
16. UNDERWRITING

16.1 Underwriting for the Retail Offering

A retail underwriting agreement was entered into between the Company and the Retail Underwriters on 26 September 2003 to severally but not jointly underwrite up to 83,400,000 Shares under the Retail Offering subject to clawback and reallocation, for an underwriting commission of 1.75 per cent. of the Retail Price ("Retail Underwriting Agreement").

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

Two or more Retail Underwriters which have agreed to underwrite more than 50 per cent. of the Shares which are undertaken under the Retail Offer Agreement ("the Majority Retail Underwriters) may elect to treat any misrepresentation or any breach of any representation, warranty and undertaking on the part of the Company set out in the Retail Underwriting Agreement as releasing and discharging the Retail Underwriters of their obligations under the Retail Underwriting Agreement. If any of the conditions precedent set out in the Retail Underwriting Agreement are not satisfied on or before the date of the closing of the Retail Offering, the Majority Retail Underwriters will be entitled to terminate the Retail Underwriting Agreement by notice in writing to the Company and the Managing Underwriter. The Retail Underwriting Agreement is also terminable upon the occurrence of certain events including any event of force majeure, suspension of trading of securities on the KLSE, any change in national or international monetary, financial (including stock market conditions and interest rates) political or economic conditions or currency exchange rates as would, in the opinion of the Managing Underwriter for the Retail Offering, materially and adversely effect the business, financial condition or prospect of the Company or the success of the Initial Public Offering (whether in the primary market or in respect of dealings in the secondary market), or if the Malaysian Placement Agreement or the International Placement Agreement has not been executed or is terminated or rescinded for any reason whatsoever or if less than 250,000,000 Shares under the Institutional Offering have been validly subscribed or the subscription monies for such Shares have not been duly paid to the Issuing House.

16.2 Placement Agreements for the Institutional Offering

Due to the nature of the bookbuilding exercise and the fact that the Institutional Price can only be determined after the completion of the bookbuilding and in accordance with international practices, both the Malaysian Placement Agreement and the International Placement Agreement (collectively "the Placement Agreements") would be entered into after the completion of the bookbuilding exercise and when the Institutional Price is determined.

The Placement Agreements are expected to be entered into on or about 12 October 2003, subject to the agreement on the pricing of the Shares, the final number of the Issue Shares to be issued under the Initial Public Offering and the satisfaction of certain other conditions. The Company will pay to the Malaysian Placement Underwriters and International Underwriters an underwriting and selling commission and discretionary fee of up to 2.75 per cent. of the amount equal to the Institutional Price multiplied by the number of Issue Shares sold pursuant to the Institutional Offering.

17. CONDITIONS TO THE INITIAL PUBLIC OFFERING

The Initial Public Offering has received approvals from the following:

- (i) The SC, which was obtained *vide* its letter dated 19 September 2003. The approval of the SC was subject to inter-alia, the following conditions:

| No. | Conditions Imposed | Status of Compliance |
|------|---|--|
| i. | AAAN is required to get all necessary approvals from the relevant authorities before the issuance of the Prospectus. | Complied. |
| ii. | AAAN is required to submit to the SC the following documents before the issue of the Prospectus: <ul style="list-style-type: none"> • A certified true copy of the trading certificate; and • A certified copy of the final Memorandum and Articles of Association. | Complied. Submitted on 27 and 29 September 2003 |
| iii. | AAAN is required to disclose in full the following in the Prospectus: <ul style="list-style-type: none"> • The financial relationship between CIMB, its related and associated companies and the companies associated with Usaha Tegas and the justification provided by CIMB that the aforementioned financial relationship will not give rise to any conflict of interest situation in its role as adviser to AAAN. • The financial position and the current liquidity of ASTRO together with the steps which have been/will be undertaken to overcome the situation. • Reconciliation of the financial statements of AAAN/AAAN Bermuda Ltd/MBNS between the use of IFRS and the applicable approved accounting standards in Malaysia for the financial statements of AAAN/AAAN Bermuda Ltd/MBNS for the financial years ended 31 January 1999 to 2003 and the period ended 31 July 2003. The reconciliation has to be certified by the reporting accountants. • Risk management plan and steps taken to address operational and technological risks faced by the AAAN Group. • Kadir, Andri Aidham & Partner's opinion in respect of Digicast's legal interest in the land on which the All Asia Broadcast Centre is situated. • The fact that the underwriting agreement for the Institutional Offering will only be signed after the book building process is completed and the Institutional Price is determined. | Refer to Section 18.3 of this Prospectus Refer to Section 13 of this Prospectus Refer to Part IV of the Accountants' Report Refer to Sections 5.1.9, 5.1.10, 7.16 and 7.20 of this Prospectus Refer to Section 25 of this Prospectus Refer to Section 16 of this Prospectus |

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

| No. | Conditions Imposed | Status of Compliance |
|-----|---|--|
| | <ul style="list-style-type: none"> • Interest/involvement of directors/proposed directors and substantial shareholder/proposed substantial shareholders of AAAN in any other business which have/may give rise to a conflict of interest situation with ASTRO's business, if any, and steps to address such conflicts of interest. | Refer to Sections 10.4 and 10.5 of this Prospectus |
| | <ul style="list-style-type: none"> • The transactions between the ASTRO and its related parties. | Refer to Section 18.1 of this Prospectus |
| | <ul style="list-style-type: none"> • The effects of a minimum subscription on the use of the proceeds, the proforma balance sheet of ASTRO and profit forecast. | Refer to Sections 4.11, 12.4.2 and 15.1 of this Prospectus |
| | <ul style="list-style-type: none"> • Details and status of the investigation by the Inland Revenue Board of Malaysia on any of the Director, if any. | Refer to Section 10.4 of this Prospectus |
| iv. | <p>AAAN to have at least 30 per cent. Bumiputera equity interest upon listing. Each recognised Bumiputera shareholder has to provide a declaration to the SC that he:</p> <ul style="list-style-type: none"> • is a beneficial holder of AAAN shares; • not a nominee of other parties; and • has the financial resources and ability to hold the ordinary shares of AAAN. | Complied. Submitted to the SC on 27 September 2003 |
| v. | <p>Ordinary shares that are allocated to the directors and eligible employees of UT Group and Khazanah cannot be treated as public when determining the public spread as determined by KLSE.</p> | Noted. Refer to Section 4.3 of this Prospectus |

