange of Hong Kong Limited). In addition, he is also a director in an independent non-executive capacity and the chairman of the Audit Committee of KLCCP and a non-independent non-executive director of MEASAT Global, both listed on Bursa Securities. He is an Associate of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants.

**Chan Chee Beng** is a Non-Executive Director. He has about 30 years of experience in investment banking, financial management and accounting including stints with Ernst & Young and Morgan Grenfell & Co. Ltd prior to joining the Usaha Tegas Group in 1992 as head of corporate finance. He is presently an executive director of Usaha Tegas and serves on the boards of directors of several other companies in which Usaha Tegas has significant interests viz. MCB, SLT (listed on Colombo Stock Exchange) and BAB. He is also a director in a non-independent non-executive capacity and a member of the Audit Committee of MEASAT Global (listed on Bursa Securities). He holds a degree in Economics and Accounting from the University of Newcastle-upon-Tyne in the UK and is a Fellow of the Institute of Chartered Accountants in England and Wales.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

**Sandip Das** is an Executive Director and Chief Executive Officer of the Company. He joined MCB in January 2007. Prior to joining MCB, he was deputy managing director and a director on the board of Hutchison Essar Limited (*now known as Vodafone Essar Limited, India*), one of India's largest mobile operators. He joined Hutchinson Essar, then known as Hutchinson Max Telecom, and started that company's operations in India in 1994. Internationally, he is a board member of Bridge Mobile Pte Ltd, a strategic alliance of 11 regional telecommunications providers. He also serves on the boards of directors of SLT and Mobitel in Sri Lanka. In addition, he serves as a director on the boards of directors of Aircel, ACL and DWL in India, and as a commissioner on the board of commissioners of NTS in Indonesia. He has 30 years of work experience in the consumer durable, automobile and the telecommunications industries. Prior to working at Hutchison Essar Limited, he spent 5 years as franchise head of AI Futtain Motors, the Toyota franchise of the AI Futtain Group, in Dubai, UAE and 10 years with the Indian consumer durable giant Usha International, Shriram Group, where he started as a management trainee and left as joint divisional manager. He holds a Masters of Business Administration degree from the Faculty of Management Studies, University of Delhi in India and a Bachelor's degree in Mechanical Engineering from Regional Engineering College (*now known as National Institute of Technology*), Rourkela in India.

### 9.1.3 Principal business activities outside Maxis and principal directorships

The following table sets out the principal directorships of the Directors as at 15 October 2009 and that which was held within the past 5 years up to 15 October 2009, and the principal business activities performed outside the Company by a Director as at 15 October 2009.

Name	Directorships	Involvement in business activities other than as a director
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda .....	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>• ACR Holdings Pte Ltd<sup>(2)</sup></li> <li>• Aneka Arif Sdn Bhd</li> <li>• BGSM</li> <li>• Ekuiti Nasional Berhad</li> <li>• Khazanah<sup>(1),(2)</sup></li> <li>• Sime Darby Berhad</li> <li>• Yayasan Raja Muda Selangor</li> </ul> <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> <li>• Asia Capital Reinsurance Group Pte Ltd (<i>resigned on 22 April 2009</i>)</li> </ul>	-
Robert William Boyle .....	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>• MCB</li> <li>• National Health Mental Health Trust</li> <li>• Prosperity Voskhod Fund Limited</li> <li>• Witan Investment Trust plc</li> </ul>	-



## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

Name	Directorships	Involvement in business activities other than as a director
Dato' Mokhzani bin Mahathir.....	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>• Ambitious Revenue Sdn Bhd<sup>(3)</sup></li> <li>• Flora Kencana Sdn Bhd<sup>(3)</sup></li> <li>• Garap Impian Sdn Bhd<sup>(3)</sup></li> <li>• Jaseri Holdings Sdn Bhd<sup>(3)</sup></li> <li>• Jaseri Racing Sdn Bhd</li> <li>• Kencana Capital Sdn Bhd<sup>(1),(3)</sup></li> <li>• Kencana Petroleum Berhad<sup>(1),(2),(4)</sup></li> <li>• Khasera Baru Sdn Bhd<sup>(2),(3)</sup></li> <li>• Opcom Holdings Berhad</li> <li>• Pramurni Holdings Sdn Bhd<sup>(3)</sup></li> <li>• Sepang International Circuit Sdn Bhd</li> <li>• Titi Gajah Holdings Sdn Bhd<sup>(1),(3)</sup></li> <li>• Royal Automobile Club of Malaysia</li> </ul> <p><i>Previous directorships:</i></p> <ul style="list-style-type: none"> <li>• Capinfiniti Sdn Bhd (resigned on 22 November 2006)</li> <li>• Rumpun Harapan Sdn Bhd<sup>(2)</sup> (resigned on 15 June 2006)</li> </ul>	<ul style="list-style-type: none"> <li>• Group chief executive officer of Kencana Petroleum Berhad</li> <li>• Rumpun Harapan Sdn Bhd<sup>(3)</sup></li> </ul>
Asgari bin Mohd Fuad Stephens.....	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>• Agensi Pekerjaan Talent2 International Sdn Bhd<sup>(4)</sup></li> <li>• Buzzy Bee Sdn Bhd<sup>(4)</sup></li> <li>• Donsons Trading Sdn Bhd</li> <li>• Equant Services (M) Sdn Bhd<sup>(4)</sup></li> <li>• Excel Building Industries Sdn Bhd<sup>(3)</sup></li> <li>• Flobright Advertising Sdn Bhd<sup>(4)</sup></li> <li>• GMM Media Sdn Bhd<sup>(3)</sup></li> <li>• Guardian Ventures Oil &amp; Gas Sdn Bhd<sup>(3)</sup></li> <li>• JayCorp Berhad (formerly known as Yeok Aik Resources Berhad)</li> <li>• Mulpha Capital Holdings Sdn Bhd<sup>(1)</sup></li> <li>• Indo Agro Ventures Sdn Bhd<sup>(4)</sup></li> <li>• Intelligent Capital<sup>(3)</sup></li> <li>• Intelligent Wonder Sdn Bhd<sup>(4)</sup></li> <li>• Kiddy Writers Sdn Bhd</li> <li>• KPS Fueling Solutions Sdn Bhd</li> <li>• LKSK Sdn Bhd</li> <li>• Macroniaga Sdn Bhd</li> <li>• Mary Kay (M) Sdn Bhd<sup>(4)</sup></li> <li>• Nilai Rezeki (M) Sdn Bhd</li> <li>• Panglimawira Sdn Bhd<sup>(3)</sup></li> <li>• Persaudaraan Plantations Sdn Bhd</li> <li>• Privasia Technology Berhad</li> <li>• Simfoni Bernas Sdn Bhd<sup>(4)</sup></li> <li>• Syarikat Donsons Sdn Bhd<sup>(4)</sup></li> <li>• TdC</li> <li>• Trans-Econ Ventures Sdn Bhd<sup>(4)</sup></li> <li>• Wira Ribuan Sdn Bhd<sup>(3)</sup></li> </ul> <p><i>Previous directorships:</i></p> <ul style="list-style-type: none"> <li>• iSpring Venture Management Sdn Bhd (resigned on 15 July 2008)</li> <li>• KSC (resigned on 24 October 2004)</li> <li>• PanGlobal Marketing Berhad (formerly known as PanGlobal Insurance Berhad) (resigned on 30 April 2009)</li> <li>• Saluran Abadi Sdn Bhd (resigned on 27 June 2007)</li> </ul>	<ul style="list-style-type: none"> <li>• iSpring Venture Management Sdn Bhd<sup>(4)</sup></li> <li>• KSC<sup>(4)</sup></li> <li>• Mulpha Capital Assets Management Sdn Bhd<sup>(4)</sup></li> <li>• Syarikat Jasa A.S Sdn Bhd<sup>(4)</sup></li> </ul>

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

Name	Directorships	Involvement in business activities other than as a director
Eng. Saud Majed A. AlDaweesh.....	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>• Arabian Internet &amp; Communications Services Company ("Awalnet")</li> <li>• BGSM</li> <li>• Gulf Digital Media Holding BSC (C)</li> <li>• MCB<sup>(2)</sup></li> <li>• Oger Telecom Limited ("Oger Telecom")</li> <li>• Saudi Stock Exchange (Tadawul)</li> </ul>	<ul style="list-style-type: none"> <li>• President of Saudi Telecom</li> </ul>
Dr. Fahad Hussain S. Mushayt .....	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>• MCB<sup>(2)</sup></li> <li>• Gulf Digital Media Holding BSC (C)<sup>(1)</sup></li> <li>• Saudi Telecom Investment Commercial Company</li> <li>• STC Bahrain BSC (C)</li> <li>• STC Turkey Holding Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Head of Strategic Investment Unit of Saudi Telecom</li> </ul>
Ghassan Hasbani .....	<p><i>Present directorship:</i></p> <ul style="list-style-type: none"> <li>• MCB<sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Vice president and partner at Booz &amp; Co</li> </ul>
Augustus Ralph Marshall .....	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>• Arnhold Holdings Limited</li> <li>• ASTRO<sup>(1),(2)</sup></li> <li>• BGSM</li> <li>• Johnston Press plc</li> <li>• KLCCP<sup>(1)</sup></li> <li>• KLCCCH</li> <li>• Maxis Holdings Sdn Bhd</li> <li>• MCB<sup>(1)</sup></li> <li>• MEASAT Global<sup>(1)</sup></li> <li>• Overseas Union Enterprise Limited<sup>(1)</sup></li> <li>• PanOcean</li> <li>• Shield Estate N.V.</li> <li>• Tanjong<sup>(1)</sup></li> <li>• Usaha Tegas<sup>(1),(2)</sup></li> </ul> <p><i>Previous directorships:</i></p> <ul style="list-style-type: none"> <li>• ASTRO Productions Sdn Bhd<sup>(a)</sup> (resigned on 16 April 2007)</li> <li>• Goal TV Asia Limited<sup>(a)</sup> (resigned on 14 June 2005)</li> <li>• KLCC Projeks Sdn Bhd<sup>(b)</sup> (resigned on 7 August 2009)</li> <li>• Kristal-ASTRO Sdn Bhd<sup>(a)</sup> (resigned on 31 October 2006)</li> <li>• Kuala Lumpur Convention Centre Sdn Bhd<sup>(b)</sup> (resigned on 7 August 2009)</li> <li>• London International Exhibition Centre Holdings Plc<sup>(c)</sup> (resigned on 2 May 2008)</li> <li>• London International Exhibition Centre Plc<sup>(c)</sup> (resigned on 2 May 2008)</li> <li>• Nusa Pasifik Sdn Bhd<sup>(c)</sup> (resigned on 13 July 2007)</li> <li>• UT Capital Sdn Bhd<sup>(c)</sup> (resigned on 7 August 2009)</li> <li>• UT Land Sdn Bhd<sup>(c)</sup> (resigned on 28 April 2007)</li> </ul>	<ul style="list-style-type: none"> <li>• Deputy chairman and group chief executive officer of ASTRO</li> </ul>

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

Name	Directorships	Involvement in business activities other than as a director
Chan Chee Beng .....	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>• BAB<sup>(1)</sup></li> <li>• BGSM</li> <li>• Global Investments (BVI) Ltd</li> <li>• MCB<sup>(1),(2)</sup></li> <li>• MEASAT Global<sup>(1)</sup></li> <li>• Shield Estate N.V.</li> <li>• SLT<sup>(1)</sup></li> <li>• Tanjong Energy Holdings Sdn Bhd</li> <li>• Usaha Tegas<sup>(1),(2)</sup></li> </ul> <p><i>Previous directorships:</i></p> <ul style="list-style-type: none"> <li>• Advanced Wireless Technologies<sup>(d)</sup> (resigned on 22 November 2008)</li> <li>• Haven Engineering (Malaysia) Sdn Bhd<sup>(e)</sup> (resigned on 22 July 2008)</li> <li>• Mutu Saluran Sdn Bhd<sup>(c)</sup> (resigned on 22 November 2008)</li> <li>• Nusa Pasifik Sdn Bhd<sup>(c)</sup> (resigned on 22 November 2008)</li> <li>• London International Exhibition Centre Holdings Plc<sup>(c)</sup> (resigned on 2 May 2009)</li> <li>• London International Exhibition Centre Plc<sup>(c)</sup> (resigned on 2 May 2009)</li> <li>• International Motor Industry Events Limited<sup>(c)</sup> (resigned on 30 January 2009)</li> <li>• Powertek Berhad<sup>(f)</sup> (resigned on 22 November 2008)</li> <li>• UMTS<sup>(d)</sup> (resigned on 22 November 2008)</li> <li>• UT Capital Sdn Bhd<sup>(c)</sup> (resigned on 22 November 2008)</li> <li>• UT Energy Services Sdn Bhd<sup>(c)</sup> (resigned on 22 November 2008)</li> <li>• UT Land Sdn Bhd<sup>(c)</sup> (resigned on 22 November 2008)</li> </ul>	-
Sandip Das .....	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> <li>• MCB<sup>(1),(2)</sup></li> <li>• SLT<sup>(1)</sup></li> </ul> <p><i>Previous directorships:</i></p> <ul style="list-style-type: none"> <li>• Global GSM Development Fund Board (resigned on 18 February 2008)</li> <li>• Vodafone Essar Limited<sup>(1)</sup> (formerly known as Hutchison Essar Limited) (resigned on 22 December 2006)</li> </ul>	<ul style="list-style-type: none"> <li>• Employee of GCSHL (See Section 9.2.4 of this Prospectus)</li> </ul>

### Notes:

- <sup>(1)</sup> This includes directorship(s) in certain subsidiary/(ies) of this company.
- <sup>(2)</sup> This includes directorships in certain companies in which this company has interests of less than 50%.
- <sup>(3)</sup> Has interests in more than 50% of the issued and paid-up share capital of this company.
- <sup>(4)</sup> Has interest in 5% or more of the issued and paid-up share capital of this company.
- <sup>(a)</sup> Under ASTRO Group.
- <sup>(b)</sup> Under KLCCH Group.
- <sup>(c)</sup> Under Usaha Tegas Group.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

- <sup>(d)</sup> Under Maxis.
- <sup>(e)</sup> Under BAB Group.
- <sup>(f)</sup> Under Tanjong Group.

