Payment solution	:	The STK wallet-based payment solution researched and deployed mChek payment system. mChek acts as a software solution provider which enables Dialog to offer mobile commercial services to Dialog's subscribers. Through a partnership with mChek and the NDB Bank, Dialog was able to convert a standard mobile phone into an electronic wallet, capable of capturing and validating electronic transactions and banking transactions by retailers and merchants.
WAP gateway	:	WAP gateway was internally developed as a low-cost and efficient solution to extending licenses on the vendors' platforms.

As of the Latest Practicable Date, there are 17 persons employed by Dialog to carry out R&D at various divisions in Dialog. The amounts spent by Dialog on R&D for the fiscal 2005, 2006 and 2007 are RM34,847, RM479,937 and RM666,384 (based on respective average exchange rate for the respective years) respectively.

None of the other subsidiaries carry out their own R&D activities. However, in the past, all R&D for the TM Group (including Celcom) was managed by Telekom Research & Development Sdn Bhd ("TM R&D"), a wholly-owned subsidiary of TM, and covered the R&D of various new technologies for application in fixed and mobile telecommunications services. All such R&D works have been funded by TM. TM R&D had undertaken and continued various R&D projects including several mobile technologies and applications ("Projects"). Pursuant to the Framework Agreement (details of which are set out in "Section 5.1 - Pre-Listing Restructuring"), TM, TM R&D and Celcom executed a Research and Development Agreement on March 5, 2008 to formalise and regulate their relationship, duties, responsibilities and rights, among others, with respect to the Projects, the continuing R&D of the Projects, and the custody of the Projects upon their completion. Pursuant to the Research and Development Agreement, Celcom has the option of fully acquiring the intellectual property rights to the research results, technology and technical information from TM provided that Celcom reimburses TM the amount of the funds disbursed by TM for the undertaking of the Projects by TM R&D.

Our subsidiaries in the mobile telecommunications provision business generally maintain close working relationships with their key network equipment suppliers and participate in their technology trials so as to improve equipment performance.

11.12 IT SYSTEMS, BILLING AND CREDIT MANAGEMENT

Celcom Group

Billing

The Celcom Group bills its postpaid subscribers through a variety of channels and payments that are supported by extensive collection points throughout its sales channels. This is made possible via integrated web portal services, which allow the Celcom Group to leverage on its sales channels for subscriber relationship management. An extensive online self-service capability is also provided to its prepaid subscribers for their personal account management.

In the near future, Celcom Group intends to extend full capabilities of subscriber management to its authorised channels to improve subscriber experience. This initiative is in line with the launch of mobile number portability in creating a seamless integration between its postpaid and prepaid services.

The Celcom Group's integrated postpaid billing system allows it to create a consolidated postpaid subscriber profile which enhances its subscriber relationship management system and supports its business decision making processes.

Credit management and deactivation

The Celcom Group practices credit profiling, whereby each category of subscribers is broadly distinguished between retail and corporate subscribers. The profiling is based on the assessment of payment history, spending behaviour, plan, loyalty and creditworthiness. Credit profiling determines the level of credit limits granted and discretion in exercising call barring or termination action.

A vetting process is conducted to examine and evaluate its subscriber's credibility of remitting payment by performing a background check prior to the registration of such subscriber via an internal and external blacklist database before offering them with services. In addition, the Celcom Group will call all newly registered subscribers to validate their identities to prevent fraudulent usage.

In the event of default in payment or if a subscriber is about to exceed the allocated credit limit, the Celcom Group will contact the subscriber via a phone call, SMS or Automated Outbound Dialler (AOD) to remind the subscriber of the payment status before any credit control action such as call barring and termination of phone line is taken against their account. In most cases, call barring action will be taken should the subscriber fail to remit payment before the due date or 35 days from the date of the statement and the account will be terminated 95 days from the date on which call barring action was taken. The type of action taken may vary depending on the credit profile of the subscriber determined under the initial credit assessment.

The Celcom Group with its internal credit management system retains the flexibility to modify its credit control action policies to adapt to market and subscriber behaviour in order to minimise credit exposure, churn as well as to ensure subscriber satisfaction.

The various payment channels apart from the Celcom Group's own branches includes appointed collection agents, selected authorised dealers, financial institutions, banks and Pos Malaysia offices in Malaysia. In addition, there are numerous payment facilities being offered for the subscriber's convenience including internet payment facilities, direct debits facilities, mail, telephone, check and credit card payments. In addition, the Celcom Group has also various automated payment teller via its branches and TM Points nationwide which accepts payments through cash, credit cards and checks. These numerous payment channels and variety of payment facilities provide convenience to the subscriber and facilitate bill payments, indirectly mitigating credit exposure.

XL

Billing

XL's subscriber relationship management and billing system ("CRM & Billing system"), launched in early 2003, enables XL to integrate its prepaid and postpaid billing, network, and subscriber service capabilities in one platform. XL's CRM & Billing system provides the ability to integrate voice, video, data and content charging, giving greater flexibility in charging and offering various combined voice and data service packages to its subscribers. XL's CRM & Billing system improves the time to market of new pricing plans provides XL with the ability to offer regional pricing and assists XL in management of its average monthly churn.

XL's CRM & Billing system enables XL to obtain a detailed segmentation of its subscriber base and to track subscriber usage so that XL can offer services that are better suited to the needs of its subscribers. XL can then provide specific services knowing each subscriber's requirements and tailor its services to encourage subscribers to remain with XL.

Credit management and deactivation

Depending on XL's evaluation of the credit worthiness of its postpaid subscribers, XL either allocates a credit limit of IDR2.0 million and permits the subscriber to utilise its international roaming service if the subscriber registers his number and submits supporting documents to an XL Centre or allocates a credit limit of IDR550,000 without access to international roaming service.