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

| No. | Conditions Imposed | Status of Compliance |
|------|--|---|
| vi. | <p>In relations to the trade debts of ASTRO:</p> <p>(a) AAAN has to fully disclose in the Prospectus the full ageing analysis of the said debts and the Directors of AAAN must comment on the recoverability of the said debts that exceed the credit period.</p> <p>(b) Full provision has to be made for the trade debts that are:</p> <ul style="list-style-type: none"> • Doubtful or disputed debts; • Legal action has been taken; or • Exceeding a period of six months. <p>In relation to the above, the Directors have to provide a written confirmation to the SC that all the trade debts exceeding the credit period can be recovered and provisions for doubtful and bad debts have been made in the financial statements including the profit forecast of ASTRO in accordance with (b) above.</p> <p>The SC via its letter dated 27 September 2003 waived the following conditions:</p> <p>(a) The Directors of AAAN must comment on the recoverability of the trade debts that exceed the credit period;</p> <p>(b) Full provision has to be made for the trade debts that are exceeding a period of six months; and</p> <p>(c) The Directors of AAAN have to provide a written confirmation to the SC that all the trade debts exceeding the credit period can be recovered and provisions for doubtful and bad debts have been made in the financial statements including the profit forecast of ASTRO in accordance with (b) above.</p> <p>In this connection, as proposed by AAAN, the Directors of AAAN have to provide a written confirmation that, to the best of their knowledge, nothing has come to their attention to believe that the trade debts for which no provisions have been made cannot be recovered and that adequate provisions for doubtful and bad debts have been made in the financial statements, including the profit forecast of ASTRO for the year ending 31 January 2004.</p> | <p>Refer to Section 12.2 of this Prospectus</p> |
| vii. | <p>AAAN/Digicast is required to effect the Agreement to sub lease (as defined in Section 7.19 of this Prospectus) in respect of the land on which All Asia Broadcast Centre is located, within 6 months from the date of this letter.</p> | <p>Noted. To be complied</p> |

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

| No. | Conditions Imposed | Status of Compliance |
|-------|--|------------------------|
| viii. | All directors/proposed directors, and substantial shareholders/proposed substantial shareholders and other associated/interested companies with the directors/proposed directors and the substantial shareholders/proposed substantial shareholders must fully settle all trade debts exceeding the credit period and all non-trade debts with ASTRO before the despatch of the Prospectus. | Complied |
| ix. | <p>The Institutional Offering must fulfil all the following:</p> <ul style="list-style-type: none"> • At least 30 per cent. of the institutional shares has to be placed, on a best effort basis, to Bumiputera investors; • The Institutional Offering has to be carried out through an independent placement agent; • All the Institutional Offering shares have to be placed to parties not related to the placement agent; and • Upon implementation of the Institutional Offering, CIMB and/or the independent placement agents appointed by AAAN must provide the final list of institutional places and a written confirmation of compliance with all of the above. <p>The SC via its letter dated 25 September 2003 clarified that the condition on placement to Bumiputera investors mentioned above is only applicable to placement to the Malaysian institutional and selected investors.</p> | Noted. To be complied |
| x. | If there is undersubscription for the retail offering and an oversubscription of the institutional offering, AAAN may only clawback up to the undersubscribed amount from the retail to institutional offering. | Noted. To be complied |
| xi. | <p>In relation to the implementation of the ESOS and Management Scheme:</p> <p>(a) the final bye-laws of the ESOS and Management Scheme to be submitted to the SC.</p> <p>(b) CIMB has to confirm in writing to the SC on the following:</p> <ul style="list-style-type: none"> • all of SC's conditions attached to its approval have been met and the bye-laws of the ESOS and Management Scheme are not in conflict with the SC's Guidelines; and • the ESOS and Management Scheme have been approved by other relevant authorities and the conditions imposed by them have been complied with, if any. | Noted. To be complied. |

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

| No. | Conditions Imposed | Status of Compliance |
|-------|---|---|
| | The date of the confirmation letter submitted to the SC as set out above, will be the effective date for the implementation of the ESOS and Management Scheme. | |
| xii. | The majority of the Board must comprise individuals whose principal or only residency is in Malaysia. | Complied |
| xiii. | The Directors/proposed Directors and substantial shareholders/proposed substantial shareholders of AAAN who are involved in full time capacity in the operations and administration of the ASTRO are not allowed to be involved full time capacity in their private businesses. | Noted. Refer to Section 10.4 of this Prospectus |
| xiv. | AAAN has to obtain the prior approval of the Foreign Exchange Controller before utilising the proceeds, if required. | Complied. Refer to Section 4.11 of this Prospectus |
| xv. | A moratorium is imposed on the disposal of up to 45 per cent. of the enlarged issued and paid up share capital of AAAN for a period of one year from the date of its listing on the KLSE. In this regard CIMB / AAAN are to provide a final list of parties and their shareholdings in AAAN which are under moratorium for SC's approval. | Complied. Submitted to the SC on 24 September 2003 |
| | If the affected shareholder is a unlisted company, the moratorium condition is also imposed on every shareholder of the unlisted company or on each ultimate individual shareholder. In this regard each shareholder of the unlisted company or each individual ultimate shareholder must provide a written undertaking that they will not sell, transfer or assign their shareholding in the relevant unlisted company during the moratorium period. | To be complied |
| xvi. | Once listed on the KLSE, AAAN is subject to the jurisdiction of the SC for all proposals/ transactions/matters provided for under Part IV, Divisions 1 and 2 of the SCA. In relation to this, AAAN must provide a declaration that it is subject to the jurisdiction of the SC for all proposals/ transactions/matters provided for under Part IV, Divisions 1 and 2 of the SCA. | Complied. Submitted to the SC on 27 September 2003. |
| xvii. | The promoters, directors/proposed directors and substantial shareholders/proposed substantial shareholders cannot in future be involved in any business that will directly or indirectly be in conflict with the business of ASTRO. | Noted. To be complied |
| | The SC via its letter dated 25 September 2003 clarified that the above condition in relation substantial shareholders is only applicable to substantial shareholders at the time of Listing. | |