### 9.1.4 Involvement in other businesses or corporations which carry on a similar trade as Maxis or which are customers or suppliers of Maxis

Save as disclosed below, as at 15 October 2009, none of the Directors have any interest, direct or indirect, in other businesses and corporations which are (i) carrying on a similar trade as that of Maxis; or are (ii) customers of and/or suppliers to Maxis:

Director	Businesses/Corporations	Nature of Interest
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	<i>Similar trade as that of Maxis:</i>	
	<ul style="list-style-type: none"> <li>• Axiata</li> <li>• TdC</li> <li>• TM</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Khazanah (which has interests in Axiata, TM and TdC)*</li> </ul>
	<i>Customers of and/or suppliers to Maxis:</i>	
	<ul style="list-style-type: none"> <li>• Khazanah</li> <li>• Sime Darby Berhad</li> <li>• Yayasan Raja Muda Selangor</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Director</li> <li>• Director</li> </ul>
Dato' Mokhzani bin Mahathir	<i>Customers of and/or suppliers to Maxis:</i>	
	<ul style="list-style-type: none"> <li>• Auto Eurokars Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Controlling shareholder and director</li> </ul>
	<ul style="list-style-type: none"> <li>• Kencana Petroleum Ventures Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial shareholder and director</li> </ul>
	<ul style="list-style-type: none"> <li>• Kencana Capital Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Controlling shareholder and director</li> </ul>
	<ul style="list-style-type: none"> <li>• Kencana HL Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial shareholder and director</li> </ul>
Asgari bin Mohd Fuad Stephens	<i>Customers of and/or suppliers to Maxis:</i>	
	<ul style="list-style-type: none"> <li>• TdC</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>
	<i>Customers of and/or suppliers to Maxis:</i>	
	<ul style="list-style-type: none"> <li>• Agensi Pekerjaan Talent2 International Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial shareholder and director</li> </ul>
	<ul style="list-style-type: none"> <li>• Equant Services (M) Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial shareholder and director</li> </ul>
Eng. Saud Majed A. AlDaweesh	<i>Customers of and/or suppliers to Maxis:</i>	
	<ul style="list-style-type: none"> <li>• Flobright Advertising Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial shareholder and director</li> </ul>
	<ul style="list-style-type: none"> <li>• TdC</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>
	<i>Similar trade as that of Maxis:</i>	
	<ul style="list-style-type: none"> <li>• Awalnet</li> <li>• NTS</li> <li>• Oger Telecom</li> <li>• Saudi Telecom</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Commissioner</li> <li>• Director</li> <li>• President</li> </ul>
	<i>Customers of and/or suppliers to Maxis:</i>	
	<ul style="list-style-type: none"> <li>• MCB Group Post-Restructuring</li> </ul>	<ul style="list-style-type: none"> <li>• Director of MCB</li> </ul>
	<ul style="list-style-type: none"> <li>• NTS</li> <li>• Saudi Telecom</li> </ul>	<ul style="list-style-type: none"> <li>• Commissioner</li> <li>• President</li> </ul>

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

Director	Businesses/Corporations	Nature of Interest
Dr. Fahad Hussain S. Mushayt	<p><i>Similar trade as that of Maxis:</i></p> <ul style="list-style-type: none"> <li>• NTS</li> <li>• Oger Telecom</li> </ul> <ul style="list-style-type: none"> <li>• Saudi Telecom</li> <li>• Saudi Telecom Investment Commercial Company</li> <li>• STC Bahrain BSC (C)</li> </ul> <p><i>Customers of and/or suppliers to Maxis:</i></p> <ul style="list-style-type: none"> <li>• MCB Group Post-Restructuring</li> <li>• NTS</li> <li>• Saudi Telecom</li> </ul>	<ul style="list-style-type: none"> <li>• Commissioner</li> <li>• Director of STC Turkey Holding Ltd (which has interests in Oger Telecom)</li> <li>• Head of Strategic Investment Unit</li> <li>• Director</li> </ul> <ul style="list-style-type: none"> <li>• Director of MCB</li> <li>• Commissioner</li> <li>• Head of Strategic Investment Unit</li> </ul>
Ghassan Hasbani	<p><i>Similar trade as that of Maxis</i></p> <ul style="list-style-type: none"> <li>• NTS</li> </ul> <p><i>Customers of and/or suppliers to Maxis:</i></p> <ul style="list-style-type: none"> <li>• MCB Group Post-Restructuring</li> <li>• NTS</li> </ul>	<ul style="list-style-type: none"> <li>• Commissioner</li> </ul> <ul style="list-style-type: none"> <li>• Director of MCB</li> <li>• Commissioner</li> </ul>
Augustus Ralph Marshall	<p><i>Customers of and/or suppliers to Maxis:</i></p> <ul style="list-style-type: none"> <li>• ASTRO Group</li> </ul> <ul style="list-style-type: none"> <li>• KLCCCH Group</li> <li>• KLCCP Group</li> <li>• MCB Group Post-Restructuring</li> <li>• MEASAT Global Group</li> <li>• Tanjong Group</li> <li>• Usaha Tegas Group</li> </ul>	<ul style="list-style-type: none"> <li>• Deputy chairman and group chief executive officer of ASTRO<sup>(1),(2)</sup></li> <li>• Director of KLCCCH</li> <li>• Director of KLCCP<sup>(1)</sup></li> <li>• Director of MCB</li> <li>• Director of MEASAT Global<sup>(1)</sup></li> <li>• Executive director of Tanjong<sup>(2)</sup></li> <li>• Executive director of Usaha Tegas<sup>(1)</sup></li> </ul> <p>His equity interests in ASTRO, Tanjong and KLCCP are disclosed in the notes to Section 11.2 of this Prospectus</p>
Chan Chee Beng	<p><i>Similar trade as that of Maxis:</i></p> <ul style="list-style-type: none"> <li>• Aircel Group</li> <li>• Mobitel</li> <li>• NTS</li> <li>• SLT</li> </ul> <p><i>Customers of and/or suppliers to Maxis:</i></p> <ul style="list-style-type: none"> <li>• Aircel Group</li> <li>• BAB Group</li> <li>• MCB Group Post-Restructuring</li> <li>• MEASAT Global Group</li> <li>• Mobitel</li> <li>• NTS</li> <li>• SLT</li> <li>• Tanjong Group</li> </ul> <ul style="list-style-type: none"> <li>• Usaha Tegas Group</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Aircel<sup>(1)</sup></li> <li>• Director</li> <li>• Commissioner</li> <li>• Director</li> </ul> <ul style="list-style-type: none"> <li>• Director of Aircel<sup>(1)</sup></li> <li>• Director of BAB<sup>(1)</sup></li> <li>• Director of MCB<sup>(1)</sup></li> <li>• Director of MEASAT Global<sup>(1)</sup></li> <li>• Director</li> <li>• Commissioner</li> <li>• Director</li> <li>• Director of 2 subsidiaries of Tanjong</li> <li>• Executive director of Usaha Tegas<sup>(1),(2)</sup></li> </ul>

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

Director	Businesses/Corporations	Nature of Interest
Sandip Das	<p><i>Similar trade as that of Maxis and customers of and/or suppliers to Maxis:</i></p> <ul style="list-style-type: none"> <li>• Aircel Group</li> <li>• Bridge Mobile</li> <li>• Mobitel</li> <li>• NTS</li> <li>• SLT</li> </ul> <p><i>Customer of and/or supplier to Maxis:</i></p> <ul style="list-style-type: none"> <li>• MCB Group Post-Restructuring</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Aircel<sup>(1)</sup></li> <li>• Director</li> <li>• Director</li> <li>• Commissioner</li> <li>• Director</li>   <li>• Director of MCB<sup>(1)</sup></li> </ul>

### Notes:

# *Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda does not hold any position in Axiata, TM or TdC or in any of Axiata's, TM's or TdC's subsidiaries, and therefore he is not involved in any decision making in the business, commercial or financial affairs of these companies or their subsidiaries.*

<sup>(1)</sup> *This includes directorship(s) in certain subsidiary/(ies) of this company.*

<sup>(2)</sup> *This includes directorships in certain companies in which this company has interests of less than 50%.*

The Directors are of the view that the interests held by the Directors in other businesses and corporations outside of Malaysia which carry out similar trade as that of Maxis do not compete with Maxis' core businesses in Malaysia. Roaming and interconnect services provided or received by Maxis to or from certain of these companies in which the above Directors have an interest are carried out on an arm's length basis and on usual business terms.

The Directors in their personal capacity or the companies and businesses in which they have interests as directors or substantial shareholders may be customers of Maxis for mobile, fixed line and other telecommunication services provided by Maxis. Such transactions are carried out on an arm's length basis and on usual business terms.

The interests held by the Directors in the businesses and corporations mentioned in this Section 9.1.4 may give rise to a conflict of interests situation with Maxis' businesses. On matters or transactions requiring the approval of the Board, Directors who are deemed interested or conflicted in such matters shall be required to abstain from deliberations and voting on the resolutions relating to these matters or transactions.

### 9.1.5 Audit Committee

The Audit Committee of the Company comprises 5 Directors, 3 of whom are Independent Non-Executive Directors. The Audit Committee, constituted on 16 October 2009, was established by the Board with the function of assisting the Board in fulfilling its oversight responsibilities. The Audit Committee has full access to both internal and external auditors who in turn have access at all times to the Chairman of the Audit Committee. The Audit Committee performs, among others, the following functions:

- *Risk management* — to review the adequacy and effectiveness of Maxis' processes to identify key risks and the systems to monitor and manage these risks;
- *Internal controls* — to review the adequacy and integrity of the internal controls of the Company, which include policies and compliance procedures with respect to business practices, applicable laws and regulations and to review arrangements by which Maxis' employees may in confidence raise concerns about possible improprieties in matters of financial reporting, financial control or other business and commercial related matters;

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

- *Financial results* — to review the quarterly financial results and annual audited financial statements, before recommending to the Board for their approval. The review focuses on legal and regulatory requirements, applicable approved accounting standards, significant adjustments from audit and the Listing Requirements;
- *External auditors* — to review with the external auditors their terms of engagement, independence, objectivity, remuneration and cost-effectiveness. In addition, to review audit plan for the financial year to ensure their scope of work adequately addresses Maxis' activities and the recommendations by the external auditors;
- *Internal auditors* — to review with the internal auditors their audit plan for the financial year ensuring the principal risk areas and key processes are adequately identified and addressed in the plan. Additionally, to review the recommendations by the internal auditors, the performance of their staff, the effectiveness of the internal audit function and the adequacy of its terms of reference;
- *Related party transactions* — to review related party transactions for compliance with the Listing Requirements, as well as considering the appropriateness of such transactions before recommending them to the Board for its approval; and
- *Employee share option scheme* — to verify the allocation of Options pursuant to the criteria disclosed to the eligible employees of Maxis and the Directors.

Under its terms of reference, the Audit Committee must consist of at least 3 Non-Executive Directors, a majority of whom shall be Independent Non-Executive Directors. The Chairman of the Audit Committee must be an Independent Non-Executive Director and is selected by the members of the Audit Committee. The Board will review the composition, term of office, performance and effectiveness of the Audit Committee annually.