Postpaid subscribers have 26 days from the billing date to pay their bill before it is overdue. Postpaid subscribers typically receive the bill 13 days before a bill is overdue for subscribers in the Jabodetabek area, and 15 days before a bill is overdue for subscribers outside the Jabodetabek area.

XL takes various actions against a subscriber who is late paying their bill including sending SMS reminders, blocking outgoing call service, sending written reminders, blocking incoming and outgoing calls and after 60 days, deactivating the account.

Dialog

Billing

Dialog's billing system is integrated with its subscriber relationship management system, which has support for multi-channel self-care requests. These include walk-in, a complaints management unit (billing CMU), facsimile, web, SMS, USSD and IVR based on required services. It also has multiple interfaces to facilitate payments and/or payment collections from Dialog branches and arcades, Dialog BUZZ (which is a mobile collections facility in the form of a vehicle), banks, supermarkets, franchise outlets, partner payment centres and fuel stations throughout Sri Lanka. Apart from these payment points, Dialog has further extended its payment collection modes to internet payments, standing orders, The Hongkong and Shanghai Banking Corporation "pay here" modes, payment through redemption of Star points or gift vouchers, IVR, direct debit, and the recently introduced eZ Pay system through NDB Bank.

Credit management and deactivation

Credit management division focus on providing an enhanced service to subscribers while adhering to credit policies which lead to a control of bad debts.

The credit management division aims to work towards achieving the main goal of minimisation of bad debts and improving organisational cash flow by reducing financial losses.

The role of the credit management division would be to monitor, administer, and control the trade debtors and control the credit function effectively. Further, it would also handle the subscribers according to the policies of Dialog. In accomplishing such task, the credit management division has segmented the subscriber base whereby the credit actions would be differentiated.

11.13 INSURANCE

Our Group maintains insurance policies with registered insurance companies in Malaysia and overseas, which cover material damage to property, business interruption, public liability, employer's liability, directors' and officers' liability, motor liability, construction and erection liability, money-in-transit and premises, surgical hospitalisation expenses, credit risk, fidelity guarantees, marine-related liabilities, goods-in-transit, group accident, term life and business travel accident. Our Group also maintains insurance coverage on risks from expropriation, forced divestiture, abandonment, license cancellation, riots, strikes, civil commotion and malicious damage, war and currency inconvertibility for its investments outside Malaysia.

Some of the insurance policies such as those relating to comprehensive general liability, fidelity guarantees and money-in-transit, are maintained by the TM Group. Following the Pre-Listing Restructuring, we will have to obtain insurance policies for our Group for areas previously covered by such TM Group's insurance policies.

Notwithstanding our Group's insurance coverage, damage to facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, telecommunications failure, intentional unlawful act, human error or natural disaster could nevertheless have a material adverse effect on our Group's financial condition and results of operations to the extent such occurrences disrupt the normal operation of Group's business.

11.14 BUSINESS CONTINUITY AND DISASTER RECOVERY

There have been no interruptions in the business which had a significant effect on the operations of our Group during the 12 months preceding the Latest Practicable Date.

Celcom Group

The Celcom Group has taken several key measures to ensure continuity of business process during major failure incidents or disasters, including the implementation of various protection mechanisms and redundancy in order to ensure resiliency of the networks. Such key measures include:

(a) Having BSS network equipment and/or systems designed with high availability where critical modules such as power supply, processors and inter-facing hardware are redundant, robust and less affected by humidity and temperature.

(b) Having reliable and extended back-up power supply of at least 8 hours for critical BTS/Node B and BSC/radio network controller (RNC) sites.

(c) Ensuring transmission path diversity for resilient node connectivity.

(d) Ensuring the availability of standby mobile base stations for immediate deployment for coverage recovery.

To further protect against the impact of a disaster or a total failure at critical sites, the Celcom Group had deployed a business continuity plan. A prudent approach has been taken in the execution of the plan in order to allow progressive continuous improvement, while ensuring efficient initial cost of implementation. The initial phase of implementation is expected to be completed in the middle of 2008, focusing on the high revenue generating sites. Further expansion, including the implementation of ASON and MSC in a loop subsequently will further improve the protection mechanism to ensure business continuity.

XL

XL has a disaster recovery ("DR") plan which covers both technical and operation-related business interruption. XL backs up all critical data daily.

XL has set up network redundancy to help ensure that in the event of a failure of a network device, there are backup systems to keep the network running. Traffic can be rerouted through XL's backbone to other switches and other BSC in the event of a failure at one of the BSC or MSC. XL has set up backup power supplies which it believes are able to produce sufficient electricity for the computer systems at XL's head office for between 4 to 8 hours. Most of XL's BTS are equipped with power generator sets.

Dialog

One of the key objectives of Dialog's DR plan is to minimise the effects on the network due to the loss of network nodes in the event of a disaster at the switching location having the highest concentration of switching capacity. The underlying design of the DR plan/business continuity plan features the following key concepts:

(i) Development of a DR site centred on a DR MSC and an optimum number of DR BSC.

(ii) Minimisation (through relocation) of co-location of MSC and BSC – thereby decoupling risk of disruption applicable to these critical network nodes.

(iii) Redesign and increasing robustness (through the introduction of diversity paths, hubs and nodes) of the microwave transmission network.

(iv) Installation of key VAS DR nodes – SMSC, MMSC, IN platform at the DR site.

Currently a majority of the BSC are co-located with the MSC. These BSC are being relocated based on the geographical area they cover. The concept will ensure a more controlled risk management programme through well-planned risk distribution.