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

| No. | Conditions Imposed | Status of Compliance |
|--------|---|-----------------------|
| xviii. | CIMB and AAAN must comply fully with all the relevant requirements in the SC Guidelines relating to the listing of companies, in particular with those in SC's new guidance note on the listing of foreign incorporated companies on the KLSE. | Noted |
| xix. | CIMB and AAAN are required to give written confirmation of compliance with all the terms and conditions as set out above after the implementation of the proposals. | To be complied |
| xx. | Any future transactions between ASTRO and the proposed/ existing directors/substantial shareholders and companies related to the proposed/existing directors/substantial shareholders must be on an "arms-length" basis and must not be unfavourable to ASTRO. In this regard, the Audit Committee of AAAN is to monitor and the directors to report on the position of such transactions, in the annual report of AAAN on a yearly basis. | Noted. To be complied |
| xxi. | The Company had sought a waiver from the SC from complying with Chapter 8 and 11 of the SC's Guidelines in relation to utilisation of the proceeds for acquisition of foreign securities/assets which have not been identified. In this regard, the SC is willing to consider the waiver subject to AAAN providing further details on the acquisitions once they have been identified. | Noted. To be complied |
| (ii) | The Ministry of International Trade and Industry ("MITI"), which was obtained <i>vide</i> its letter dated 17 September 2003. The approval of the MITI was subject to inter-alia, the following conditions: | |
| No. | Conditions Imposed | Status of Compliance |
| i. | AAAN is to obtain the approvals of SC and FIC | Complied. |
| ii. | The recognition of Khazanah, Berkat Nusantara Sdn Bhd, Nusantara Cempaka Sdn Bhd, Nusantara Delima Sdn Bhd, Mujur Nusantara Sdn Bhd, Gerak Nusantara Sdn Bhd and Sanjung Nusantara Sdn Bhd as Bumiputera shareholders is subject to the condition that these shareholders may only sell up to 30% of the Shares held by them within 3 months from the Listing date. The sale of the remaining 70% may be carried out in stages subject to prior approval of MITI. | Noted. To be complied |

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

- (iii) Bank Negara Malaysia ("BNM") approval was obtained vide its letters dated 22 September 2003 and 25 September 2003, subject to the following conditions:

| No. | Conditions Imposed | Status of Compliance |
|-----|---|-----------------------|
| i | AAAN is required to seek approval from the Controller of Foreign Exchange on its proposed additional capital raising by way of issuance of foreign depository receipts when it has finalised its business plan. | Noted |
| ii | AAAN is required to inform BNM once the indicative Retail Price and Institutional Price are finalised. | Noted. To be complied |

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18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

18.1 Related Party Transactions

Set out below are descriptions of the related party transactions that ASTRO has entered into in respect of which rights and obligations are subsisting and proposed at the date of this Prospectus.

1. CORPORATE AGREEMENTS

- (a) On 21 August 1997, BSS¹ and MBNS entered into a Transponder Lease Agreement for MEASAT-1 ("MEASAT-1 TLA") which provides for the lease of 5 non-pre-emptible 54 MHz Ku-band transponders for supporting telecommunication and broadcasting services.
- (b) On 12 November 1997, BSS¹ and MBNS entered into a Variation Agreement to the MEASAT-1 TLA to vary the venue of arbitration in the agreement.
- (c) On 16 September 1999, BSS¹ and MBNS entered into a Supplemental Agreement to the MEASAT-1 TLA to revise the rental and payment terms of the MEASAT-1 TLA with effect from 1 November 1997.
- (d) On 11 November 1999, (i) iTVB Limited ("iTVB"); (ii) MBNS (BVI); (iii) Home Net N.V. ("HomeNet"); (iv) TVB; and (v) MBNS entered into a Joint Venture and Shareholders' Agreement to undertake a Chinese language Internet Web Portal business by way of a joint venture through TVB.COM Limited ("TVB.COM JVSA"). To ensure the observance and performance of its obligations under the agreement, MBNS guaranteed the obligations of MBNS (BVI) and HomeNet. MBNS (BVI) and HomeNet has a 20 per cent. and 10 per cent. interest in the venture respectively.

By a Deed of Substitution and Release dated 4 May 2001 between (i) iTVB; (ii) MBNS (BVI); (iii) HomeNet; (iv) TVB; (v) MBNS; (vi) TVB.COM Limited; (vii) AAAN Bermuda Ltd; and (viii) Mezzanine Equities Sdn Bhd, AAAN Bermuda Ltd replaced MBNS as guarantor for MBNS (BVI) and Mezzanine Equities Sdn Bhd replaced MBNS as guarantor for HomeNet, under the TVB.COM JVSA

By a letter dated 31 October 2001 from AAAN Bermuda Ltd, Mezzanine Equities Sdn Bhd, MBNS (BVI) and HomeNet to TVB and iTVB the parties agreed to restructure the business of the TVB.COM JVSA. The entire Hong Kong and China Internet business operations of TVB.COM Limited including all its assets and liabilities were disposed of to Jade Profit Limited, a wholly owned subsidiary of TVB except for TVB Publications with effect from 1 April 2001. TVB.COM Limited changed its name to TVBPH and the name "TVB.COM Limited" was transferred to Jade Profit Limited for its use. It was further agreed that outstanding shares in TVBPH (formerly TVB.COM Limited) to be subscribed by MBNS (BVI) and HomeNet pursuant to the TVB.COM JVSA shall be allotted and issued to MBNS (BVI) and HomeNet unpaid where payment is to be rescheduled and paid down in four tranches.

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

On 19 November 2001, a Supplemental Agreement to TVB.COM JVSA was executed to record the terms of the letter dated 31 October 2001. By a letter dated 6 March 2003, the parties further varied the provisions of the TVB.COM JVSA on the agreed use of the share subscription monies, purpose of the joint venture and rescheduling of payment of subscription monies.