The current members of the Audit Committee of the Company are set forth below:

Name	Position	Date of appointment	Directorship
Robert William Boyle .....	Chairman	17 September 2009	Independent Non-Executive
Dato' Mokhzani bin Mahathir .....	Member	16 October 2009	Independent Non-Executive
Asgari bin Mohd Fuad Stephens .....	Member	16 October 2009	Independent Non-Executive
Dr. Fahad Hussain S. Mushayt.....	Member	25 September 2009	Non-Executive
Chan Chee Beng .....	Member	7 August 2009	Non-Executive

### 9.1.6 Remuneration Committee

The Remuneration Committee of the Company, constituted on 16 October 2009, was established by the Board and comprises 5 members, the majority of whom are Independent Non-Executive Directors. The Remuneration Committee is charged with the following primary responsibilities: (i) recommending to the Board the policy and framework for Directors' remuneration as well as the remuneration and terms of service of Executive Directors, and (ii) evaluating performance and reward for Executive Directors. The current members of the Remuneration Committee are set forth below:

Name	Position	Date of appointment	Directorship
Dato' Mokhzani bin Mahathir .....	Chairman	16 October 2009	Independent Non-Executive
Robert William Boyle .....	Member	17 September 2009	Independent Non-Executive
Asgari bin Mohd Fuad Stephens .....	Member	16 October 2009	Independent Non-Executive
Eng. Saud Majed A. AlDaweesh.....	Member	19 October 2009	Non-Executive
Augustus Ralph Marshall.....	Member	7 August 2009	Non-Executive

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

### 9.1.7 Nomination Committee

The Nomination Committee of the Company, constituted on 16 October 2009, was established by the Board and comprises 5 members, the majority of whom are Independent Non-Executive Directors. The Nomination Committee is responsible for (i) formulating the nomination, selection and succession policies for members of the Board and Board committees; (ii) recommending to the Board the optimum size of the Board, and formalising a transparent procedure for proposing new nominees to the Board and committees of the Board (iii) assisting the Board in reviewing on an annual basis the required mix of skills and experience of Non-Executive Directors; (iv) assessing the effectiveness of the Board as a whole and each individual director and member of each committee of the Board; and (v) ensuring that the investments of minority shareholders of the Company are fairly reflected in the Board. The recommendations of the Committee are subject to the approval of the Board. The current members of the Nomination Committee are set forth below:

Name	Position	Date of appointment	Directorship
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda.....	Chairman	16 October 2009	Independent Non-Executive
Robert William Boyle .....	Member	17 September 2009	Independent Non-Executive
Dato' Mokhzani bin Mahathir .....	Member	16 October 2009	Independent Non-Executive
Ghassan Hasbani .....	Member	25 September 2009	Non-Executive
Chan Chee Beng .....	Member	7 August 2009	Non-Executive

### 9.1.8 Shareholding of Directors in the Company

The following table sets forth the direct and indirect shareholding of each Director before and after the IPO (assuming full subscription of the Offer Shares reserved for the Directors under the preferential share allocation scheme under the IPO):

	Before IPO				After IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda .....	-	-	-	-	750,000	*	-	-
Robert William Boyle .....	-	-	-	-	750,000	*	-	-
Dato' Mokhzani bin Mahathir .....	-	-	-	-	750,000	*	-	-
Asgari bin Mohd Fuad Stephens.....	-	-	-	-	750,000	*	-	-
Eng. Saud Majed A. AlDaweesh.....	-	-	-	-	750,000	*	-	-
Dr. Fahad Hussain S. Mushayt .....	-	-	-	-	750,000	*	-	-
Ghassan Hasbani .....	-	-	-	-	750,000	*	-	-
Augustus Ralph Marshall .....	-	-	-	-	750,000	*	-	-
Chan Chee Beng .....	-	-	-	-	750,000	*	-	-
Sandip Das .....	-	-	-	-	750,000	*	-	-

**Note:**

\* Less than 0.01%.



## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(cont'd)*

Notwithstanding the preferential share allocation scheme under the IPO for the Directors, the Directors may acquire Offer Shares under the IPO. Subject to the terms of the ESOS, the Directors (executive and non-executive) are eligible to be offered and granted Options over new Shares, the number of which will be determined in accordance with the Bye-Laws, subject to the approval of the shareholders of the Company in accordance with the Listing Requirements. The Bye-Laws are set out in Annex B of this Prospectus.

### 9.1.9 Remuneration and material benefits-in-kind of Directors and Chief Executive Officer

The Directors were appointed in 2009. Prior to their appointment as Directors, other than Chan Chee Beng, Dr. Fahad Hussain S. Mushayt and Sandip Das, none of the Directors were directors of the Subsidiaries. For the financial year ended 31 December 2008, no remuneration or benefits-in-kind have been paid by Maxis to the Directors.

For the financial year ending 31 December 2009, the remuneration to be paid to the Non-Executive Directors (being all the members of the Board other than Sandip Das) is estimated at a total of RM1.8 million, or between RM150,000 and RM200,000 for each of these Directors. Non-Executive Directors do not receive any benefits-in-kind.

The remuneration and benefits-in-kind to be paid or provided from 1 October 2009 (being the effective date of the transfer of Sandip Das from MCB to Maxis) to 31 December 2009 to Sandip Das is estimated at RM0.6 million.

The remuneration of the Directors which includes salaries, bonuses, fees and allowances as well as other benefits, is approved by the Board, following recommendations made by the Remuneration Committee and subject to the Company's Articles of Association. Any change in Directors' fees as set out in the Company's Articles of Association must be approved by shareholders of the Company pursuant to an ordinary resolution passed at a general meeting where appropriate notice of any increase proposed should be given. See Section 15.2.2 of this Prospectus.

## 9.2 Key management

### 9.2.1 Key management

The key management of Maxis as at the date of this Prospectus is set out below:

Name	Age	Designation/Function
Sandip Das .....	51	Chief Executive Officer
Jean Pascal Emmanuel Dominique Van Overbeke .....	44	Chief Operating Officer
Rossana Annizah binti Ahmad Rashid .....	44	Chief Financial Officer
Mark Guy Dioguardi .....	40	Head of Network and Technology
Stephen John Mead .....	44	General Counsel
Mohamed Fitri bin Abdullah .....	45	Head of Enterprise & Carrier Business
Matthew Charles Willsher .....	43	Chief Marketing Officer
Azmi bin Ujang .....	49	Head of Human Resources
Chow Chee Yan .....	54	Head of Internal Audit
Chua Seok Theng .....	53	Chief Information Officer

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

### 9.2.2 Biographies of key management

**Sandip Das.** See Section 9.1.2 of this Prospectus.

**Jean Pascal Emmanuel Dominique Van Overbeke** is the Chief Operating Officer. He joined Maxis in October 2009. He has 20 years of experience, of which he spent 13 years with France Telecom group of companies at Cellway in Belgium, Mobistar in Belgium and Orange in the UK. At Orange in the UK, he held various top management positions as director of strategic marketing, chief marketing officer, vice president of consumer sales and marketing and senior vice president of sales and loyalty. He was also a member of the Executive Board at Orange in the UK. He holds a degree in Historical Sciences from UCL Leuven University in Belgium and a degree in Marketing and Advertising from Business School Solvay Brussels in Belgium.

**Rossana Annizah binti Ahmad Rashid** is the Chief Financial Officer. She has over 21 years of experience and prior to joining Maxis in May 2003, she was with the financial services sector for 15 years where she was involved in corporate and commercial banking, debt capital market activities, trade financing and Islamic banking products. Her last position in the banking sector was as the Head of Enterprise Banking with RHB Bank. Prior to joining RHB Bank, she was with Citibank, Kuala Lumpur in Malaysia for 6 years and reached the position of assistant vice president. She holds a Bachelor of Arts degree in Banking and Finance from Canberra University in Australia.

**Mark Guy Dioguardi** is the Head of Network and Technology. He has over 17 years of telecommunications experience across Australia, UK and Asia with companies such as Telstra and O2, and prior to joining Maxis in August 2009, he was with Telstra in Australia as the Executive Project Director for Ultra High Speed Internet and also as General Manager of Architecture for Next Generation Networks. He holds a Bachelor of Engineering (Honours) in Electronic and Electrical Engineering from the University of Melbourne in Australia and a Masters of Business Administration from the Melbourne Business School, University of Melbourne, in Australia.

**Stephen John Mead** is the General Counsel. He has over 19 years of experience and prior to joining Maxis in June 2009, he was with Mallesons Stephen Jaques ("MSJ"), a leading legal firm in Australia, where he was a mergers and acquisitions partner. He has extensive general commercial legal experience, having acted for clients in a wide variety of legal issues. While at MSJ, he was seconded to Telstra Corp., Australia where he held several positions including as Deputy General Counsel and Competition Counsel. He holds a LLB (Honours) qualification from the Queensland University of Technology in Australia.

**Mohamed Fitri bin Abdullah** is the Head of Enterprise and Carrier Business Division. He has over 20 years of experience and prior to joining Maxis in January 2006, he was with Hewlett-Packard Malaysia ("HP") for over 9 years where he held various roles and positions in the Consulting and Systems Integration division. Prior to joining HP, he was a Consulting Manager with Ernst & Young. He started his career with BULL Worldwide Information Systems, USA as a Principal Software Engineer in 1989. He holds a Bachelor of Science in Computer Science from Indiana State University in the USA and a Master of Science in Computer Science from Arizona State University.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

**Matthew Charles Willsher** is the Chief Marketing Officer. He has over 20 years of experience in marketing from the fast moving consumer goods and telecommunications industries and prior to joining Maxis in August 2008, he was with HK CSL in Hong Kong where he was Chief Operating Officer. He started his career with Procter and Gamble in the UK where he managed brands such as Vidal Sassoon and Oil of Olay. He then spent 7 years with British Telecom in the UK, which included over 2 years of working in South Korea for LG Telecom where he led the consumer marketing division. He joined Telstra in 2001 where he had various roles in mobile telecommunications sector, and in the growth of integrated fixed, mobile, broadband and PayTV services. He holds a Master of Arts (Honours) in Physics from Oxford University in the UK, a Masters Degree in Management from McGill University in Canada and a Diploma in International Practicing Management from INSEAD in France.

**Azmi bin Ujang** is the Head of Human Resources. He has over 23 years of experience and prior to joining Maxis in 1992, he was a Dealer Representative at Seagrott & Campbell, a stock broking firm, for a year, having spent 7 years at Standard Chartered Bank Berhad as a Covenanted Officer/National Officer in banking operations and human resources. He holds a Bachelor of Science degree in Finance and a Masters of Business Administration degree from Indiana State University in the USA.

**Chow Chee Yan** is the Head of Internal Audit. He has over 30 years of experience which includes 13 years with the Schlumberger Group as International Financial Controller in Singapore, Indonesia and the USA. Prior to joining Maxis in June 2002, he was the director of risk management of MEASAT Broadcast Network Systems Sdn Bhd. He was previously with Ernst & Whinney in Singapore from 1981 to 1982 and Turquands Barton Mayhew in Manchester from 1977 to 1981. He holds a Masters of Business Administration degree from Cranfield Institute of Science and Technology in the UK and is a Chartered Accountant (England & Wales).

**Chua Seok Theng** is the Chief Information Officer. She has over 28 years of experience and prior to joining Maxis in July 2004, she worked with DiGi for over 9 years as the Chief Information Officer. She was previously a System Integration Manager with Bass Consulting, Software Manager at Far East Computers and Systems Analyst with Dataprep. She holds a Bachelor's degree in Computer Science from the National University of Taiwan in Taiwan and a Masters degree in Engineering from the Asian Institute of Technology in Thailand.

### 9.2.3 Shareholding of key management in the Company

The following table sets forth the direct and indirect shareholding of each member of the key management before and after the IPO (assuming full subscription of the Offer Shares reserved for them under the preferential share allocation scheme under the IPO):

	Before IPO				After IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Jean Pascal Emmanuel	-	-	-	-	-	-	-	-
Dominique Van Overbeke .....	-	-	-	-	-	-	-	-
Rossana Annizah binti Ahmad Rashid .....	-	-	-	-	375,000	*	-	-
Mark Guy Dioguardi.....	-	-	-	-	-	-	-	-
Stephen John Mead.....	-	-	-	-	-	-	-	-

**9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)**

	Before IPO				After IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Mohamed Fitri bin Abdullah.....	-	-	-	-	225,000	*	-	-
Matthew Charles Willsher.....	-	-	-	-	225,000	*	-	-
Azmi bin Ujang.....	-	-	-	-	225,000	*	-	-
Chow Chee Yan.....	-	-	-	-	225,000	*	-	-
Chua Seok Theng.....	-	-	-	-	225,000	*	-	-

**Note:**

\* Less than 0.01%.

See Section 9.1.8 of this Prospectus for Sandip Das' direct and indirect shareholdings in the Company.

Notwithstanding the preferential share allocation scheme under the IPO, the key management may acquire Offer Shares under the IPO. Subject to the terms of the ESOS, the key management are eligible to be offered and granted Options over new Shares, the number of which will be determined in accordance with the Bye-Laws. The Bye-Laws are set out in Annex B of this Prospectus.

**9.2.4 Involvement of Executive Director and key management in other principal business activities**

Save as disclosed below, none of the Executive Director or key management of the Company are involved in other principal business activities outside of Maxis as at the date of the Prospectus.

**Sandip Das** is a director in various other companies, including Aircel, ACL and DWL. He is also an employee of GCSHL where he has been responsible to develop the overall business strategy for the development, growth and expansion of MCB's investment, businesses and operations in India. He allocates a substantial portion of his time to the affairs of Maxis, and has confirmed that his holding of directorships in other companies and his employment with GCSHL do not affect his contribution to Maxis. In the other companies in which he holds directorships, he serves primarily as a representative of MCB and its affiliates. He attends all meetings of the boards and the board committees on which he serves and contributes fully in his principal areas of responsibility. Day-to-day, these other companies are managed by well-qualified and experienced managers. Refer to Section 9.1.3 of this Prospectus for details of his directorships.

**Rossana Annizah binti Ahmad Rashid** is a director of a private company incorporated in Malaysia which is involved in the retail of furniture and home accessories. She holds only 1 share out of the 500,000 issued shares of this company.