The DR plan includes a dedicated DR MSC and BSC. Although the MSC will act as the DR centre it will be loaded with low revenue generating BSC during normal operations. In the event of a major interruption at any location the BSC currently connected to the damaged exchange will be rerouted to the DR MSC. This will ensure Dialog has sufficient redundancy to limit any adverse impact.

The DR site would be also used to capture and exploit excess traffic at exceptional peak usage (for example, festive occasions and times of natural disasters) thereby exploiting exceptional revenue opportunities which would otherwise be lost.

11.15 EMPLOYEES

As of the Latest Practicable Date, we had 12,436 employees, of which 155 were temporary employees. This is inclusive of 3 employees who were seconded to our associated companies (which are not included in the tables below). The following tables set out the number of employees of our Company and our key subsidiaries for the relevant periods:

TMI

Category of employees	Number of employees as of March 17, 2008[1]			Average number of years of service
	Permanent	Contractual	Temporary	
Managerial and professional	2	16	-	2.1
Executive and managers	29	15	-	2.0
Clerical and related occupation	15	-	-	3.3
General workers	-	-	-	-
Total	**46**	**31**	**-**	

Note:

(1) The number of employees includes 5 secondees from TM but does not include 3 employees seconded to our associated companies.

Celcom Group

Category of employees	Number of employees as of March 17, 2008[1]			Average number of years of service
	Permanent	Contractual	Temporary	
Managerial and professional	51	7	-	7.0
Executive and managers	2,295	36	-	10.0
Clerical and related occupation	1,254	19	127	7.7
General workers	9	-	-	7.3
Total	**3,609**	**62**	**127**	

Note:

(1) The number of employees includes 1 secondee to Fibrecomm from TNB.

XL

Category of employees	Number of employees as of March 17, 2008[1]			Average number of years of service
	Permanent	Contractual	Temporary	
Managerial and professional	71	8	4	7.0
Executive and managers	1,991	1	5	4.9
Clerical and related occupation	58	-	-	6.6
General workers	17	-	-	10.1
Total	**2,137**	**9**	**9**	

Note:

(1) The number of employees includes 2 secondees from TM.

Dialog

Category of employees	Number of employees as of March 17, 2008[1] Permanent	Contractual	Temporary	Average number of years of service
Managerial and professional	14	4	-	7.7
Executive and managers	1,522	74	-	3.5
Clerical and related occupation	386	1,502	-	1.8
General workers	69	22	-	6.3
Total	**1,991**	**1,602**	-	

Note:

(1) The number of employees includes 3 secondees from TM.

TMIB

Category of employees	Number of employees as of March 17, 2008[1] Permanent	Contractual	Temporary	Average number of years of service
Managerial and professional	5	6	-	2.3
Executive and managers	1,212	18	-	3.0
Clerical and related occupation	68	177	-	1.8
General workers	-	123	-	3.5
Total	**1,285**	**324**	-	

Note:

(1) The number of employees includes 3 secondees from TM, 1 secondee from Celcom and 2 secondees from TMI.

TMIC

Category of employees	Number of employees as of March 17, 2008[1] Permanent	Contractual	Temporary	Average number of years of service
Managerial and professional	11	-	-	3.0
Executive and managers	91	7	-	5.0
Clerical and related occupation	237	411	-	4.0
General workers	35	-	-	8.0
Total	**374**	**418**	-	

Note:

(1) The number of employees includes 1 secondee from TM and 10 secondees from TMI.

Multinet

Category of employees	Number of employees as of March 17, 2008[1] Permanent	Contractual	Temporary	Average number of years of service
Managerial and professional	18	11	-	2.6
Executive and managers	165	5	-	2.2
Clerical and related occupation	130	-	-	1.6
General workers	61	-	19	1.6
Total	**374**	**16**	**19**	

Note:

(1) The number of employees includes 1 secondee from TM and 7 secondees from TMI.

We offer and provide various training and development programmes to our employees with the objective of equipping them with requisite knowledge and skills geared toward facing the growing challenges of the business. There are plans to undertake initiatives to enhance our staff capabilities including through the development of a structured talent management programme. See "Section 11.3.4 – Attracting and retaining a high quality workforce".

None of our Group's employees are unionised and labour relations within our Group are generally positive and harmonious. There have not been any industrial disputes in the past.

11.16 PROPERTIES

Details of the land and buildings owned or leased by our Group as of December 31, 2007 are set out below:

	Freehold		Leasehold		Net book value of land (RM million)(1)	Net book value of buildings (RM million)(1)
	No. of lots	Area ('000 sq ft)	No. of lots	Area ('000 sq ft)		
Sri Lanka	15	509	-	-	11.8	43.4
Bangladesh	204	1,254	-	-	5.0	23.5
Cambodia	-	-	-	-	-	1.3
Indonesia	-	-	9,052	25,045	297.0	12.0
Malaysia	21	602	50	2,105	33.1	43.4
Total	**240**	**2,365**	**9,102**	**27,150**	**346.9**	**123.6**

Note:

(1) Based on net book values as of December 31, 2007. No revaluation has been made on any of the land and buildings.

Usage of properties

Location	Exchanges	Transmission stations	Office buildings	Stores/ warehouses	Satellite/ submarine cable stations
Sri Lanka	-	12	6	-	-
Bangladesh	-	203	-	1	-
Cambodia	1	-	-	-	-
Indonesia	-	-	11	-	-
Malaysia	20	33	5	6	2

As at December 31, 2007, the net book value of our Group's network equipment is RM9,472.9 million.