By a Deed of Substitution and Release dated 26 September 2003 between (i) iTVB; (ii) MBNS (BVI); (iii) HomeNet; (iv) TVB; (v) TVBPH; (vi) AAAN Bermuda Ltd; (vii) Mezzanine Equities Sdn Bhd; and (viii) AAAN, AAAN replaced AAAN Bermuda Ltd as guarantor for MBNS (BVI), under the TVB.COM JVSA.

- (e) Letter of Offer for option to subscribe for shares in AWT from Maxis¹ to MBNS dated 28 April 2003 pursuant to a Memorandum of Understanding between Maxis and MBNS on 24 May 2002 in respect of a 3G joint venture ("Letter of Offer"). The parties agreed to explore the terms of their joint equity participation in AWT and indirectly in AWT's wholly-owned subsidiary, UMTS. In the Letter of Offer, Maxis confirmed its offer to procure AWT to grant an option to MBNS, subject to MBNS and Maxis securing shareholder, board and other approvals as required, to subscribe for shares representing up to 25 per cent. of the enlarged issued and paid-up capital in AWT in cash at the par value of RM1.00 for each share. Pursuant to the Letter of Offer, the Option Expiry Date is 30 September 2003 or the 3G Capex Date, whichever is the later. 3G Capex Date defined therein means the date on which Maxis first commits to capital expenditure on the 3G network. By a further letter dated 11 August 2003 the definition of 3G Capex Date in the Letter of Offer, was amended to mean the date on which Maxis or any of its subsidiaries, save for AWT and UMTS, first commits to capital expenditure on the 3G network.
- (f) On 18 August 2003, Celestial Entertainment Holdings Ltd ("CEHL"), a wholly-owned subsidiary of East Asia Entertainment (BVI) Ltd, which is held by AOL entered into an agreement to purchase all the issued and paid-up share capital of Celestial from Pacific Investments (BVI) Ltd¹ ("PIL") for a purchase consideration of U.S.\$29,095,507. Pursuant to the above agreement, PIL and CEHL via a letter on the same date, agreed that payment of the purchase consideration shall only be made upon CEHL and/or its affiliates securing a term loan facility to finance the acquisition of the shares in Celestial, payment of which shall be made not later than 30 September 2003 or such other date as may be agreed by the parties. On 20 August 2003, Celestial, PIL and Excorp agreed via a letter that in consideration of PIL and Excorp¹ continuing to make available to Celestial the existing shareholders' advances of HK\$690,108,004, ("Shareholders' Advances"), Celestial undertakes to pay PIL and Excorp upon receipt of inter company funding for a sum equal or equivalent in value as at the date of payment, as full and final settlement of the Shareholders' Advances. The Shareholders' Advances are recorded in the Facility Letter dated 20 August 2003 ("PIL Facility") for the loan amount of HK\$235,108,002, to which repayment shall be made on 28 September 2005, or such later date as may be agreed by PIL and the shareholders' advances made by PIL and Excorp to Celestial as recorded in another Facility Letter dated 20 August 2003 ("PIL/Excorp Facility") for the loan amount of HK\$455,000,002, to which repayment shall be made on 28 September 2005, or such later date as may be agreed by PIL and Excorp.

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

On 22 September 2003, PIL¹, EAE and Celestial entered into a Novation Agreement, wherein, PIL agreed to novate and transfer its rights, interest, title, benefit in (including its rights to the repayment of principal and payment of interest under the PIL Facility) and obligations in respect of the PIL Facility to EAE in consideration of EAE paying to PIL the sum of HK\$243,865,099 ("PIL Facility Novation").

On 22 September 2003, PIL¹, Excorp¹, EAE and Celestial entered into a Novation Agreement ("PIL/Excorp Facility Novation"), wherein, PIL and Excorp agreed to novate and transfer its rights, interest, title, benefit (including its rights to the repayment of principal and payment of interest under the PIL/Excorp Facility) and obligations in respect of the PIL/Excorp Facility to EAE in consideration of EAE paying to PIL and Excorp the sum of HK\$278,600,002 and HK\$186,589,943, respectively (PIL/Excorp Facility Novation").

- (g) On 18 August 2003, AOL entered into an agreement to purchase all the issued and paid-up share capital of PANV from Worldwide Sports and Entertainment Inc¹ for a total consideration of U.S.\$6,000.
- (h) On 20 August 2003, MBNS (BVI) entered into an agreement to purchase 10 per cent. of HomeNet's¹ equity interest in TVBPH for a total consideration of U.S.\$3,612,000.
- (i) On 22 September 2000, Microsoft Corporation², MBNS and AAAN Bermuda Ltd entered into a share exchange agreement where Microsoft Corporation² exchanged the RCPS held by it in MBNS for RCPS in AAAN Bermuda Ltd.
- (j) On 31 October 2000, Khazanah Nasional Berhad³ and AAAN Bermuda Ltd entered into a share subscription agreement whereby Khazanah subscribed for RCPS (B Series) in AAAN Bermuda Ltd for the consideration of RM205,000,000.
- (k) On 22 July 2003, Khazanah Nasional Berhad³ and AAAN Bermuda Ltd entered into a share subscription agreement whereby Khazanah subscribed for RCPS (C Series) in AAAN Bermuda Ltd for the consideration of RM395,000,000.
- (l) On 31 January 2000, Maxis Broadband Sdn Bhd¹ ("Maxis Broadband") (formerly Bina Sat-Com Network Sdn Bhd) and MBNS entered into an Astro Service Distribution Agreement wherein MBNS granted Maxis Broadband the non-exclusive licence and right to receive and distribute in Malaysia the Astro service and to subscribers through the Maxis network. This agreement will subsist until terminated by the parties.
- (m) On 31 October 2000, BSS¹, AAAN Bermuda Ltd and MBNS entered into a novation agreement wherein the rescheduled payments of transponder lease rental in respect of the MEASAT-1 TLA were novated to AAAN Bermuda Ltd. The rescheduled payments amounted to RM8.11 million comprising the due debt as at 30 September 2000 amounting to RM2,740,665.69 and the future payment as at 1 November 2000 amounting to RM5,369,995.83. This agreement shall be novated to AAAN pursuant to the Novation Agreement dated 26 September 2003 upon the Listing of AAAN.