**Matthew Charles Willsher** is a director of a private company incorporated in Hong Kong which is involved in property-related activities. He is a shareholder of this company, holding 50% of its shares.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(cont'd)*

**Chow Chee Yan** is a non-executive director of several private companies incorporated in Malaysia which hold properties and are involved in the manufacture and marketing of busbar trunking systems. He does not participate in the day-to-day operations of these companies. His involvement in these companies are only to the extent of attending the board meetings. He is also a shareholder of these companies, holding 10% of the shares in each of these companies.

The Directors and the key management of Maxis believe that the involvement of the key management in other principal business activities outside of Maxis as highlighted above will not affect their contribution to Maxis.

### 9.2.5 Remuneration of key management

The aggregate amount of compensation paid and benefits-in-kind provided to Maxis' 5 highest paid members of its key management for the year ended 31 December 2008 was RM19.1 million. The aggregate amount of compensation and benefits-in-kind proposed to be paid or provided to the 5 highest paid members of its key management for the year ending 31 December 2009, excluding performance bonuses which will only be determined at a later time, is estimated at RM16.8 million. Compensation amounts for the year ended 31 December 2008 and from 1 January 2009 through 30 September 2009 relate to compensation paid in respect of employment by MCB and its consolidated subsidiaries.

### 9.3 Promoter and Selling Shareholder

MCB is the Promoter of the IPO and the Selling Shareholder.

MCB was incorporated as a private company limited by shares in Malaysia under the Act on 19 December 1986 under the name Binariang Sdn Bhd. On 5 September 1997, MCB was converted to a public company and changed its name to Binariang Berhad. It assumed its present name on 12 July 1999.

MCB was granted telecommunications licences to operate a nationwide mobile network, a domestic fixed network and an international gateway in 1993, and commenced mobile telecommunications operations in August 1995 and fixed line and international operations in early 1996. The licences were replaced by those granted to the Subsidiaries.

In June 2002, MCB launched an initial public offering of its shares, and was listed on the Main Board of Bursa Securities (then the Kuala Lumpur Stock Exchange) in July 2002. In May 2003, MCB completed the acquisition of TIMECel Sdn Bhd (*now known as Maxis Mobile Services*). MCB launched its 3G service, in April 2005, and in September 2006, commenced using HSDPA, a high-speed upgrade of the 3G network, for a roll-out of consumer broadband services.

Following a voluntary general offer for all of the shares of MCB by BGSM in May 2007, MCB was officially delisted from the Main Board of Bursa Securities in July 2007.

MCB is the beneficial owner of 7,500,000,000 Shares, representing 100% of the issued and paid-up share capital of the Company as at the date of this Prospectus, of which 30% of the Shares are being offered for sale under the IPO. Following the IPO, MCB will hold 5,250,000,000 Shares, representing 70% of the issued and paid-up share capital of the Company.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

In addition to the lock-up referred to in Section 4.9.2 of this Prospectus, in accordance with the Equity Guidelines, MCB, in its capacity as the Promoter, has given an undertaking to the SC that it will not sell, transfer or assign its shareholding in the Company as at the date of the Listing, for 6 months from the date of Listing. Further, BGSM, in its capacity as the shareholder of MCB, has also given an undertaking to the SC that it will not sell, transfer or assign its shareholding in MCB as at the date of Listing, for 6 months from the date of Listing.

### 9.4 Substantial shareholders

The following table sets forth the shareholding of the substantial shareholders, being a person who holds not less than 5% of the Shares, based on the Register of Substantial Shareholders of the Company as at 15 October 2009:

Name of substantial shareholder	Nationality/ Country of incorporation	Before IPO				After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares held (million)	%	No. of Shares held (million)	%	No. of Shares held (million)	%	No. of Shares held (million)	%
MCB	Malaysia	7,500.0	100	-	-	5,250.0	70	-	-
BGSM <sup>(1)</sup>	Malaysia	-	-	7,500.0	100	-	-	5,250.0	70
Usaha Tegas Equity Sdn Bhd ("UTE") <sup>(2)</sup>	Malaysia	-	-	7,500.0	100	-	-	5,250.0	70
Usaha Tegas <sup>(3)</sup>	Malaysia	-	-	7,500.0	100	-	-	5,250.0	70
PSIL <sup>(4)</sup>	Jersey, Channel Islands	-	-	7,500.0	100	-	-	5,250.0	70
Excorp <sup>(5)</sup>	Netherlands Antilles	-	-	7,500.0	100	-	-	5,250.0	70
PanOcean <sup>(5)</sup>	Jersey, Channel Islands	-	-	7,500.0	100	-	-	5,250.0	70
TAK <sup>(6)</sup>	Malaysian	-	-	7,500.0	100	-	-	5,250.0	70
Harapan Nusantara <sup>(7)</sup>	Malaysia	-	-	7,500.0	100	-	-	5,250.0	70
Tun Haji Mohammed Hanif bin Omar ("Tun Hanif") <sup>(8)</sup>	Malaysian	-	-	7,500.0	100	-	-	5,250.0	70
Dato' Haji Badri bin Haji Masri ("Dato' Badri") <sup>(8)</sup>	Malaysian	-	-	7,500.0	100	-	-	5,250.0	70
Mohamad Shahrin bin Merican ("Shahrin Merican") <sup>(6)</sup>	Malaysian	-	-	7,500.0	100	-	-	5,250.0	70
STC Malaysia Holding Ltd ("STCM") <sup>(9)</sup>	British Virgin Islands	-	-	7,500.0	100	-	-	5,250.0	70
STC Asia Telecom Holding Ltd ("STCAT") <sup>(10)</sup>	British Virgin Islands	-	-	7,500.0	100	-	-	5,250.0	70
Saudi Telecom <sup>(11)</sup>	Saudi Arabia	-	-	7,500.0	100	-	-	5,250.0	70
Public Investment Fund ("PIF") <sup>(12)</sup>	Saudi Arabia	-	-	7,500.0	100	-	-	5,250.0	70

**Notes:**

<sup>(1)</sup> BGSM's deemed interest in all of the Shares arises by virtue of its direct equity interests of 100% in MCB.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

- (2) UTE's deemed interest in all of the Shares arises by virtue of its direct equity interest of 100% in each of Wilayah Bintang Sdn Bhd, Tegas Mahsuri Sdn Bhd, Besitang (M) Sdn Bhd and Besitang Utara Sdn Bhd which in turn wholly-own Wilayah Resources Sdn Bhd, Tegas Puri Sdn Bhd, Besitang Barat Sdn Bhd and Besitang Selatan Sdn Bhd (collectively, "UT Subsidiaries") respectively. The UT Subsidiaries hold in aggregate 37% direct equity interest in BGSM, and therefore via such aggregate interest, UTE has a deemed interest over all the Shares held by MCB. See Note (1) above for BGSM's interest in the Shares.
- (3) Usaha Tegas is deemed to have an interest in all of the Shares in which UTE has an interest, by virtue of Usaha Tegas being entitled to exercise 100% of the votes attached to the voting shares of UTE. See Note (2) above for UTE's interest in the Shares.
- (4) PSIL is deemed to have an interest in all of the Shares in which Usaha Tegas has an interest, by virtue of PSIL being entitled to exercise 99.999% of the votes attached to the voting shares of Usaha Tegas. See Note (3) above for Usaha Tegas' interest in the Shares.
- (5) The shares in PSIL are held by Excorp which is in turn held by PanOcean. See Note (4) above for PSIL's interest in the Shares. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the Shares in which PSIL has an interest, they do not have any economic or beneficial interest over such shares, as such interest is held subject to the terms of the discretionary trust.
- (6) TAK is deemed to have an interest in the Shares by virtue of:
- (a) his deemed interest in PanOcean. See Note (5) above for PanOcean's interest in the Shares;
  - (b) his controlling interest in Eridanes International N.V. ("EINV"), the immediate holding company of East Asia Telecommunications Ltd ("EAT"), Global Multimedia Technologies (BVI) Ltd ("GMT") and Worldwide Communications Technologies Ltd ("WCT") which in turn collectively own Maxis Holdings Sdn Bhd ("MHSB"). EINV has a 53.50% equity interest in Shield Estate N.V. ("SENV") via MHSB;
  - (c) his controlling interest in MAI Holdings Sdn Bhd ("MAIH"), the immediate holding company of Pacific Fortune Sdn. Bhd which in turn has a direct equity interest of 100% in each of Ria Utama Sdn. Bhd. ("RUSB") and Tetap Emas Sdn. Bhd. ("TESB") respectively. MAIH has a 34.27% equity interest in SENV via RUSB and TESB; and
  - (d) his controlling interest in MAI Sdn. Berhad ("MAI"), the immediate holding company of Terang Equity Sdn Bhd, which in turn has a direct equity interest of 100% in Wangi Terang Sdn Bhd ("WTSB"). MAI has a 12.23% equity interest in SENV via WTSB, and SENV has an 8% equity interest in BGSM which in turn wholly-owns MCB. MCB wholly-owns the Company.
- (7) Harapan Nusantara is deemed to have an interest in all of the Shares in which Mujur Anggun Sdn Bhd, Cabaran Mujur Sdn Bhd, Anak Samudra Sdn Bhd, Dumai Maju Sdn Bhd, Nusantara Makmur Sdn Bhd, Usaha Kenanga Sdn Bhd and Tegas Sari Sdn Bhd (collectively, "Harapan Nusantara Subsidiaries") have an interest, by virtue of Harapan Nusantara being entitled to control the exercise of 100% of the votes attached to the voting shares in each of the Harapan Nusantara Subsidiaries. The Harapan Nusantara Subsidiaries hold in aggregate 30% direct equity interest in BGSM and therefore, via such aggregate interest, Harapan Nusantara has a deemed interest over all the Shares held by MCB. See Note (1) above for BGSM's interest in the Shares.
- Each of the Harapan Nusantara Subsidiaries is a trustee of a discretionary trust for Bumiputera objects. As such, Harapan Nusantara does not have any economic interest in the Shares via by the Harapan Nusantara Subsidiaries, as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.
- (8) Deemed to have an interest in the Shares in which Harapan Nusantara has an interest, by virtue of his 25% direct equity interest in Harapan Nusantara. However, he does not have any economic interest in the Shares held via the Harapan Nusantara Subsidiaries as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects. See Note (7) above for the Harapan Nusantara's interest in the Shares.
- (9) STCM is deemed to have an interest in the Shares by virtue of its direct 25% equity interest in BGSM. See Note (1) above for BGSM's interest in the Shares.
- (10) STCAT is deemed to have an interest in all of the Shares in which STCM has an interest, by virtue of its direct 100% equity interest in STCM. See Note (9) above for STCM's interest in the Shares.
- (11) Saudi Telecom is deemed to have an interest in all of the Shares in which STCAT has an interest, by virtue of its direct 100% equity interest in STCAT. See Note (10) above for STCAT's interest in the Shares.
- (12) PIF is deemed to have an interest in all of the Shares in which Saudi Telecom has an interest, by virtue of its direct 70% equity interest in Saudi Telecom. See Note (11) above for Saudi Telecom's interest in the Shares.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

The principal activity of BGSM, UTE, Usaha Tegas, PSIL, Excorp and Harapan Nusantara are that of investment holding. The principal activity of PanOcean is that of a trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes. Saudi Telecom, a company listed on the Saudi Stock Exchange (Tadawul) since January 2003, provides telecommunications services in Saudi Arabia. STCM and STCAT are holders of shares in other companies.

Save as disclosed below, none of the substantial shareholders has direct or indirect interests in other businesses and corporations carrying on a similar trade as that of Maxis in Malaysia or in other businesses and corporations which are customers of and/or suppliers to Maxis in Malaysia:

<b>Substantial shareholder</b>	<b>Businesses/Corporations</b>	<b>Nature of Interest</b>
BGSM	<i>Customers of and/or suppliers to Maxis:</i> <ul style="list-style-type: none"> <li>• MCB Group Post-Restructuring</li> </ul>	<ul style="list-style-type: none"> <li>• Direct equity interest in MCB</li> </ul>
UTE and Harapan Nusantara	<i>Customers of and/or suppliers to Maxis:</i> <ul style="list-style-type: none"> <li>• MCB Group Post-Restructuring</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial shareholder of MCB</li> </ul>
Usaha Tegas, PSIL, Excorp and PanOcean	<i>Customers of and/or suppliers to Maxis:</i> <ul style="list-style-type: none"> <li>• ASTRO Group</li> <li>• BAB Group</li> <li>• MCB Group Post-Restructuring</li> <li>• Tanjong Group</li> <li>• Usaha Tegas Group</li> </ul>	<ul style="list-style-type: none"> <li>• Indirect equity interests in ASTRO, BAB, MCB Group Post-Restructuring and Tanjong, held through Usaha Tegas Group</li> <li>• Equity interests held by Usaha Tegas in its subsidiaries</li> </ul>
TAK	<i>Customers of and/or suppliers to Maxis:</i> <ul style="list-style-type: none"> <li>• ASTRO Group</li> <li>• BAB Group</li> <li>• CSS</li> <li>• KLCCH Group</li> <li>• KLCCP Group</li> <li>• MAI Sdn Berhad ("MAI")</li> <li>• MCB Group Post-Restructuring</li> <li>• MEASAT Global Group</li> <li>• Tanjong Group</li> <li>• Usaha Tegas Group</li> </ul>	<ul style="list-style-type: none"> <li>• Deemed equity interests in ASTRO, held through Usaha Tegas Group and companies in which he has controlling interests</li> <li>• Indirect equity interests in BAB, held through Usaha Tegas Group</li> <li>• Indirect equity interests in CSS</li> <li>• Director of KLCCH</li> <li>• Direct shareholding in KLCCP</li> <li>• Direct controlling interest in MAI</li> <li>• Indirect equity interests in MCB Group Post-Restructuring, held through Usaha Tegas Group</li> <li>• Indirect equity interests in MEASAT Global</li> <li>• Indirect equity interests in Tanjong, held through Usaha Tegas Group</li> <li>• Director</li> <li>• Deemed equity interest held in Usaha Tegas Group</li> </ul>
Tun Hanif	<i>Customers of and/or suppliers to Maxis:</i> <ul style="list-style-type: none"> <li>• ASTRO Group</li> <li>• MCB Group Post-Restructuring</li> <li>• MSS</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial shareholder of ASTRO</li> <li>• Substantial shareholder of MCB</li> <li>• Director</li> </ul>
Dato' Badri	<i>Customers of and/or suppliers to Maxis:</i> <ul style="list-style-type: none"> <li>• ASTRO Group</li> <li>• MCB Group Post-Restructuring</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial shareholder and director of ASTRO<sup>(1)</sup></li> <li>• Substantial shareholder of MCB</li> </ul>



## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(cont'd)*

Substantial shareholder	Businesses/Corporations	Nature of Interest
Shahrin Merican	<p><i>Customers of and/or suppliers to Maxis:</i></p> <ul style="list-style-type: none"> <li>• ASTRO Group</li> <li>• CSS</li> <li>• MCB Group Post-Restructuring</li> <li>• Usaha Tegas Group</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial shareholder of ASTRO</li> <li>• Substantial shareholder and director of CSS</li> <li>• Substantial shareholder of MCB</li> <li>• Employee of Usaha Tegas Group and director of several subsidiaries of Usaha Tegas</li> </ul>

**Note:**

<sup>(1)</sup> This includes directorships in certain subsidiaries of this company.