11.17 LEGAL PROCEEDINGS AND DISPUTES

Save as disclosed below, none of our Company or any of our subsidiaries have been or are engaged in any litigation, claims or arbitration, either as plaintiff or defendant, as of the Latest Practicable Date, which may have a material adverse effect on the financial position or business of our Group and we are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may have a material adverse effect on the financial position or business of our Group.

Celcom v. DeTeAsia Holding GmbH (Kuala Lumpur High Court (Special and Appellate Division) Originating Summons No. R1-24-85-2005)

In 2003, DeTeAsia Holding GmbH ("DeTeAsia") initiated arbitration proceedings against Celcom for monetary damages caused by Celcom's alleged breach of the Amended and Restated Supplemental Agreement between Celcom, DeTeAsia, TRI and TRIL dated April 4, 2002 ("ARSA"). In August 2005, the arbitral tribunal found in DeTeAsia's favour and ordered Celcom to pay the full amount of its principal claim of USD177.2 million together with interest at 8% from October 16, 2002 until full settlement and costs ("Award"). On January 27, 2006, Celcom satisfied the Award in full (which amounted to USD232.0 million (RM871.7 million based on the then prevailing exchange rate)) without prejudice to proceedings that Celcom was contemplating to commence in Malaysia.

On November 17, 2005, Celcom commenced proceedings in Malaysia seeking, amongst others, a declaration that the Award was contrary to the public policy of Malaysia and hence unenforceable in Malaysia. DeTeAsia has responded with an application to set aside this proceeding. The hearing for DeTeAsia's application has been fixed for mention on April 28, 2008. Celcom's action will be heard by the Malaysian courts only after DeTeAsia's response has been disposed of.

Celcom & Another v. Tan Sri Dato' Tajudin Ramli ("TSDTR") & 8 Others (Kuala Lumpur High Court (Commercial Division) Suit No. D5-22-610-2006)

In connection with the Award in DeTeAsia's favour mentioned above, Celcom instituted proceedings against 8 of its former directors alleging that they had breached their fiduciary duties in entering into a subscription agreement on its behalf on June 25, 1996 with Deutsche Telekom AG, and an amended and restated supplemental agreement dated April 4, 2002 with DeTeAsia whilst they were directors of Celcom. In addition, Celcom has also made a claim against TSDTR for alleged unauthorised profits made by him in connection with the execution of the abovementioned agreements. Celcom is seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the Award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446 million, all monies received by the directors arising out of such breaches, losses and damages. Proceedings have been served on all the defendants. Mr Axel Hass, one of the former directors, was served by way of substituted service.

Celcom's and TRI's application to restrain Dato' Lim Kheng Yew's (one of the directors) solicitors from representing him on the ground that the solicitors had advised on the abovementioned agreements in connection with the acquisition of Celcom by the TM Group was allowed with costs on February 26, 2008. Dato' Lim Kheng Yew has appointed new solicitors to act on his behalf on March 26, 2008. The remaining directors except for Mr Axel Hass have respectively applied to set aside these proceedings on the basis that the issues had been litigated and decided on their merits based on the Award. On March 7, 2008, the solicitors for the remaining directors informed Celcom's solicitors and the Court that they have entered conditional appearance on behalf of Mr Axel Hass and will be filing similar application to set aside these proceedings. TSDTR and Bistamam Ramli's (one of the directors) application is fixed for hearing on June 13, 2008. The applications for the other directors, including Mr Axel Hass' application, are scheduled for hearing on June 12, 2008.

Rego Multi-Trades Sdn Bhd v. Aras Capital Sdn Bhd & TSDTR (Kuala Lumpur High Court (Commercial Division) Civil Suit No. D2-22-1411-2005)

In 2005, Rego Multi-Trades Sdn Bhd ("Rego"), a wholly-owned subsidiary of Celcom, commenced proceedings in the High Court against Aras Capital Sdn Bhd ("Aras Capital") and TSDTR for amounts due to Rego pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. The sum claimed in the proceedings is RM261.8 million as of November 30, 2004 together with interests and costs. On May 13, 2005, TSDTR filed its defence and instituted a counterclaim against Rego, TRI and its directors to void and rescind the indemnity letter and also claim damages. Subsequently, Rego, TRI and its directors filed their respective applications to strike out TSDTR's counterclaim on July 19, 2005 but their respective applications were dismissed by the Registrar on May 18, 2006. Rego, TRI and its directors then filed their respective appeals and the same are fixed for mention on April 14, 2008.

MCAT GEN Sdn Bhd v. Celcom

MCAT Gen Sdn Bhd ("MCAT") has commenced 2 related proceedings against Celcom. Details of these proceedings are as follows:

(i) Contractual claim (Kuala Lumpur High Court Civil Suit D4-22-1682-2005)

In November 2005, MCAT filed a claim against Celcom for alleged breach of an agreement between Celcom and MCAT for MCAT to resell Celcom's application and network services on a prepaid basis ("Reseller Agreement"). MCAT sought, amongst other remedies, specific performance of the Reseller Agreement, damages in the sum of RM765.1 million and damages in lieu or in addition to specific performance. Celcom's position is that it did not enter into the Reseller Agreement and there is no agreement between the parties. In 2006, MCAT unsuccessfully applied for an injunction to restrain Celcom from entering into a similar agreement with any other party that would be detrimental to MCAT's alleged rights under the Reseller Agreement and from disclosing any confidential information to third parties.

Celcom applied to the High Court for security of costs and to strike out parts of MCAT's statement of claim on the basis that the statement did not satisfy the Court's direction to furnish further and better particulars to Celcom. The High Court granted Celcom's application for security for costs and MCAT has paid an aggregate of RM250,000 into the Court. Celcom's striking out application was however dismissed by the Court. The matter commenced to trial in June 2007 and hearings are scheduled to continue in May 2008.