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (n) On 31 October 2000, AAAN Bermuda Ltd, MBNS and creditors other than BSS¹ (i.e. Matinee Entertainment Inc¹, UT Projects Sdn Bhd¹ ("UT Projects"), UTSB Management Sdn Bhd¹ ("UTSBM"), Worldwide Satellite Broadcasting Inc¹, Worldwide Sports & Entertainment Inc¹, Hasrat Jaguh Sdn Bhd¹) entered into a novation agreement wherein the aggregate debts of RM108,681,109.30 due to the creditors other than BSS were novated to AAAN Bermuda Ltd. This agreement shall be novated to AAAN pursuant to the Novation Agreement dated 26 September 2003 upon the Listing of AAAN.
- (o) On 29 December 2000, BSS¹, AAAN Bermuda Ltd, MBNS and AOL entered into a novation agreement wherein the rescheduled payments due in respect of the Termination Agreement dated 29 January 2000 were novated to AAAN Bermuda Ltd. The payments comprised of the outstanding amount of RM74,395,960.03 and the termination fee of U.S.\$15,666,666. This agreement shall be novated to AAAN pursuant to the Novation Agreement dated 26 September 2003 upon the Listing of AAAN.
- (p) UTES Microsoft Undertaking Deed in favour of AAAN Bermuda Ltd dated 19 October 2000, where UTES¹ agreed to make available to AAAN Bermuda Ltd a cash facility in the form of equity or subordinated shareholder's loan in the event Microsoft issues a redemption notice to AAAN Bermuda Ltd.
- (q) Pursuant to two agreements dated 14 February 2002, UTES¹ advanced to MBNS shareholder loans of RM33.1 million and RM125 million respectively. The repayment of the RM33.1 million advance shall be the earlier of (i) the date of repayment of the ECA facility or (ii) the date of demand by the lenders. The repayment of the RM125 million advance shall be the earlier of (i) the date of repayment of the ECA facility or the date of repayment of the PDS facility whichever is later, or (ii) the date of demand by the lenders. On 22 July 2003, MBNS novated to AAAN Bermuda Ltd, MBNS' liabilities and obligations under the above two facility agreements dated 14 February 2002.
- (r) Pursuant to an agreement dated 1 January 2002, MBNS continues its participation in the BonusLink Loyalty Programme, which is operated by BonusKad Loyalty Sdn. Bhd. ¹ ("BonusKad"), an associate company of Usaha Tegas. MBNS has agreed to pay RM0.01 per each BonusLink point as marketing fees under the marketing agreement dated 20 February 1998 signed between MBNS and BonusKad. This agreement relates to the provision of marketing services by BonusKad to MBNS in relation to BonusLink points given to ASTRO subscribers who are BonusLink card holders. The agreement expires on 31 December 2003.
- (s) On 9 August 2002, AMP, a wholly owned subsidiary of MBNS, entered into an agreement with Maxis Mobile Sdn Bhd¹ for the purchase of the Xfresh Omni Media Package for RM1.5 million from AMP. The purchase price does not include the event production costs.
- (t) On 17 July 1998, UTSBM¹ and MBNS entered into a Personnel Support Agreement, for the appointment of UTSBM by MBNS to provide certain key personnel for secondment to MBNS to assist ASTRO in the operation and management of its business. The initial term of the agreement is 3 years from 1 February 1996 to 31 January 1999 and thereafter the agreement is automatically extended annually until terminated.

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (u) On 17 July 1998, UTSBM¹ and MBNS entered into an Agreement, for the appointment of UTSBM by MBNS to procure strategic top-level consultancy services for the benefit of MBNS for an annual fee of RM7,770,000. The initial term of the agreement is 3 years from 1 February 1996 to 31 January 1999 and thereafter the agreement is automatically extended annually until terminated.
- (v) On 16 August 1997, UT Projects¹ and MBNS entered into a Project Management Services Agreement, for the appointment of UT Projects by MBNS to procure project management services.
- (w) On 9 August 1999, Digicast entered into an agreement to sub-lease with Maxis Broadband¹, whereby Digicast has agreed to sub-lease space measuring 124,729.92 sq ft. in area adjacent to the All Asia Broadcast Centre for a total rent of RM4,365,547 for a term of 30 years from 28 July 1995.
- (x) Draft Interaction Call Centre Services Agreement between SRG Asia Pacific Sdn Bhd¹ and MBNS for the appointment of SRG Asia Pacific Sdn Bhd by MBNS to provide call centre services for its ad hoc marketing campaigns at variable rates ranging from RM38 to RM95 per hour depending on services rendered.
- (y) On 10 May 2003, Tanjong City Centre Property Management Sdn Bhd¹ and MBNS entered into an agreement for the provision of a crisis control centre and storage of critical documents at a section of level 47 of Menara Maxis, Kuala Lumpur. The consideration sum is RM600 per month. The agreement is effective from 1 June 2003 until terminated by the parties.
- (z) Tanjong plc¹ and MBNS intend to enter into an agreement for the provision of space at level 39 of Menara Maxis, Kuala Lumpur for MBNS' group of companies secretarial office in the event of a full crisis at the All Asia Broadcast Centre.
- (aa) On 2 May 2003, Pan Malaysian Pools Sdn Bhd¹ and MBNS entered into an agreement for the provision of space for crisis control centre in the event of a full crisis at the All Asia Broadcast Centre at levels 26, 28, 29 and 30 of Menara Maxis, Kuala Lumpur. The agreement is effective from 2 May 2003 until terminated by the parties.
- (bb) Maxis¹ and MBNS intend to enter into an agreement for the provision of standby studios for MBNS's radio operation in the event of a full crisis at All Asia Broadcast Centre for MBNS Radio Operation at levels 37-40, Menara Maxis, Kuala Lumpur.