The Directors and substantial shareholders of the Company are of the view that the interests held by the substantial shareholders of the Company in other businesses and corporations which are customers of or suppliers to Maxis may give rise to a conflict of interest situation with Maxis' businesses.

Although such interests may give rise to a conflict of interest situation, such substantial shareholders and persons connected to them shall abstain from deliberations and voting on the resolutions relating to these matters or transactions that require the approval of the shareholders of the Company in respect of their direct or indirect interests. Such transactions are carried out on an arm's length basis and on usual business terms.

The substantial shareholders of the Company, in their personal capacity or the companies and businesses in which they have interests as directors or substantial shareholders, may be customers of Maxis for mobile, fixed line and other telecommunication services provided by Maxis. Such transactions are carried out on an arm's length basis and on usual business terms.

In addition, the Directors and substantial shareholders of the Company are of the view that the interests held by the substantial shareholders of the Company in other businesses and corporations outside of Malaysia which carry out similar trade as that of Maxis do not compete with Maxis' core businesses in Malaysia. Roaming and interconnect services provided or received by Maxis to or from certain companies in which certain substantial shareholders have interests are carried out on an arm's length basis and on usual business terms.

Usaha Tegas, Saudi Telecom and Harapan Nusantara jointly control MCB, the 70% shareholder in the Company (upon completion of the IPO), pursuant to a shareholders' agreement in relation to BGSM. Consequently, Usaha Tegas, Saudi Telecom and Harapan Nusantara indirectly jointly control the Company.

Save as disclosed above, the Company is not aware of any other person who directly or indirectly, jointly or severally, has control over the Company.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(cont'd)*

### 9.5 Relationships and associations between the Directors, key management, substantial shareholders and Promoter

Save as disclosed below and the relationships and associations between the Company's substantial shareholders as described in Section 9.4 of this Prospectus, there is no family relationship or association between any of the Directors, key management, substantial shareholders after the Pre-Listing Restructuring and the Promoter as at 15 October 2009:

#### 9.5.1 Association between substantial shareholders of the Company

- (i) TAK is a director of Usaha Tegas, Excorp and PanOcean.
- (ii) Dato' Badri is the chairman and a director of ASTRO, and a director of several subsidiaries of ASTRO, a company in which he and certain substantial shareholders of the Company, namely, Usaha Tegas, PSIL, Excorp, PanOcean and TAK, are deemed substantial shareholders. Dato' Badri is also a director of Harapan Nusantara.
- (iii) Tun Hanif is a director of MSS, a wholly-owned subsidiary of MEASAT Global, a company in which TAK has a controlling interest. Tun Hanif is also a director of Harapan Nusantara.
- (iv) Shahrin Merican is a director of several subsidiaries of Usaha Tegas and an employee of the Usaha Tegas Group. Shahrin Merican is also a director of Harapan Nusantara.
- (v) Saudi Telecom has a 51% equity interest in NTS, while MCB has a 44% equity interest in NTS.

#### 9.5.2 Association between Directors and substantial shareholders of the Company

- (i) Robert William Boyle, Eng. Saud Majed A. AIDaweesh, Dr. Fahad Hussain S. Mushayt and Ghassan Hasbani are directors of MCB.
- (ii) Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda is the chairman and director of BGSM.
- (iii) Augustus Ralph Marshall is a director of BGSM, MCB and a subsidiary of the MCB Group Post-Restructuring. He is an executive director of Usaha Tegas and a director of several subsidiaries of Usaha Tegas. He is also a director of other companies in which Usaha Tegas, PSIL, Excorp, PanOcean and TAK have interests and are substantial shareholders of, viz. MCB, ASTRO (where he is also the deputy chairman and group chief executive officer), Tanjong (of which he is an executive director as well as a director of several of its subsidiaries), Overseas Union Enterprise Limited, Johnston Press plc and Arnhold Holdings Limited. Augustus Ralph Marshall is also a director of PanOcean. He is also a director of several subsidiaries of ASTRO in which Dato' Badri, Tun Hanif and Shahrin Merican are substantial shareholders.
- (iv) Chan Chee Beng is a director of BGSM, MCB and several subsidiaries of the MCB Group Post-Restructuring. He is also an executive director of Usaha Tegas. He is also a director of several subsidiaries of Usaha Tegas and other companies in which Usaha Tegas, PSIL, Excorp, PanOcean and TAK have interests and are substantial shareholders of, viz. MCB, BAB and several subsidiaries of Tanjong.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(cont'd)*

- (v) Sandip Das is an executive director and chief executive officer of MCB, and is a director of several subsidiaries of the MCB Group Post-Restructuring.
- (vi) Eng. Saud Majed A. AlDaweesh is the president of Saudi Telecom. He is also a director of BGSM, Oger Telecom and Awalnet, which are companies in which Saudi Telecom has interests.
- (vii) Dr. Fahad Hussain S. Mushayt is the head of Strategic Investment Unit of Saudi Telecom. He is also a director of Gulf Allied Digital Media FZ LLC, STC Bahrain BSC (C), STC Turkey Holding Ltd and Saudi Telecom Investment Commercial Company, which are companies in which Saudi Telecom has interests.
- (viii) Eng. Saud Majed A. AlDaweesh, Dr. Fahad Hussain S. Mushayt and Augustus Ralph Marshall, are directors of Gulf Digital Media Holding BSC (C), a company in which ASTRO and Saudi Telecom have interests.
- (ix) Augustus Ralph Marshall and Chan Chee Beng are directors of MEASAT Global and MSS, which are companies in which TAK has a controlling interest.
- (x) Eng. Saud Majed A. AlDaweesh, Dr. Fahad Hussain S. Mushayt, Ghassan Hasbani, Chan Chee Beng and Sandip Das are commissioners of NTS, a company in which Saudi Telecom and MCB hold 51% and 44% equity interest respectively.
- (xi) Eng. Saud Majed A. AlDaweesh, Dr. Fahad Hussain S. Mushayt, Ghassan Hasbani, Augustus Ralph Marshall and Chan Chee Beng are nominees of MCB on the Board.

### 9.5.3 Association between Directors and the Promoter

- (i) Robert William Boyle, Eng. Saud Majed A. AlDaweesh, Dr. Fahad Hussain S. Mushayt, Ghassan Hasbani, Augustus Ralph Marshall and Chan Chee Beng, are directors of MCB.
- (ii) Eng. Saud Majed A. AlDaweesh, Dr. Fahad Hussain S. Mushayt and Ghassan Hasbani are commissioners of NTS.
- (iii) Augustus Ralph Marshall is a director of a subsidiary of MCB Group Post-Restructuring.
- (iv) Chan Chee Beng is a director of several subsidiaries of MCB Group Post-Restructuring and a commissioner of NTS.
- (v) Sandip Das is a director of MCB and a director of several subsidiaries of the MCB Group Post-Restructuring and Bridge Mobile Pte Ltd, and a commissioner of NTS.

### 9.5.4 Association between key management and substantial shareholders and the Promoter

Rossana Annizah binti Ahmad Rashid is a director of several subsidiaries of the MCB Group Post-Restructuring and a commissioner of NTS.

Please refer to Sections 9.5.2 and 9.5.3 of this Prospectus in respect of association between Sandip Das and substantial shareholders and the Promoter.

## 9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(cont'd)*

### 9.6 Declaration by the Directors, Promoter and key management

Each of the Directors, Promoter and key management of the Company has confirmed to the Company that he is not and has not been involved in any of the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws being filed (and not struck out) against such person or any partnership in which he is or was a partner or any company of which he is or was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of pending criminal proceeding;
- (iv) any judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

### 9.7 Service agreements

Save as disclosed below, as at the Latest Practicable Date, there is no existing or proposed service agreement entered into or to be entered into by the Directors nor any member of Maxis' key management and Maxis that provides for benefits upon termination of employment.

- (i) Maxis has a service agreement with Sandip Das which governs the terms of his employment with MCB. It is a 5-year fixed term agreement commencing 15 January 2007. This service agreement was formerly with MCB before Sandip Das was transferred to Maxis on 1 October 2009. Maxis has accepted his transfer as its Chief Executive Officer on the terms and conditions of the service agreement. His employment by Maxis is subject to mutual early termination provisions by giving 6 months' prior notice. If Maxis terminates the employment contract without cause prior to the expiry of the term, Sandip Das is entitled to receive an agreed compensation.
- (ii) Jean Pascal Emmanuel Dominique Van Overbeke, Rossana Annizah binti Ahmad Rashid, Stephen John Mead, Chow Chee Yan and Chua Seok Theng each have a service agreement with Maxis Mobile. Matthew Charles Willsher has a service agreement with Maxis Mobile Services. Mark Guy Dioguardi and Mohamed Fitri bin Abdullah each have a service agreement with Maxis Broadband. These service agreements have tenures for a fixed term of between 36 months to 48 months (except for the service agreement of Chua Seok Theng, which is for 78 months) and include mutual termination clauses. Jean Pascal Emmanuel Dominique Van Overbeke, Rossana Annizah binti Ahmad Rashid, Mark Guy Dioguardi, Stephen John Mead and Matthew Charles Willsher are entitled to receive an agreed compensation, if Maxis terminates their respective service agreements without cause prior to the expiry of the respective terms.

**9. INFORMATION ON THE DIRECTORS, PROMOTER, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT** *(cont'd)*

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**9.8 Other matters**

No amount has been paid or benefit given within the 2 years preceding the date of this Prospectus, nor is it intended to be so paid or given, to the Promoter, substantial shareholders and Directors except for the following:

- (i) Shares issued and monies paid to MCB under the Pre-Listing Restructuring;
- (ii) dividends in respect of the RPS of Maxis Broadband and redemption thereof paid to BGSM;
- (iii) historical and future payments to the substantial shareholders in the ordinary course of business;
- (iv) historical dividends paid by the Subsidiaries and future dividends to the shareholders of the Company, including historical dividends declared amounting to RM4.03 billion prior to the completion of the Pre-Listing Restructuring to MCB;
- (v) Options which may be granted to the Directors under the ESOS as set out in Section 9.1.8 of this Prospectus; and
- (vi) salaries and benefits-in-kind paid and payable to the Directors as set out in Section 9.1.9 of this Prospectus.

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## 10. APPROVALS AND CONDITIONS

The SC has, via its letter dated 15 October 2009, approved the IPO under the Section 212(5) of the CMSA and equity requirement for public companies, subject to the compliance with the following conditions:

<u>Conditions</u>	<u>Status of compliance</u>
<p>(i) Allocation of 50% of the public spread requirement to Bumiputera investors including shares offered under the balloted public offer portion, of which 50% are to be offered to retail Bumiputera investors. In the event that Maxis/MITI is unable to allocate the shares to Bumiputera investors, the unsubscribed shares can be allocated via the proposed clawback arrangement as follows:</p> <p>(a) In the event the shares made available to MITI-approved Bumiputera investors are not fully taken up, the remaining shares will be made available to selected Government agencies;</p> <p>(b) Subject to (i)(a) above and if the shares allocated to MITI-approved Bumiputera investors are not fully taken up, the remaining shares will be made available to other non-Bumiputera institutional investors; and</p> <p>(c) Subject to (i)(b) above and in the event of an over-application in the retail offering and a corresponding under-application in the institutional offering (other than the offering to MITI-approved Bumiputera investors), the shares may be clawed-back from the institutional offering and allocated to the retail offering.</p>	To be complied with.
<p>(ii) CIMB/Maxis to ensure that such enhanced disclosures, as may be required by the SC be fully incorporated in the Prospectus.</p>	Complied.