(ii) Libel claim (Kuala Lumpur High Court Civil Suit S6-23-74-2005)

In connection with the abovementioned suit, in November 2005, MCAT filed a claim against Celcom, alleging that Celcom's denial, through a press statement, of any contractual relationship with MCAT in respect of the Reseller Agreement constituted libel. MCAT sought, amongst other remedies, damages for libel in the sum of RM1.01 billion, aggravated and exemplary damages, an injunction restraining Celcom from further publishing any similar allegedly defamatory words, a public apology, interests and costs. Celcom then filed a defence on the grounds that there was no concluded contract between the parties and, furthermore, that its statements were published by third parties and, in any event, not defamatory of MCAT. It also instituted a counterclaim against MCAT for passing off its products and services as those of Celcom's, implying a trade association with Celcom when no such association exists and for misrepresenting itself as a reseller of its products and services, and filed an application to strike out MCAT's claim.

In December 2006, at the Court's direction, Celcom successfully applied to consolidate this action with the suit mentioned below under the heading – Tan Sri Abdul Rashid Bin Abdul Manaf, Danny Ng Siew L'Leong, Datuk Yaacob Bin Md Amin, Ungku Safian Bin Ungku Abdullah & Mohd Razi Bin Adam v. Celcom – which MCAT appealed against. MCAT has since withdrawn the appeal with no order as to costs.

On March 22, 2007, Celcom's striking out application was dismissed with costs and Celcom subsequently filed an appeal against this dismissal. On January 29, 2008, the Court dismissed Celcom's appeal. Celcom has filed a notice of appeal to the Court of Appeal on February 25, 2008.

Tan Sri Abdul Rashid Bin Abdul Manaf, Danny Ng Siew L'Leong, Datuk Yaacob Bin Md Amin, Ungku Safian Bin Ungku Abdullah & Mohd Razi Bin Adam v. Celcom (Kuala Lumpur High Court Civil Suit No. S4-23-77-2005)

In 2005, the directors of MCAT, namely, Tan Sri Abdul Rashid Bin Abdul Manaf, Danny Ng Siew L'Leong, Datuk Yaacob Bin Md Amin, Ungku Safian Bin Ungku Abdullah and Mohd Razi Bin Adam commenced a libel action against Celcom in their personal capacities on the same basis as the libel action commenced by MCAT mentioned above ("MCAT Libel Suit"). The plaintiffs sought, amongst other remedies, an aggregate amount of RM1.0 billion in damages, aggravated and exemplary damages, a retraction of the allegedly defamatory statements and an injunction restraining Celcom from further publishing any similar allegedly defamatory words. Celcom filed its defence and striking out application on the same grounds as its defence in the MCAT Libel Suit. It also filed a counterclaim against Mohd Razi Bin Adam for a breach of his employment contract with Celcom and his fiduciary duties as an employee of Celcom prior to his joining MCAT as its chief executive officer. Celcom also applied for an injunction to restrain him from disclosing confidential information acquired by him as an employee of Celcom. Celcom's striking out application was allowed with costs on November 12, 2007. The plaintiffs have filed an appeal and the hearing of the same is fixed for hearing on June 9, 2008. On March 9, 2007, Celcom successfully applied to consolidate this suit with the MCAT Libel Suit. Consequently, this proceeding shall only be heard after the MCAT Libel Suit has been disposed of.

Pengurusan Danaharta Nasional Berhad & 2 Others v. TSDTR (By Original Claim), TSDTR v. Danaharta & 23 Others (By Counterclaim) (Kuala Lumpur High Court Civil Suit No. D2-22-673-2006)

In June 2006, TM, TESB, Celcom and TRI (collectively referred to in this section as the "TM Group") were served with a defence and counterclaim by TSDTR in connection with proceedings initiated against him by Pengurusan Danaharta Nasional Berhad ("Danaharta") and 2 others for a breach of the Facility Agreement dated July 13, 1994 ("Facility Agreement") and the related Settlement Agreement dated October 8, 2001 between TSDTR and Danaharta ("Settlement Agreement") in relation to a loan granted to TSDTR by Danaharta. The TM Group and the 20 defendants were joined in these proceedings via the counterclaim.

TSDTR seeks from 11 defendants, including the TM Group, jointly and severally, amongst others the following relief:

(i) the sum of RM6,246.5 million;

(ii) an account of all sums paid:

- (a) under the Facility Agreement;
- (b) to Danaharta and its subsidiaries by TSDTR and received by Danaharta from the sale of TRI shares and Naluri Corporation Berhad shares;

(iii) an order for repayment of all sums overpaid by TSDTR to Danaharta; and

(iv) an account of all dividends and payments received by TM and TESB in relation to TRI (now Celcom) shares and an order for payment of these sums.

In addition, TSDTR seeks from all the defendants, amongst others, the following relief:

(i) the sum of RM7,214.9 million;

(ii) a declaration that the vesting certificates are illegal and ultra vires the Pengurusan Danaharta Nasional Act, 1998 ("Danaharta Act"), unconstitutional and against public policy;

(iii) a declaration that the Settlement Agreement is illegal and ultra vires the Danaharta Act, unconstitutional and against public policy; and

(iv) a declaration that all acts and deeds and agreements executed by Danaharta pursuant to the vesting certificates and/or the Settlement Agreement are illegal and unenforceable.

In July 2006, TM Group's solicitors filed applications on behalf of TM/TESB, and Celcom/TRI respectively to strike out the counterclaim. Both applications were dismissed on August 28, 2007 with costs. TM/TESB's appeal against the dismissal is fixed for hearing on July 16, 2008 and Celcom/TRI's appeal is fixed for hearing on September 26, 2008.