2. ENTERTAINMENT AND PRODUCTION AGREEMENTS

- (a) On 3 July 2000, BSS¹ and Digicast entered into a trade mark license agreement for the usage of the "MEASAT" mark for the consideration of RM10.00. The licence continues unless terminated in accordance with the licence agreement.
- (b) On 28 September 1999, BSS¹ and MBNS entered into a trade mark licence agreement for the usage of the "MEASAT" mark for the consideration of RM10.00. The licence continues unless terminated in accordance with the licence agreement.

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

3. TECHNOLOGY AGREEMENTS

- (a) Agreement for Premium Short Messaging Services ("SMS") between Maxis Mobile Sdn Bhd¹ and MBNS dated 15 August 2003 for the provision of premium SMS services. The parties agree to share revenue based on usage. The contract term is for a period of one year from 18 June 2002 to 17 June 2003 and is currently pending renewal. The agreement is renewable annually.
- (b) Agreement for Premium Short Messaging Services ("SMS") between Maxis Mobile Sdn Bhd¹ and AMP dated 15 August 2003 for the provision of premium SMS services. The parties agree to share revenue based on usage. The contract term is for a period of one year from 15 August 2003. The agreement is renewable annually.
- (c) On 17 September 2003, BSS¹ and MBNS entered into a Supplemental Agreement to the Transponder Lease Agreement MEASAT-1 for the provision of back-up transmission uplink site and associated services by BSS to MBNS. MBNS reimburses BSS for utilities and other outgoings attributable to MBNS for use of uplink site. The contract term is three years from 1 July 2003 to 30 June 2006. The parties have an option to extend the agreement annually.
- (d) Agreement for the provision of electronic information and transaction based services (GSM-SMS) between Maxis Mobile Sdn Bhd¹ and MIT dated 17 May 2002 for the delivery of mobile information services via the GSM network. There is a Monthly Connection Fee of RM 21,500 and the parties also agree to share revenue based on usage. The contract term is three years from 1 January 2000 to 31 December 2002 with auto renewal of 3 year periods.
- (e) Agreement for the provision of electronic bill presentment and payment services dated 20 March 2000 and an Addendum dated 17 May 2002 adding on further services between Maxis Mobile Sdn Bhd¹ and MIT for the Provision of an Electronic Bill Presentment and Payment ("EBPP") services for Maxis via MIT's EBPP System. There is a monthly connection fee which ranges from RM20,000 to RM25,000, a monthly platform fee of RM10,000 and the parties also agree to share revenue based on usage. The contract term is effective until terminated in writing by either party.
- (f) Agreement for the provision of use of an STK-WAP Platform dated 17 May 2002 and various Addenda (one Addendum dated 18 November 2002 and three Addenda all dated 3 April 2003) adding on further services between Maxis Mobile Sdn Bhd¹ and MIT for the use of an STK-WAP Platform in the delivery of various electronic information and transaction services to Maxis subscribers of its mobile service. The development fees range from RM6,900 to RM85,000, the monthly connection fee is RM 75,000 and the monthly maintenance fee ranges from RM1,200 to RM3,000. The parties also agree to share revenue based on usage. The contract term is three years from 1 March 2002 to 28 February 2005 with an option to extend the Agreement on an annual basis.

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (g) Agreement for the provision of Electronic Information and Transaction Services Utilising STK-WAP Technology between Maxis Mobile Sdn Bhd¹ and MIT dated 17 May 2002 for the provision of electronic information and transaction services delivered to Maxis subscribers of its mobile service using STK-WAP Technology. The parties agree to share revenue based on usage. The contract term is three years from 1 March 2002 to 28 February 2005 with an option to extend the Agreement on an annual basis.
- (h) Agreement for maintenance and support services (Telelink Gateway System) between Pan Malaysian Pools Sdn Bhd¹ and MIT dated 19 March 2003 for the Maintenance and Support Services (Telelink Gateway System). The Application Support Fee is RM70,465 per year and the Infrastructure Support Fee is RM9,000 per month. The contract term is three years from 19 January 2002 to 18 January 2005.
- (i) Term sheet for the provision of a trial pilot online ticket reservation services between TGV¹ and MIT dated 3 September 2002 for the provision of Online Ticketing Service (OTS) Gateway by MIT to TGV. The Monthly Maintenance Fee is RM1,900. The contract term is one year from 31 August 2002 to 30 August 2003. The contract is currently pending renewal.
- (j) Arrangement between MBNS and Maxis Management Services Sdn Bhd¹ ("MMS") pursuant to an agreement dated 4 October 1995 between SAP, SAP Malaysia and MMS ("SAP Agreement") which states that MBNS is an authorised user of the SAP software. No agreement has been entered into by MBNS with respect to this arrangement. This arrangement is on an ongoing basis.
- (k) Deed of indemnity between MBNS and MMS¹ dated 27 February 1997 which provides that MBNS indemnifies MMS for all demands, claims, liabilities, losses, costs whatsoever arising in relation to MBNS' use of the SAP software pursuant to the SAP Agreement.
- (l) VSAT Service Agreement dated 22 April 2000 between MBNS and Maxis Broadband Sdn Bhd¹ and various supplemental, extension and contract renewals for the provision of the VSAT telecommunication link (including voice and data services) by Maxis Broadband Sdn Bhd to MBNS. This links the All Asia Broadcast Centre to MBNS' regional offices in Kuching and Kota Kinabalu. The Monthly Service Fee is RM79,200 per link per month. The one time charge for the Kota Kinabalu link consists of: (i) installation, testing and commissioning of VSAT link charges of RM17,960; and (ii) leased line installation charge of RM6,000. The one time charge for Kuching Link consists of: (i) installation, testing and commissioning of VSAT link charges of RM13,690; and (ii) leased line installation charge of RM6,000. The initial term for the Kuching site is 6 December 1997 to 5 December 2000. This term is extended annually and is currently pending renewal. The initial term for the Kota Kinabalu site is 10 July 1997 to 9 July 2000. This term is extended annually and is currently pending renewal.