The SAC has, via its letter dated 2 October 2009, classified the Shares as Shariah-compliant.

The SC has, via its letter dated 28 August 2009, approved the exemptions sought from having to comply with certain requirements under the SC's Equity Guidelines and Prospectus Guidelines. The details of the exemptions sought and the accompanying conditions imposed by the SC are as follows:

<u>Paragraph under the Equity Guidelines for which was sought</u>	<u>Details of the waiver granted and conditions (if applicable)</u>
Paragraph 5.30	<p><b>Moratorium</b></p> <p>Waiver from the requirement for all indirect shareholders of the Promoter to give an undertaking to the SC in respect of moratorium from disposal of shares in the companies in which they hold an effective interest in the Shares for a period of 6 months from the Company's listing date.</p>
Paragraph 2 (f), Appendix I	<p><b>Content of cover letter for the application to the SC</b></p> <p>Waiver from the requirement to disclose of all Maxis' non-compliances with the relevant laws, regulations, rules and requirements governing the conduct of the business of Maxis and allow for disclosure to be limited to non-compliances that have a material adverse impact on its business operations or financial position.</p>

## 10. APPROVALS AND CONDITIONS (cont'd)

Paragraph under the Prospectus Guidelines for which was sought	Details of the waiver granted and conditions (if applicable)	Status of compliance of conditions (if any)
Paragraph 9.01	<p><b>Information on substantial shareholders</b></p> <p>(i) Waiver from the requirement to disclose information on the substantial shareholders that are intermediate holding companies.</p> <p>(ii) In respect of Saudi Telecom, to allow disclosure based on information which is available in the public domain.</p>	Not applicable.
Paragraph 11.01	<p><b>Related party transactions</b></p> <p>Waiver from the requirement to disclose related party transactions of Maxis transacted during the period when MCB was listed on Bursa Securities from 8 July 2002 to 13 July 2007.</p> <p><b>Conditions:</b></p> <p>(i) To provide to the SC a list of past material transactions between Maxis and other companies within MCB from 1 January 2006 till present; and</p> <p>(ii) To disclose the relevant website reference in the prospectus, for information on related party transactions from 1 January 2006 to 13 July 2007 when MCB was listed on Bursa Securities.</p>	<p>Not applicable.</p> <p>Complied.</p> <p>Deemed complied. In Sections 11.1 and 11.2 of the Prospectus, a paragraph has been included to state that previous related party transactions have been disclosed by MCB in accordance with the Listing Requirements of Bursa Securities prevailing when MCB was a listed entity.</p>
Paragraph 11.03(a) and (b)	<p><b>Conflicts of interest</b></p> <p>Waiver from the requirement to disclose similar businesses carried on by the substantial shareholders of the Company outside Malaysia.</p> <p><b>Condition:</b> To provide to the SC and to disclose in the prospectus, a confirmation that similar businesses carried on by the substantial shareholders outside Malaysia do not compete with Maxis' core business activities.</p>	Complied. Disclosure is set out in Section 9.4 of the Prospectus.
Paragraph 12.16(a) and (c)	<p><b>Proforma financial information</b></p> <p>Waiver from the requirement to include proforma consolidated income statements and proforma consolidated cash flow statements in the Prospectus and allow for the inclusion of the audited combined income statements and cash flow statements.</p>	Not applicable.

**10. APPROVALS AND CONDITIONS** *(cont'd)*

<b>Paragraph under the Prospectus Guidelines for which was sought</b>	<b>Details of the waiver granted and conditions (if applicable)</b>	<b>Status of compliance of conditions (if any)</b>
<b>Paragraph 13.13(b)</b>	<b>Contents of Accountants' Report</b>  Waiver from the requirement to include the statement of changes in equity in the Accountants' Report and allow for the inclusion of the audited combined statement of recognised income and expense and reconciliation of movement in equity.	Not applicable.
<b>Paragraph 18.01 (i)</b>	<b>Documents available for inspection</b>  Waiver from the requirement to prepare, submit to the SC and make available for inspection, the interim audited financial statements of the Subsidiaries for the 6 months ended 30 June 2009.	Not applicable.

The SC has, via a letter dated 27 October 2009, granted a waiver under Paragraph 4 of Practice Note 4 of the SC's Equity Guidelines to allow the Bumiputera Directors of the Company, the shareholders of Saudi Telecom and persons connected to the Directors of the Company and shareholders of Saudi Telecom to acquire the Offer Shares under the Institutional Offering, subject to the condition that the allocation to such persons will be consistent with the allocation policy for the Institutional Offering that has been communicated to and agreed upon by the Selling Shareholder and the Company.

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## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

### 11.1 Related party transactions

As a company listed on the Main Market, the Company will be required to comply with the Listing Requirements, including requirements applicable to related party transactions.

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiaries, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding 6 months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

The following table sets out the material transactions which have been entered into by Maxis in the past 2 financial years ended 31 December 2008 and up to the Latest Practicable Date, with parties who are deemed to be related parties when the terms of the transactions were agreed upon. These transactions were carried out on arms' length basis.

Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction amount In thousands
(i) 1 April 2007	Maxis Broadband and UMTS	Interested major shareholders Usaha Tegas, PSIL, Excorp, PanOcean, TAK and Dato' Badri  Interested Director Augustus Ralph Marshall  UMTS is a wholly-owned subsidiary of Advanced Wireless Technologies, whereby the Company owns 75% equity interest in Advanced Wireless Technologies while MBNS Multimedia Technologies Sdn Bhd ("MMT") (a wholly-owned subsidiary of ASTRO) owns the balance 25% equity interest in Advanced Wireless Technologies.	Migration by UMTS of provision of 3G wholesale services to Maxis Broadband for Maxis Broadband to provide 3G wholesale services to licensees under the CMA who are authorised to provide 3G mobile services to end users, effective 1 April 2007 pursuant to a letter dated 10 July 2007 and agreements dated 11 April 2008 and 12 February 2009.	*

Refer to Note (1).

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction amount In thousands
(ii)	Maxis Mobile Services, ABV and NTS	<p><b>Interested major shareholders</b> All the substantial shareholders of the Company as set out in Section 9.4 of this Prospectus.</p> <p><b>Interested Directors</b> Eng. Saud Majed A. Aldaweesh, Dr. Fahad Hussain S. Mushayt, Ghassan Hasbani, Chan Chee Beng and Sandip Das</p> <p>Saudi Telecom has a 51% equity interest in NTS, while MCB has a 44% equity interest in NTS.</p> <p>Maxis Mobile Services is a wholly-owned subsidiary of the Company.</p> <p>ABV is a wholly-owned subsidiary of Maxis Mobile Services prior to the Pre-Listing Restructuring.</p> <p>Refer to the notes as set out in Section 9.4 of this Prospectus for the interests of the interested major shareholders in the Company.</p> <p>Eng. Saud Majed A. Aldaweesh, Dr. Fahad Hussain S. Mushayt, Ghassan Hasbani, Chan Chee Beng and Sandip Das are Directors, directors of MCB and commissioners of NTS. Chan Chee Beng is also a director of Maxis Mobile Services and ABV while Dr. Fahad Hussain S. Mushayt and Sandip Das are directors of Maxis Mobile Services. They do not have any interest in the shares of NTS, the Company, MCB, Maxis Mobile Services and ABV.</p>	<p>Reorganisation of non-interest bearing loan in NTS involving the execution of the Novation Agreement dated 1 August 2008 between Maxis Mobile Services, NTS and ABV for the novation of the USD92,631,580 loan provided by ABV to NTS where upon completion of the novation, Maxis Mobile Services and NTS shall be the lender and the borrower respectively under the said loan.</p> <p>In connection with a bridging loan of USD92,631,580 taken by Amphion Singapore Pte Ltd ("Amphion") from lenders and on-lent to NTS, MCB provided a guarantee dated 3 March 2009 to the lenders. In the event of Amphion's default on the bridging loan and a demand being made by the lenders on the guarantee, NTS is to draw down on the USD92,631,580 loan from Maxis Mobile Services to discharge the demand under the guarantee.</p> <p>Pursuant to the Pre-Listing Restructuring, the said loan was novated from Maxis Mobile Services to MCB pursuant to a Deed of Novation dated 28 September 2009. Refer to Section 15.13 of this Prospectus.</p>	USD92,632

**11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction amount In thousands
(iii) 1 August 2008	Maxis Mobile Services, ABV and NTS	Same as item (ii) above.	Reorganisation of non-interest bearing loan in NTS involving the execution of the Novation Agreement dated 1 August 2008 between Maxis Mobile Services, NTS and ABV for the novation of the USD90.0 million loan (with USD50.0 million outstanding) provided by ABV to NTS where upon completion of the novation, Maxis Mobile Services and NTS shall be the lender and the borrower respectively under the said loan.  Pursuant to the Pre-Listing Restructuring, the said loan was novated from Maxis Mobile Services to MCB pursuant to a Deed of Novation dated 28 September 2009. Refer to Section 15.13 of this Prospectus.	USD90,000 (loan outstanding: USD50,000)

**Note:**

\* On a qualitative basis, i.e. there is no consideration paid for the migration. The migration is material for the provision of 3G services by Maxis to its customers.

Maxis has entered into agreements with its related parties which are set out in Sections 15.13(i) to (xi) of this Prospectus, of which some are in relation to the Pre-Listing Restructuring. The related party transactions entered into by Maxis (as part of the then listed MCB group of companies) have been disclosed by MCB in accordance with the Listing Requirements.

**11.2 Recurrent related party transactions**

Related party transactions can be deemed as recurrent, if they are entered into at least once every 3 years, in the ordinary course of business and are of a revenue nature necessary for the day-to-day operations of Maxis.

After the Listing, the Company will be required to seek its shareholders' approval each time it enters into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, the Company may seek a general mandate from its shareholders to enter into these transactions without having to seek separate shareholders' approval each time it wishes to enter into such related party transactions during the validity period of the mandate.

Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occur within a 12 month period, are entered into with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous to each other.

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

The details of the recurrent related party transactions which, when aggregated are material to Maxis in accordance with the Listing Requirements, entered into by Maxis with related parties for the past 2 financial years ended 31 December 2008 and the 6 months ended 30 June 2009, and which are expected to be transacted for the 12 months ending 30 June 2010 (being the date by which the next annual general meeting of the Company is to be held) are as follows:

	Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
				Year ended 31 December	6 months ended 30 June 2009	12 months ending 30 June 2010	
				2007	2008	June 2009 (estimate)	RM 000
(i)	Maxis and ASTRO Group	<p><u>Interested major shareholders</u> Usaha Tegas, PSIL, Excorp, PanOcean, TAK and Dato' Badri</p> <p><u>Interested Director</u> Augustus Ralph Marshall</p> <p>Refer to Note (1)</p>	<ul style="list-style-type: none"> <li>Provision of mobile content and services by ASTRO Group to Maxis and acquisition of technology by Maxis from ASTRO Group to enable the offering of advanced data and voice products to consumers</li> <li>Provision of electronic billing and payment services by ASTRO Group to Maxis</li> <li>Sponsorships of events organised by ASTRO Group and/or Maxis</li> <li>Rental payments by ASTRO Group to Maxis for the use of Maxis' regional offices for backup storage as part of its business continuity plan</li> <li>Provision of use of WAP-STK platform by ASTRO Group to Maxis</li> <li>Provision of leased circuits/lines/ DIA/Metro E, 1300 inbound telephony solutions and call centre projects, server collocation business, mobility services, access connections, bandwidth project and managed communications services by Maxis to ASTRO Group</li> <li>Provision of Blackberry™/mobile/ Apple iPhone™, mobile voice and its related services by Maxis to ASTRO Group</li> </ul>	30,923.7	41,471.1	18,854.8	122,300.0 <sup>(1)</sup>

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
			Year ended 31 December	6 months ended 30 June 2009	12 months ending 30 June 2010	
			2007	2008	June 2009 (estimate)	RM 000
(i) Maxis and ASTRO Group (cont'd)		<ul style="list-style-type: none"> <li>Marketing, promotions and product cooperation between Maxis and ASTRO Group</li> <li>Sale of VSAT, telephony and international bandwidth from Maxis to ASTRO Group</li> </ul>				
(ii) Maxis and Tanjong Group	<p><b>Interested major shareholders</b> Usaha Tegas, PSIL, Excorp, PanOcean and TAK</p> <p><b>Interested Directors</b> Asgari bin Mohd Fuad Stephens, Augustus Ralph Marshall and Chan Chee Beng</p> <p>Refer to Note (2)</p>	<ul style="list-style-type: none"> <li>Rental of premises and signage space at Menara Maxis and service charge payable by Maxis to Tanjong City Centre Property Management Sdn Bhd</li> <li>Provision of e-money services by Maxis to Tanjong Group</li> <li>Usage of TGV facilities for marketing and promotional activities by Maxis</li> <li>Provision of leased circuits/lines, access connections and mobile wireless solutions by Maxis to Tanjong Group</li> <li>Sale by Maxis to Tanjong Group of Telelink branded SIM pack preloaded with Telelink data services</li> <li>Provision of Blackberry™/mobile and its related services by Maxis to Tanjong Group</li> <li>Marketing, promotions and product cooperation between Maxis and Tanjong Group</li> </ul>	26,416.9	28,642.8	15,374.6	37,800.0