TSDTR has also applied to re-amend the counterclaim to include 14 additional defendants, 11 of whom are present or former directors/officers of the TM Group. This application is fixed for hearing on July 21, 2008. TM Group is opposing it on the grounds it is, amongst others, frivolous and an abuse of the process of court.

Mohd Shuaib Ishak v. TM Group & 11 others (Kuala Lumpur High Court (Commercial Division) Civil Suit No. D6-22-1568-2007)

On November 26, 2007, TM, Celcom and TESB (collectively referred to in this section as the "TM Group") had been served with a Writ of Summons and Statement of Claim in respect of a suit filed by Mohd Shuaib Ishak ("MSI") alleging that the offer price under the general mandatory offer undertaken by TM through TESB in respect of Celcom should have been at the price set out in the ARSA. MSI is seeking from the TM Group and 11 others (including the former and existing directors of TM Group) jointly and/or severally, amongst others, the following:

(i) a Declaration that the Sale and Purchase Agreement dated October 28, 2002 between Celcom and TM (or TESB) for the acquisition by Celcom of the shares in TM Cellular Sdn Bhd, and all matters undertaken thereunder including but not limited to the issuance of shares by Celcom are illegal and void and of no effect;

(ii) a Declaration that all purchases of shares in Celcom made by TESB and/or TM and/or parties acting in concert with them with effect from and including the date of the Notice of the mandatory offer dated April 3, 2002 issued by Commerce International Merchant Bankers Berhad (now known as CIMB) are illegal and void and of no effect;

(iii) all necessary and fit orders and directions as may be required to give effect to the aforesaid Declarations as the Court deemed fit including but not limited to directions for the rescission of all transfers of shares of Celcom made after the notice of mandatory offer for shares in Celcom dated April 3, 2003;

(iv) that TM by itself, its servants and agents be restrained from giving effect to or executing any of the proposals relating to the proposed demerger of the mobile and fixed-line businesses of the TM Group; and

(v) various damages to be assessed.

The TM Group has, as of November 30, 2007, obtained leave to enter conditional appearance and subsequently on December 17, 2007, TM Group filed the relevant applications to strike out the suit. The applications are fixed for hearing on May 15, 2008.

The amount of damages payable, if the MSI is successful, cannot be ascertained as of the Latest Practicable Date.

Mohd Shuaib Ishak v. Celcom (Kuala Lumpur High Court (Commercial Division) Originating Summons No. D5-24-20-2008)

On February 4, 2008, Celcom was served with a sealed Originating Summons ("Summons") by MSI seeking leave to bring a derivative action in Celcom's name under Section 181A(1) of the Companies Act ("Proposed Action").

The Proposed Action is against, amongst others, the former and existing directors of Celcom and TM for failing to obtain the consent of DeTeAsia pursuant to the ARSA with DeTeAsia prior to entering into the sale and purchase agreement dated October 28, 2002 with TM for the acquisition by Celcom of the shares in Celcom Mobile.

MSI alleged that the directors are liable for damages which were calculated by reference to the difference between the buy out offer price of RM7.00 per Celcom share under the ARSA and the price of RM2.75 per Celcom share under the mandatory general offer undertaken by TM through TESB in respect of Celcom. The Summons has been fixed for hearing on April 22, 2008.

The amount of damages payable, if MSI is successful, include (i) a fixed sum of USD232,999,745.80 claimed as due to Celcom from TM, TESB and, inter alia, various present and past directors of TM and Celcom and (ii) damages to be assessed which cannot be ascertained as of the Latest Practicable Date.

Johanes Irwanto Putro v. XL

On January 11, 2007, XL received a notification letter from the Yogyakarta District Court regarding the execution of a North Jakarta District Court decision relating to a claim by Johanes Irwanto Putro for the ownership of XL's land located in Yogyakarta which was purchased in 2002.

On January 15, 2007, XL lodged an objection with the Yogyakarta District Court for the execution of the North Jakarta District Court decision. For the purpose of such objection, XL appointed a law consultant in relation to the retention of XL's ownership of the land located at Jl. Pangeran Mangkubumi 20-22 Yogyakarta. XL lodged an objection on the basis that XL is the legal owner based on land title certificates.

On June 22, 2007, Yogyakarta District Court's verdict stated that XL was the legal owner of the land, and that the North Jakarta District Court's decision was not valid and did not have any legal effect with respect to XL.

On June 27, 2007, the North Jakarta District Court produced a new resolution which cancelled the execution of its previous decision.

Johanes Irwanto Putro appealed against the Yogyakarta District Court decision.

On September 28, 2007, XL submitted a Contra Appeal Memorandum to the Yogyakarta District Court.

On January 16, 2008, the Yogyakarta High Court issued a decision affirming Yogyakarta District Court's verdict.

Until the Latest Practicable Date, XL has not received any notice from the Yogyakarta District Court that Johanes Irwanto Putro intends to appeal the Yogyakarta High Court's decision to the Supreme Court.

This land was acquired in 2002 with acquisition cost of IDR8.48 billion. In accordance with Indonesian GAAP, XL does not make provision for amortisation of its land. The size of the land is 1,729m^2.

KPPU v. XL & 7 Others

On November 1, 2007, the KPPU issued a decision addressed to XL and 7 other telecommunications companies, Telkomsel, Indosat, PT Telkom, Hutchison Telecom Indonesia, PT Bakrie Telekom, PT Mobile 8 Telecom and PT Smart Telecom, regarding a preliminary investigation on suspicions of price-fixing of SMS and therefore breaching article 5 of Antimonopoly Law (Law No. 5/1999).