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (*Cont'd*)

4. MISCELLANEOUS AGREEMENTS

From time to time, MBNS provides advertising airtime to Maxis¹ and Maxis Mobile Sdn Bhd¹. Through AMP, Maestra Broadcast and MEASAT Radio provide advertising airtime to Maxis¹, Maxis Mobile Sdn Bhd¹ and TGV¹. Maxis¹ also has arrangements with MEASAT Publications for advertising space in the ASTRO Guide.

MBNS leases domestic and international leased lines from Maxis Broadband Sdn Bhd¹, and obtains mobile telecommunications services from Maxis Mobile Sdn Bhd¹.

UTSBM¹ and Maxis¹ subscribe to ASTRO's DTH multi-channel subscription television services.

MIT provides Maxis Broadband Sdn. Bhd¹ with electronic bill presentment and payment services.

From time to time MBNS leases the C-band on MEASAT-1 from BSS¹ for support of its broadcasting services.

Maxis Broadband Sdn. Bhd¹ provides MBNS and RAPS with server co-location services on an on-going basis.

Pan Malaysian Pools Sdn Bhd¹ sponsors certain ASTRO programmes from time to time.

All Asia Radio Technologies Sdn Bhd¹ ("AART"), a joint venture company owned in equal proportions by UTES¹ and Austereo International Pty Ltd ("Austereo"), provided marketing and programming services to AMP pursuant to an agreement dated 22 April 1998. Although the agreement expired on 31 December 2001, the arrangement continued with the parties agreeing that the joint venture partners in AART should enter into corresponding agreements directly with AMP. On 8 July 2003, Austereo entered into a marketing and programming service agreement with MEASAT Radio, Maestra Broadcast and AMP. However, the corresponding agreement between AMP and UTES¹ is still subject to further negotiations and the latest discussions being that UTES would continue to provide its services to AMP through AART, and agree with Austereo the break up of this revenue to AART. In the meantime, all sums due to UTES under the continued arrangement are accrued and carried forward by AMP pending finalisation of the agreement with UTES/AART.

SRG Asia Pacific Sdn Bhd¹ provides telemarketing and customer service assistance to ASTRO.

Notes:

¹ BSS, HomeNet, Mezzanine Equities, Maxis, PIL, Worldwide Sports and Entertainment, Inc., Maxis Broadband Sdn Bhd, UTES, Excorp, UTSBM, UT Projects, Matinee Entertainment Inc., Worldwide Satellite Broadcasting Inc., Hasrat Jaguh Sdn Bhd, BonusKad, SRG Asia Pacific Sdn Bhd, Tanjong City Centre Property Management Sdn Bhd, Maxis Mobile Sdn Bhd, Pan Malaysian Pools Sdn Bhd, Tanjong plc, TGV, Usaha Tegas, AART and MMS are deemed related parties of AAAN by virtue of them being either companies directly or indirectly controlled or associated with Usaha Tegas, or companies or entities directly or indirectly controlled or associated with Ananda Krishnan Tatparanandam or in which he is deemed to have an interest, both of whom are deemed major shareholders of AAAN.

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

² *Microsoft Corporation is deemed a related party of AAAN.*

³ *Khazanah is deemed a related party of AAAN.*

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

18.2.1 Audit Committee Review

The Audit Committee of the Company was constituted on 19 September 2003 by the Board of Directors. The Audit Committee reviews any related party transaction and conflict of interest that may arise within ASTRO. The Audit Committee periodically reviews the procedures set by the Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties dealing at arm's length and are not to the detriment of the Company's minority shareholders. All reviews by the Audit Committee are reported to the Board of Directors of the Company for its further action. Refer to Section 10.2.5 of this Prospectus for details of the Audit Committee.

18.2.2 Conflict of Interest

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

The Directors and substantial shareholders do not have any direct and indirect interests in other businesses and corporations carrying on a similar trade as ASTRO or any other corporation in the group.

18.3 Declaration by Advisers on Conflict of Interests

CIMB and companies associated with it have extended the following credit facilities or loans to AAAN and companies affiliated to Usaha Tegas, the holding company of UTES. UTES is the single largest shareholder of AAAN.

- (i) CIMB has provided RM37.36 million of a RM547.5 million Syndicated Term Loan Facility to Usaha Tegas Resources Sdn Bhd, which is a wholly-owned subsidiary of Usaha Tegas. The outstanding balance as at 22 September 2003 (being the latest practicable date prior to this Prospectus) due to CIMB is RM33.62 million;
- (ii) A syndicate of financial institutions including Bumiputra-Commerce Bank (L) Limited ("BCB Labuan") has extended a Term Loan Facility of U.S.\$50.0 million to Pacific Investments (BVI) Ltd, a wholly-owned subsidiary of Usaha Tegas. The outstanding amount as at 22 September 2003 due to BCB Labuan is U.S.\$6.72 million;