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
			Year ended 31 December	6 months ended 30	12 months ending 30	
			2007	2008	June 2009 (estimate)	
			RM 000			
(iii) Maxis and MEASAT Global Group	<u>Interested major shareholders</u> TAK and Tun Hanif	<ul style="list-style-type: none"> <li>Marketing, promotions and product cooperation between Maxis and MEASAT Global Group</li> </ul>	20,077.9	18,509.5	10,144.5	24,500.0
	<u>Interested Directors</u> Augustus Ralph Marshall and Chan Chee Beng Refer to Note (3)	<ul style="list-style-type: none"> <li>Provision of leased circuits by Maxis to MEASAT Global Group</li> <li>Leasing of transponder by Maxis Broadband from MSS for use of bandwidth capacity</li> <li>Participation by Maxis in MSS' IP Transit Project</li> <li>Lease rentals of MSS' Teleport and earth station facility by Maxis to MSS</li> <li>BTS rental charges by MSS to Maxis</li> </ul>				

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
			Year ended 31 December	6 months ended 30 June 2009	12 months ending 30 June 2010	(estimate)
			2007	2008	2009	(estimate)
			RM 000			
(iv) Maxis and Usaha Tegas Group	Interested major shareholders Usaha Tegas, PSIL, Excorp, PanOcean, TAK and Shahrin Merican	• Provision of services such as call handling and other telemarketing services by SRG Asia Pacific Sdn Bhd to Maxis	65,922.1	59,894.0	22,801.2	64,300.0
	Interested Directors Augustus Ralph Marshall and Chan Chee Beng	• Provision of project management/ strategic consultancy services by UT Projects Sdn Bhd and UTSB Management Sdn Bhd to Maxis				
	Refer to Note (4)	• Provision of Blackberry™/mobile and related services, business voice and related value added services, leased circuits/lines, access connections, wireless equipments, mobility services and VSAT services by Maxis to Usaha Tegas Group				
		• Marketing, promotions and product cooperation between Maxis and Usaha Tegas Group				
		• Participation by Maxis in Bonuslink Loyalty Program and business voice project with Usaha Tegas Group				
		• Usage of facilities, amenities and other charges at Levels 24 and 25, Menara Maxis by Maxis				

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
			Year ended 31 December	6 months ended 30 June 2009	12 months ending 30 June 2010 (estimate)	
			2007	2008	2009	RM 000
(v) Maxis and BAB Group	<u>Interested major shareholders</u> Usaha Tegas, PSIL, Excorp, PanOcean and TAK	<ul style="list-style-type: none"> <li>Provision of VSAT services, Blackberry™/mobile and related services, internet and email infrastructure and access connections by Maxis to BAB Group</li> </ul>	-	72.7	37.2	7,900.0 <sup>(2)</sup>
	<u>Interested Director</u> Chan Chee Beng Refer to Note (5)	<ul style="list-style-type: none"> <li>Provision of leased circuits/lines services/DIA/Metro E by Maxis to BAB Group</li> <li>Marketing, promotions and product cooperation between Maxis and BAB Group</li> </ul>				
(vi) Maxis Broadband and KLCCP Group	<u>Interested major shareholder</u> TAK	<ul style="list-style-type: none"> <li>BTS rental and electricity charges by Arena Johan Sdn Bhd, Asas Klasik Sdn Bhd and Suria KLCC Sdn Bhd to Maxis Broadband</li> </ul>	159.2	188.1	89.9	300.0
	<u>Interested Director</u> Augustus Ralph Marshall Refer to Note (6)					
(vii) Maxis Broadband and KLCCCH Group	<u>Interested major shareholder</u> TAK	<ul style="list-style-type: none"> <li>BTS rental and electricity charges by KLCC Projek Sdn Bhd and Gas District Cooling (M) Sdn Bhd to Maxis Broadband</li> </ul>	842.5	1,033.7	366.0	1,400.0
	<u>Interested Director</u> Augustus Ralph Marshall Refer to Note (7)					



## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

	Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
				Year ended 31 December	6 months ended 30 June 2009	12 months ending 30 June 2010	
				2007	2008	June 2009 (estimate)	RM 000
(viii)	Maxis Broadband/ Maxis Mobile Services/ Maxis Mobile and UMTS	<p><u>Interested major shareholders</u> Usaha Tegas, PSIL, Excorp, PanOcean, TAK and Dato' Badri</p> <p><u>Interested Director</u> Augustus Ralph Marshall</p> <p>UMTS is a wholly-owned subsidiary of Advanced Wireless Technologies, whereby the Company owns 75% equity interest in Advanced Wireless Technologies while MMT owns the balance 25% equity interest in Advanced Wireless Technologies.</p> <p>Refer to Note (1)</p>	<ul style="list-style-type: none"> <li>Service level agreement between Maxis Mobile Services and UMTS for Maxis Mobile Services as the anchor 3G MVNO</li> <li>Service level agreement between Maxis Broadband and UMTS as the mobile network operator for Maxis Broadband to design, procure, build and operate a 3G network</li> <li>Payment from Maxis Broadband to UMTS for usage of 3G spectrum</li> <li>Provision of corporate support services by Maxis Mobile to UMTS</li> </ul>	77,544.8	13,996.9	9,994.2	25,800.0 <sup>(3)</sup>
(ix)	Maxis and Saudi Telecom	<p><u>Interested major shareholder</u> Saudi Telecom</p> <p><u>Interested Directors</u> Eng. Saud Majed A. Aldaweesh and Dr. Fahad Hussain S. Mushayt</p> <p>Refer to Note (8)</p>	<ul style="list-style-type: none"> <li>Roaming revenue/cost between Maxis and Saudi Telecom</li> <li>IDD promotion rates between Maxis and Saudi Telecom</li> </ul>	11,751.0	24,882.4	6,399.8	19,200.0
(x)	Maxis and CSS	<p><u>Interested major shareholders</u> TAK and Shahrin Merican</p> <p>Refer to Note (9)</p>	<ul style="list-style-type: none"> <li>Provision of Blackberry™/mobile and related services and leased circuits by Maxis to CSS</li> </ul>	-	-	-	510.0

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
			Year ended 31 December	6 months ended 30 June 2009	12 months ending 30 June 2010	
			2007	2008	June 2009 (estimate)	RM 000
(xi) Maxis and NTS	<p><b>Interested major shareholders</b> All the substantial shareholders of the Company as set out in Section 9.4 of this Prospectus.</p> <p><b>Interested Directors</b> Eng. Saud Majed A. AIDaweesh, Dr. Fahad Hussain S. Mushayt, Ghassan Hasbani, Chan Chee Beng and Sandip Das</p> <p>Saudi Telecom has a 51% equity interest in NTS, while MCB has a 44% equity interest in NTS.</p> <p>Refer to the notes as set out in Section 9.4 of this Prospectus for the interests of the interested major shareholders in the Company.</p> <p>Eng. Saud Majed A. AIDaweesh, Dr. Fahad Hussain S. Mushayt, Ghassan Hasbani, Chan Chee Beng and Sandip Das are Directors, directors of MCB and commissioners of NTS. They do not have any interest in the shares of NTS, the Company and MCB.</p>	<ul style="list-style-type: none"> <li>Roaming revenue and cost between Maxis and NTS</li> <li>IDD promotion rates between Maxis and NTS</li> </ul>	13.0	734.0	957.7	3,300.0
(xii) Maxis and SLT and Mobitel	<p><b>Interested major shareholders</b> Usaha Tegas, PSIL, Excorp, PanOcean and TAK</p> <p><b>Interested Directors</b> Chan Chee Beng and Sandip Das</p> <p>Refer to Note (10)</p>	<ul style="list-style-type: none"> <li>Roaming revenue/cost between Maxis and SLT and Mobitel</li> <li>IDD promotion rates between Maxis and SLT and Mobitel</li> </ul>	Not applicable ^	6,025.8	5,369.7	13,500.0

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value		
			Year ended 31 December	6 months ended 30 June 2009	12 months ending 30 June 2010 (estimate)
			2007	2008	2009
				RM 000	
(xiii) Maxis and MCB	<p><b>Interested major shareholders</b> All the substantial shareholders of the Company as set out in Section 9.4 of this Prospectus.</p> <p><b>Interested Directors</b> Robert William Boyle, Eng. Saud Majed A. AlDaweesh, Dr. Fahad Hussain S. Mushayt, Ghassan Hasbani, Augustus Ralph Marshall, Chan Chee Beng and Sandip Das</p> <p>MCB is the holding company of the Company.</p> <p>Refer to the notes as set out in Section 9.4 of this Prospectus for the interests of the interested major shareholders in the Company.</p> <p>Robert William Boyle, Eng. Saud Majed A. AlDaweesh, Dr. Fahad Hussain S. Mushayt, Ghassan Hasbani, Augustus Ralph Marshall, Chan Chee Beng and Sandip Das are Directors and directors of MCB. They do not have any interest in the shares of the Company and MCB.</p>	<ul style="list-style-type: none"> <li>Provision for corporate support and management services by Maxis Mobile to MCB and/or its Malaysian subsidiaries (excluding Maxis)</li> </ul>	18,811.3	16,636.6	6,029.4
					14,300.0

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
			Year ended 31 December	6 months ended 30 June 2009	12 months ending 30 June 2010	
			2007	2008	June 2009 (estimate)	
			RM 000			
(xiv) Maxis and Aircel Group	<p><b>Interested major shareholders</b> All the substantial shareholders of the Company as set out in Section 9.4 of this Prospectus.</p> <p><b>Interested Directors</b> Chan Chee Beng and Sandip Das</p> <p>MCB holds 74% effective equity interest in Aircel, ACL and DWL.</p> <p>Refer to the notes as set out in Section 9.4 of this Prospectus for the interests of the interested major shareholders in the Company.</p> <p>Chan Chee Beng and Sandip Das are Directors and directors of Aircel, ACL and DWL. They do not have any interest in the shares of Aircel, ACL, DWL, the Company and MCB.</p>	<ul style="list-style-type: none"> <li>Interconnect revenue/cost between Maxis and Aircel Group</li> <li>IDD promotion rates between Maxis and Aircel Group</li> </ul>	876.0 <sup>(*)</sup>	5,717.1 <sup>(*)</sup>	11,726.2 <sup>(*)</sup>	66,400.0

**11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

	Transacting parties	Nature of relationship	Nature of transaction	Transaction value		
				Year ended 31 December 2007	6 months ended 30 June 2009	12 months ending 30 June 2010 (estimate)
				RM 000		
(xv)	Maxis and Bridge Mobile Pte Ltd ("Bridge Mobile")	<p><b>Interested major shareholders</b> All the substantial shareholders of the Company as set out in Section 9.4 of this Prospectus.</p> <p><b>Interested Director</b> Sandip Das MCB holds a 10% equity interest in Bridge Mobile.</p> <p>Refer to the notes as set out in Section 9.4 of this Prospectus for the interests of the interested major shareholders in the Company.</p> <p>Sandip Das is a Director and a director of MCB and Bridge Mobile.</p>	<ul style="list-style-type: none"> <li>• Regional prepaid top-up/roaming services between Maxis and Bridge Mobile</li> <li>• Regional bid coordination service between Maxis and Bridge Mobile</li> <li>• Bridge Traveller Participation between Maxis and Bridge Mobile</li> <li>• Regional concierge service arrangement between Maxis and Bridge Mobile</li> </ul>	1,258.2	1,101.3	633.0
						1,500.0

**11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)****Notes:**

- # Before September 2007, Saudi Telecom was not a related party to Maxis.
- ^ Before April 2008, SLT and Mobitel were not related parties to Maxis.
- (\*1) The higher estimated transaction value for 12 months ending 30 June 2010 is mainly due to a new 5-year contract expected to be entered into for the provision for managed communication services, whereby the amounts disclosed includes the total amount expected to be transacted over the 5 years.
- (\*2) The higher estimated transaction value for 12 months ending 30 June 2010 is mainly due to new contracts estimated to be entered into for the provision for VSAT services and leased lines.
- (\*3) The higher estimated transaction value for 12 months ending 30 June 2010 is mainly due to the expected increase in 3G spectrum cost based on future growth in usage.
- (\*4) The interconnect revenue/costs transactions between Maxis and Aircel Group for the year ended 31 December 2007 were between Maxis, Aircel and ACL only, and the transaction values for the year ended 31 December 2007 amounted to RM0.88 million. Maxis only started interconnect transactions with DWL from September 2008.

**(1) ASTRO Group**

Usaha Tegas, PSIL, Excorp, PanOcean and TAK who are major shareholders of BGSM, the holding company and the ultimate holding company of MCB and the Company respectively, are also major shareholders of ASTRO. TAK is also a director of PanOcean, Excorp and Usaha Tegas. Although TAK is deemed to have an interest in the Shares in which PSIL has an interest, he does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of a discretionary trust.

Dato' Badri who is a major shareholder of MCB and the Company via Harapan Nusantara, is also the chairman and director of ASTRO and several subsidiaries of ASTRO. Dato' Badri is deemed to have an interest in the Shares in which Harapan Nusantara has an interest, by virtue of his 25% direct equity interest in Harapan Nusantara. However, he does not have any economic interest in the Shares held by the subsidiaries of Harapan Nusantara as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.