On November 15, 2007, following the preliminary investigation conducted by the KPPU, the KPPU sent a summons letter to the President Director of XL as well as the 7 other telecommunications companies for a hearing session scheduled on November 16, 2007. However, due to the tight schedule of the President Director, this investigation was postponed until December 12, 2007. On December 14, 2007, the KPPU decided to proceed with the second stage of investigation against all operators and if the KPPU believes that it requires further information from XL, XL may be summoned to appear before the KPPU or requested to provide such information. Under Indonesian law, the KPPU is required to complete the second stage of the investigation within 60 business days, to be followed by a 30-business day decision-making period. We expect a decision to be rendered in May 2008.

If XL and the other operators are found liable for price-fixing, they may be ordered to terminate or abandon the perceived minimum price arrangement and to pay fines of up to IDR25.0 billion.

11.18 PROSPECTS

We expect our Group to benefit from the positive outlook of the South and Southeast Asian mobile telecommunications markets, which are generally characterised by high economic growth and/or low mobile penetration rates. We intend to capitalise on the growth potential of the markets we are in.

11.19 REGULATIONS AND LICENSES

11.19.1 MALAYSIA

Legislation

The communications and multimedia industry is governed by 2 main legislation:

- the Malaysian Communications and Multimedia Commission Act 1998 ("MCMCA"), which came into force on November 1, 1998; and
- the CMA, which came into force on April 1, 1999 (except for certain sections which came into force at a later stage).

The CMA and its subsidiary legislation is the primary legislation regulating the converging communications and multimedia industries. The CMA applies to communications over electronic media but not print media. It also sets out the licensing and regulatory framework in relation to the communications and multimedia industry, establishes the powers and functions for the MEWC and the MCMC and the powers and procedures for the administration of the CMA.

The MCMCA establishes the MCMC and stipulates the general powers and functions of the MCMC. The MCMC is responsible for the regulation of the communications and multimedia industry.

The MEWC is responsible for policy making in respect of the communications and multimedia industry, whilst the MCMC is responsible for policy implementation.

Licensing regime

The CMA provides that, unless exempted by the MEWC, no person may:

(i) own or provide any network facilities;

(ii) provide any network services;

(iii) provide any applications services; or

(iv) provide any content applications services,

except under an individual license granted or a class license registered under the CMA.

The CMA provides for 4 categories of provider licenses:

(i) *network facilities provider:* for the ownership and provision of physical infrastructure used to provide communications services (for example, fixed links and radio communications transmitters and links);

(ii) *network services provider:* for the provision of communications services over network facilities (for example, cellular mobile services and broadcasting distribution services);

(iii) *applications service provider ("ASP"):* for the provision of application services by means of network services (for example, PSTN telephony, public cellular services and IP telephony); and

(iv) *content applications service provider:* for the provision of content applications services (for example, satellite broadcasting and terrestrial free to air television).

Within each of the above 4 categories, the CMA provides for the issuance of individual and class licenses. However, ASP licenses have all been migrated to class licenses.

Individual licenses are generally granted to providers of services or owners of facilities which have national or social significance or where there is a need to control market entry, establish conditions of operation or limit the scope of licensed activities which necessitate a higher degree of regulation. The MEWC shall consider the MCMC's recommendation before making a decision to issue an individual license.

The term of an individual license is generally 10 years unless cancelled by the MEWC before its expiry. However, where a license granted pursuant to predecessor legislation (the repealed Telecommunications Act 1950 and the repealed Broadcasting Act 1988) for a similar activity or service and such licenses have a residual term exceeding 10 years from the date of the grant of the individual license under the CMA, the validity period of the individual license under the CMA (granted in substitution of a license granted under the predecessor legislation) shall be equivalent to the residual term of the license granted under the predecessor legislation.

A person who intends to operate under a class license is required to register with the MCMC. The registration is valid for 1 year and is renewable annually.

Spectrum allocation

Generally, under the CMA, the use of frequency spectrum in Malaysia requires a spectrum assignment, an apparatus assignment or a class assignment, all of which are issued by the MCMC, unless otherwise exempted by the MEWC. The MCMC issued a spectrum plan in November 2006 which sets out, amongst other things, how the spectrum is currently used in Malaysia and the MCMC's plan to develop it in the near future.

Access regime

An access regime is established under the CMA to ensure that all network facilities providers, network service providers, ASP and content applications service providers can gain access to the necessary facilities on reasonable terms and conditions in order to prevent the inhibition of downstream services.

The Access List (as defined below) and the mandatory standard on access and access pricing forms part of this regime.

Access list

The access list is a specific list of facilities and/or services determined by the MCMC to be essential to the provision of network services and application services. An "Access Provider" shall, upon written request by an "Access Seeker", provide the "Access Seeker" with access to its facilities and/or services included in the access list (i) on at least the same technical standard and quality provided on the Access Provider's facilities or services, and (ii) on an equitable and a non-discriminatory basis.

The MCMC had on June 12, 2005 issued a revised access list ("Access List") which came into force on July 1, 2005 with the exception of a few paragraphs (which will come into force at a later date to be decided by the MCMC).

The facilities and services included in the Access List are fixed network origination service, equal access (PSTN) service, fixed network termination service, mobile network origination service, mobile network termination service, interconnect link service, private circuit completion service, domestic network transmission service, internet access call origination service, 3G-2G domestic inter-operator roaming service, inter-operator mobile number portability support services, infrastructure sharing, domestic connectivity to international services, network co-location service, network signalling service, bitstream services, digital subscriber line resale service, internet interconnection service, broadcasting transmission service and digital terrestrial broadcasting multiplexing service.