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (iii) A syndicate of financial institutions including BCB Labuan has extended a Term Loan Facility of U.S.\$200.0 million to Maxis Mobile Sdn Bhd, a wholly-owned subsidiary of Maxis. Maxis is a company affiliated to Usaha Tegas. The outstanding amount as at 22 September 2003 due to BCB Labuan is U.S.\$13.5 million;
- (iv) CIMB is an underwriter to a RM306.0 million Revolving Underwritten Commercial Paper/Medium Term Notes Facility to Panglima Power Sdn Bhd, a wholly-owned subsidiary of Tanjong plc. Tanjong plc is a company affiliated to Usaha Tegas. The underwriting commitment of CIMB as at 22 September 2003 is RM15.0 million;
- (v) Bumiputra-Commerce Bank Berhad ("BCB") has extended a Foreign Exchange Currency Limit facility with a RM5,000,000 limit to Maxis Broadband Sdn Bhd, a wholly-owned subsidiary of Maxis. Maxis is a company affiliated to Usaha Tegas. There is no outstanding amount due to BCB as at 22 September 2003;
- (vi) BCB has extended a Foreign Exchange Currency Limit facility with a RM5,000,000 limit to Maxis International Sdn Bhd, a wholly-owned subsidiary of Maxis. Maxis is a company affiliated to Usaha Tegas. There is no outstanding amount due to BCB as at 22 September 2003;
- (vii) A syndicate of financial institutions including BCB has extended a Term Loan Facility of RM640.0 million to Maxis Mobile Sdn Bhd, a wholly-owned subsidiary of Maxis. Maxis is a company affiliated to Usaha Tegas. There is no outstanding amount due to BCB as at 22 September 2003;
- (viii) BCB has extended a RM100,000 bank guarantee facility to Pan Malaysian Pools Sdn Bhd ("PMP"), a wholly-owned subsidiary of Tanjong plc. Tanjong plc is a company affiliated to Usaha Tegas. As at 22 September 2003, RM81,000 was utilised. BCB has also extended a Foreign Exchange Currency Limit facility with a RM19,000,000 limit to PMP of which there is no outstanding amount as at 22 September 2003;
- (ix) BCB has extended a RM3 million bank guarantee facility to Tanjong Golden Village Sdn Bhd, an associate of Tanjong plc. Tanjong plc is a company affiliated to Usaha Tegas. As at 22 September 2003, the amount outstanding is RM1,600,057; and
- (x) A syndicate of financial institutions including BCB Labuan has extended a U.S.\$ Syndicated Loan Facility of U.S.\$250 million to Binariang Satellite Systems Sdn Bhd, a company affiliated to Usaha Tegas. There is no outstanding amount due to BCB Labuan as at 22 September 2003. A first drawdown on 25 September 2003 amounted to U.S.\$10.88 million.
- (xi) A syndicate of financial institutions including CIMB (L) Limited and BCB Labuan extended a syndicated Term Loan Facility of U.S.\$265 million to AAAN. There is no outstanding amount due to CIMB (L) Limited and BCB Labuan as at 22 September 2003. A first drawdown of this facility will be undertaken prior to the Initial Public Offering.

A portion of the Initial Public Offering proceeds amounting to RM551 million (or U.S.\$145 million) will be used to partly repay the U.S.\$265 million syndicated Term Loan Facility (as mentioned in (xi) above) with a syndicate of financial institutions comprising DBS Bank Ltd, Labuan Branch, Sumitomo Mitsui Banking Corporation, Labuan Branch and CIMB (L) Limited/BCB Labuan which to a large extent was raised to bridge the funding gap of ASTRO until the receipt of the Initial Public Offering proceeds. CIMB (L) Limited and BCB Labuan have each committed to underwriting of US\$22 million and US\$48 million respectively in this facility. Save as disclosed above, none of the other credit facilities or loans extended by CIMB and companies associated with it will be repaid from the Initial Public Offering proceeds.

18. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Based on the above, CIMB is of the view that there are no circumstances which would give rise to a conflict of interest in its capacity as adviser for the Initial Public Offering.

As at the date of this Prospectus, neither Goldman Sachs (Singapore) Pte nor its related corporations have any outstanding loan balances due from the Company.

As at the date of this Prospectus, neither UBS Investment Bank nor its related corporations have any outstanding loan balances due from the Company.

DBS Bank Ltd and companies associated with it have extended the following credit facilities or loans to AAAN and companies affiliated to Usaha Tegas, the holding company of UTES:

- (i) A syndicate of financial institutions including DBS Bank Ltd, Labuan Branch, (acting as one of the Co-ordinating Arrangers) has extended a syndicated Term Loan Facility of US\$200 million to Maxis Mobile Sdn Bhd, a wholly-owned subsidiary of Maxis. Maxis is a company affiliated to Usaha Tegas. There is U.S.\$20.5 million outstanding amount due to DBS Bank Ltd, Labuan branch as at 22 September 2003;
- (ii) A syndicate of financial institutions including DBS Bank Ltd, Labuan Branch, (acting as one of the Co-ordinating Arrangers) has extended a syndicated Term Loan Facility of US\$235 million to Maxis. Maxis is a company affiliated to Usaha Tegas. There is no outstanding amount due to DBS Bank Ltd, Labuan Branch as at 22 September 2003; and
- (iii) A syndicate of financial institutions including DBS Bank Ltd, Labuan Branch (acting as one of the Mandated Lead Arrangers) has extended a syndicated Term Loan Facility of U.S.\$265 million to AAAN. There is no outstanding amount due to DBS Bank Ltd, Labuan Branch as at 22 September 2003. A first drawdown of this facility will be undertaken prior to the Initial Public Offering.

A portion of the Initial Public Offering proceeds, amounting to RM551 million (or U.S.\$145 million) will be used to partly repay the U.S.\$265 million syndicated Term Loan Facility (as mentioned in (iii) above) with a syndicate of financial institutions comprising DBS Bank Ltd, Labuan Branch, Sumitomo Corporation Banking Corporation, Labuan Branch and CIMB (L) Limited/BCB Labuan which to a large extent was raised to bridge the funding gap of ASTRO until the receipt of the Initial Public Offering proceeds. DBS Bank Ltd Labuan Branch has committed to underwriting of U.S.\$115 million in this facility. Save as disclosed above, none of the other credit facilities or loans extended by DBS Bank Ltd, Labuan Branch will be repaid from the Initial Public Offering proceeds.

Based on the above, DBS Bank Ltd is of the view that there are no circumstances which would give rise to a conflict of interest in its capacity as Joint Book Runner and Joint Lead Manager for the International Institutional Offering of the Initial Public Offering.

Kadir, Andri Aidham & Partners has acted as advisers for CIMB as well as for Usaha Tegas in other transactions.

Clifford Chance Wong Pte Ltd and/or Clifford Chance Limited Liability Partnership has acted as advisers for the UT Group, the Global Co-ordinators, the Joint Bookrunners to the Institutional Offering and the other Institutional Underwriters and other companies controlled by or associated with any of them in other transactions.

Messrs. PricewaterhouseCoopers, the Reporting Accountants of ASTRO for the Initial Public Offering, confirms that there is no conflict of interest in their capacity as Reporting Accountants.