Augustus Ralph Marshall is a Director and a director of MCB, BGSM, Usaha Tegas and PanOcean. He is also the deputy chairman and group chief executive officer of ASTRO and a director of several subsidiaries and associated companies of ASTRO. He has a 0.05% direct interest in ASTRO held through a nominee. He also holds options over unissued shares of £0.10 each in ASTRO pursuant to ASTRO's 2003 Employee Share Option Scheme and ASTRO's 2003 Management Share Incentive Scheme.

**(2) Tanjong Group**

Usaha Tegas, PSIL, Excorp, PanOcean and TAK are major shareholders of Tanjong and the Company.

Augustus Ralph Marshall is an executive director of Tanjong and a director of certain subsidiaries of Tanjong. He has a 0.13% direct interest in Tanjong held through a nominee.

Chan Chee Beng is a Director and a director of several Subsidiaries, and a director of MCB, BGSM and Usaha Tegas and is also a director of certain subsidiaries of Tanjong. He has no equity interests in Tanjong.

Asgari bin Mohd Fuad Stephens has indirect interests in 1.59% of the shares of Tanjong held through a company in which he has controlling interests.

**(3) MEASAT Global Group**

TAK is a major shareholder of MEASAT Global and the Company.

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

*Tun Hanif who is a major shareholder of MCB and the Company via Harapan Nusantara, is also a director of a subsidiary of MEASAT Global. Tun Hanif is deemed to have an interest in the Shares in which Harapan Nusantara has an interest, by virtue of his 25% direct equity interest in Harapan Nusantara. However, he does not have any economic interest in the Shares held by the subsidiaries of Harapan Nusantara as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.*

*Augustus Ralph Marshall and Chan Chee Beng are directors of MEASAT Global and certain subsidiaries of MEASAT Global. They have no equity interests in MEASAT Global.*

**(4) Usaha Tegas Group**

*PSIL, Excorp, PanOcean and TAK are major shareholders of Usaha Tegas and the Company.*

*Shahrin Merican who is a major shareholder of MCB and the Company via Harapan Nusantara, is also a director of certain subsidiaries of Usaha Tegas and an employee of the Usaha Tegas Group. Shahrin Merican is deemed to have an interest in the Shares in which Harapan Nusantara has an interest, by virtue of his 25% direct equity interest in Harapan Nusantara. However, he does not have any economic interest in the Shares held by certain subsidiaries of Harapan Nusantara as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.*

*Augustus Ralph Marshall and Chan Chee Beng are directors of Usaha Tegas. They have no equity interests in Usaha Tegas.*

**(5) BAB Group**

*BAB is an associated company of Usaha Tegas.*

*Usaha Tegas, PSIL, Excorp, PanOcean and TAK are major shareholders of BAB and the Company.*

*Chan Chee Beng is a director of BAB and certain subsidiaries of BAB but has no equity interests in BAB.*

**(6) KLCCP Group**

*Augustus Ralph Marshall is a director of KLCCP, Asas Klasik Sdn Bhd and Suria KLCC Sdn Bhd and is also a shareholder of KLCCP.*

*TAK who is a major shareholder of the Company, is also a shareholder of KLCCP.*

**(7) KLCCH Group**

*Augustus Ralph Marshall is a director of KLCCH and has no equity interests in KLCCH.*

*TAK who is a major shareholder of the Company, is also a director of KLCCH. He has no equity interests in KLCCH.*

**(8) Saudi Telecom**

*Saudi Telecom is a major shareholder of BGSM, the holding company and the ultimate holding company of MCB and the Company respectively.*

*Eng. Saud Majed A. AlDaweesh and Dr. Fahad Hussain S. Mushayt are directors of MCB and the Company. Eng. Saud Majed A. AlDaweesh is also a director of BGSM and the president of Saudi Telecom while Dr. Fahad Hussain S. Mushayt is also a director of several Subsidiaries and the head of Strategic Investments Unit of Saudi Telecom.*

## 11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(cont'd)*

### (9) **CSS**

*TAK and Shahrin Merican are major shareholders of CSS and the Company.*

*Shahrin Merican is also a director of CSS.*

### (10) **SLT and Mobitel**

*Mobitel is a wholly-owned subsidiary of SLT, an associated company of Usaha Tegas.*

*Usaha Tegas, PSIL, Excorp, PanOcean and TAK are major shareholders of SLT and the Company.*

*Chan Chee Beng and Sandip Das are Directors, and directors of MCB, SLT and Mobitel. They are also directors of several Subsidiaries and have no shareholding interests in SLT or Mobitel.*

Refer to Sections 9.1.8 and 9.4 of this Prospectus for the Directors' and substantial shareholders' interests in the Company.

The recurrent related party transactions entered into by Maxis (as part of the then listed MCB group of companies) have been disclosed by MCB in accordance with the Listing Requirements.

### 11.3 **Loans to related parties**

As at the Latest Practicable Date, there were intercompany balances between the Subsidiaries and the other subsidiaries of MCB (other than the Subsidiaries), as mentioned in Section 6.2(iii) of this Prospectus. Following from the completion of the Pre-Listing Restructuring, these amounts have been settled or set off against the amounts owing by Maxis to MCB, resulting with a net balance of RM4,992.0 million owing by Maxis to MCB.

Save as disclosed above, there is no other loan (including guarantees of any kind) made by any of the Group to or for the benefit of any related party, whether short term or long term.

### 11.4 **Declaration by the advisers**

CIMB, its subsidiaries and associated companies, as well as its holding company, CIMB Group Holdings Berhad (*formerly known as Bumiputra-Commerce Holdings Berhad*) and the subsidiaries and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for Maxis, MCB and their affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the same group as Maxis or any other entity or person ("**Third Party**"), hold long and short positions, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of Maxis and its affiliates. This is a result of the businesses of CIMB Group generally acting independent of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of Maxis.



**11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

CIMB Group is one of the holders of the bonds issued by BGSM ("**BGSM Bonds**") and MCB. In addition, CIMB Group has extended a term loan to MCB. Furthermore, on 14 October 2009, CIMB Group has extended a revolving credit facility of RM1,000.0 million to the Company. Pursuant to the terms of the BGSM Bonds which were issued in December 2007, part of the proceeds arising from the IPO is required for the part repayment of the BGSM Bonds. In addition, part of the funds received by MCB pursuant to the Pre-Listing Restructuring and IPO may be utilised to repay its borrowings, including the bonds held by, and credit facilities extended by CIMB Group, subject to the terms of the respective bonds and credit facilities.

CIMB is of the view that the abovementioned bond holdings and extension of credit facilities do not result in conflict of interests situation in respect of the capacities as set out in this Prospectus as the total bonds and credit facilities are not material when compared to the audited total assets of the CIMB Group as at 31 December 2008. Furthermore, the holding of the BGSM Bonds and MCB bonds and the extension of credit facilities arose in the ordinary course of business of the CIMB Group in view of the CIMB Group's extensive participation in the Malaysian capital market and banking industry.

AmlInvestment Bank Berhad has confirmed that there is no conflict of interest in its capacity as a Joint Managing Underwriter and Joint Lead Manager in relation to the IPO and the Listing.

Maybank Investment Bank Berhad has confirmed that there is no conflict of interest in its capacity as a Joint Managing Underwriter and Joint Lead Manager in relation to the IPO and the Listing.

RHB Investment Bank Berhad is of the view that there is no conflict of interest in its capacities as a Joint Managing Underwriter, Joint Lead Manager and Adviser to the Selling Shareholder in relation to the IPO. In the ordinary course of business, RHB Investment Bank Berhad and/or its related companies do engage in transactions with and perform services for Maxis, MCB Group and their affiliates. RHB Investment Bank Berhad and/or its related companies have extended credit facilities and/or have engaged and in the future may engage in transactions in their ordinary course of business with Maxis, MCB Group and their affiliates. RHB Investment Bank Berhad and/or its related company are holders of the bonds issued by BGSM and MCB. The related companies of RHB Investment Bank Berhad may bid for the Offer Shares offered under the Institutional Offering.

Credit Suisse is of the view that there is no conflict of interests in its capacity as the Joint Global Co-ordinator and Joint Bookrunner in relation to the IPO in view of the fact that it believes that the proceeds from the IPO will not be used to repay any borrowings from Credit Suisse.

Goldman Sachs has concluded that, in its opinion, it does not have a conflict of interests that prevents it from acting as Joint Global Co-ordinator and Joint Bookrunner in relation to the Institutional Offering outside Malaysia.

J.P. Morgan has confirmed that there is no conflict of interest in its capacity as a Joint Bookrunner in relation to the IPO and the Listing.

Nomura has concluded that, in its opinion, it does not have a conflict of interests that prevents it from acting as a Joint Bookrunner in relation to the Institutional Offering outside Malaysia as part of the IPO and the Listing.

UBS has concluded that, in its opinion, it does not have a conflict of interest that prevents it from acting as a Joint Bookrunner in relation to the Institutional Offering outside Malaysia. UBS and its affiliates may engage in transactions with, and perform services for, Maxis in the ordinary course of business and have engaged and may in the future engage, in commercial banking and investment banking transactions with Maxis, for which they have or may in the future receive customary compensation. In addition, UBS and its affiliates may acquire the Offer Shares under the Institutional Offering following the bookbuilding process. In addition, in the ordinary course of business, UBS and its affiliates may trade the securities of Maxis for their own account and for the accounts of customers, and may at any time hold a long or short position in such securities.

**11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

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Cazenove Asia has confirmed that there is no conflict of interest in its capacity as a Joint Lead Manager in relation to the IPO and the Listing.

DBS is a lender in the USD1,200 million syndicated term loan facility provided to BGSM that will be partially prepaid in the event of the IPO. DBS is also a provider of credit facilities to MCB. DBS is of the view that the extension of credit facilities to BGSM and MCB respectively do not result in a conflict of interest situation in respect of the capacities as set out in this Prospectus as the total credit facilities are not material when compared to the audited total assets of DBS Group Holdings Limited as at 31 December 2008. Furthermore, the extension of the credit facilities to BGSM and MCB respectively arose in the ordinary course of business of DBS Group Holdings Limited.

HSBC and its subsidiaries have, in the ordinary course of their banking business, extended credit facilities to the BGSM group of companies, for which part of the proceeds arising from the IPO could be used to repay the same. HSBC is of the view that this does not give rise to any conflict of interests in its capacity as a Joint Lead Manager in respect of the Institutional Offering outside Malaysia in relation to the IPO and the Listing.

ABN AMRO has confirmed that there is no conflict of interest in its capacity as a Co-Lead Manager in relation to the IPO and the Listing.

CLSA has confirmed that there is no conflict of interest in its capacity as a Co-Lead Manager in relation to the IPO and the Listing.

Certain of the Joint Managing Underwriters, Joint Global Co-ordinators, Joint Bookrunners and Lead Managers and their affiliates may engage in transactions with, and perform services for, Maxis in the ordinary course of business and have engaged and may in the future engage, in commercial banking and investment banking transactions with Maxis, for which they have or may in the future receive customary compensation. In addition, certain of the Joint Managing Underwriters, Joint Global Co-ordinators, Joint Bookrunners and Lead Managers and their affiliates may acquire the Offer Shares under the Institutional Offering following the bookbuilding process.

PricewaterhouseCoopers has confirmed that there is no conflict of interests in its capacity as the Auditors and Reporting Accountants of the Company.

Kadir, Andri & Partners has confirmed that there is no conflict of interests in its capacity as the Legal Adviser to the Company as to Malaysian law and for the IPO.

Zulrafique & Partners has confirmed that there is no conflict of interest in its capacity as the Legal Adviser to MCB (being the Selling Shareholder and Promoter in relation to the IPO) as to Malaysian law in relation to the IPO and the Listing.

Clifford Chance Pte. Ltd. and/or Clifford Chance Limited Liability Partnership has acted as advisers for MCB and its consolidated subsidiaries, the Joint Global Co-ordinators and Joint Bookrunners and other companies controlled by or associated with any of them in other transactions. Clifford Chance Pte. Ltd. is of the view that there is no conflict of interests in its capacity as the Legal Adviser to the Company, Promoter and Selling Shareholder as to United States and English law.

Adnan Sundra & Low has confirmed that there is no conflict of interest in its capacity as the Legal Adviser to the Joint Managing Underwriters, Joint Global Co-ordinators, Joint Bookrunners and Lead Managers as to Malaysian law, in relation to the IPO and the Listing.

Frost & Sullivan has confirmed that there is no existing or potential conflict of interests in its capacity as Independent Market Researcher.

**11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

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**11.5 Monitoring and oversight of related party transactions and conflicts of interest****Audit Committee Review**

The Audit Committee reviews any related party transaction and conflicts of interests 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 for its further action.

**Conflicts of interest**

The related party transactions disclosed herein, 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 of Maxis and the Directors are also officers, directors and in some cases, shareholders of the related parties of Maxis, as disclosed herein and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of companies within Maxis 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.

Prior to the Pre-Listing Restructuring, Maxis formed part of the MCB group of companies. The transactions between Maxis and its related parties other than the MCB Group Post-Restructuring were subject to the review of MCB's Audit Committee. Although the transactions between Maxis and the MCB Group Post-Restructuring were not subject to MCB's Audit Committee's review, these transactions were carried out on an arms' length basis and in accordance with procedures and policies adopted by MCB.