Full access line sharing service and sub-loop service are also included in the Access List. However, these services will only come into force at a later date to be decided by the MCMC.

Mandatory standard on access and access pricing

The MCMC has also determined a mandatory standard on access which came into force on July 1, 2005. It sets out principles and model terms and conditions for the provision of access to facilities and/or services in the Access List by an "Access Provider" to an "Access Seeker".

The mandatory standard on access pricing, as amended, prescribes maximum prices for some of the facilities and services included in the Access List, namely, fixed network origination and termination services for PSTN and IP network, equal access (PSTN) service, mobile network origination and termination service, domestic network transmission service, private circuit completion service, interconnect link service, domestic connectivity to international service, broadcasting transmission service and bitstream services. Where the mandatory standard on access pricing does not prescribe prices for facilities or services included in the Access List, operators are free to set their own prices. The prices prescribed in the mandatory standard on access pricing are valid until December 31, 2008.

Compliance with both the mandatory standard on access and access pricing is mandatory.

Mobile number portability

Inter-operator mobile number portability support services ("mobile number portability") is a service which enables a mobile subscriber of 1 mobile service provider to switch to another mobile service provider without having to change their mobile phone numbers. Mobile number portability is currently listed in the Access List.

The MEWC had on February 28, 2007 issued a direction to the MCMC on the implementation of mobile number portability. Pursuant to that Ministerial direction, the MCMC has appointed Talian Gerak Alih Sdn Bhd to build, operate and manage the number portability clearinghouse for the implementation of number portability for mobile services in Malaysia.

The industry along with MCMC has been working on the implementation of mobile number portability since the issuance of the direction by the MEWC. Mobile number portability is expected to be deployed on a countrywide rollout in August 2008. As the implementation of mobile number portability is a Government policy, the MCMC is expected to issue rules and/or regulations in the near future to give effect to this policy.

Rate setting

As of August 1, 2000, mobile operators are not subject to any rate settings and are free to set prices for the mobile services provided.

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

(i) rates must be fair and, for similarly situated persons, not unreasonably discriminatory;

(ii) rates should be oriented towards costs and, in general, cross-subsidies should be eliminated;

(iii) rates should not contain discounts that unreasonably prejudice the competitive opportunities of other providers;

(iv) rates should be structured and levels set to attract investment into the communications and multimedia industry; and

(v) rates should take account of the regulations pertaining to rate setting and recommendations of the international organisations of which Malaysia is a member.

However, the MEWC may, on the MCMC's recommendation, intervene in determining and setting the rates for any competitive facilities or services for a good cause, or as the public interest may require.

Competition

General competition practices are also addressed by the CMA. In particular, a licensee may not engage in conduct which has the purpose of substantially lessening competition in the Malaysian communications market. Furthermore, if the MCMC determines that a licensee is in a dominant position, it may direct that licensee to cease conduct in that Malaysian communications market which has or may have the effect of substantially lessening competition in any Malaysian communications market and to implement appropriate remedies. The MCMC has issued 2 guidelines on "Substantial Lessening of Competition in a Communications Market" and "Dominant Position in a Communications Market".

The CMA also prohibits a licensee from entering into any understanding, agreement or arrangement which provides for rate fixing, market sharing, boycott of a supplier of apparatus or boycott of a competitor. Furthermore, the CMA prohibits mandatory tying or linking arrangements regarding the provision or supply of products and services in the Malaysian communications market.

USO

USO is governed by the Communications and Multimedia (Universal Service Provision) Regulations 2002, as amended, which came into operation on October 17, 2002 ("USP Regulations"). The USP Regulations governs, amongst other things, the objectives of universal service provision, the designation of universal service targets, the submission of universal service plan, the designation of universal service provider, implementation of the universal service plan, costing of universal services, universal service funds and contribution to the fund.

11.19.2 INDONESIA

Telecommunications law

The recent regulatory reforms of the Indonesian telecommunications sector have their foundation in Telecommunications Law No. 36 of 1999, which came into effect on September 8, 2000 ("Telecommunications Law"). The Telecommunications Law provides key guidelines for industry reforms, including industry liberalisation, facilitation of new entrants and enhanced transparency and competition. Under the Indonesian regulatory framework, the Telecommunications Law only outlines the substantive principles of the subject matter. Detailed provisions implementing the Telecommunications Law will be provided in the implementation regulations consisting of government regulations, ministerial decrees, in particular decrees and regulations issued by Minister of Communication and Information ("MoCI", formerly known as Minister of Communication or "MoC") and decrees of the Director General of Post and Telecommunications ("DGPT").

Indonesian Telecommunications Regulatory Body

Under the Telecommunications Law, the role of the government of Indonesia is to become that of an impartial policy maker and supervisor of the telecommunications sector. In order to ensure transparency in the regulatory process, the Telecommunications Law mandates the establishment of an independent regulatory body. The ITRB was established on July 11, 2003 to regulate, monitor and control the telecommunications industry. The DGPT serves *ex-officio* as the chairman of ITRB. Members of ITRB comprise officials from the DGPT and representatives from the telecommunications industry.

In 2003, the MoC also announced the establishment of Telecommunications Traffic Clearing System ("SKTT"), which will assist ITRB in the performance of its duties and authorities, in particular with respect to interconnection matters. It is expected that through SKTT, ITRB will obtain accurate data about the profile of interconnection traffic among operators so as to ensure transparency in the charging of interconnection fees. The actual operation of SKTT will be run by PT Pratama Jaringan Nusantara, a private entity selected by MoC on February 18, 2004, which will act under the supervision and control of the ITRB.

Service classifications

The Telecommunications Law classifies telecommunications providers into 3 categories: (A) telecommunications network providers; (B) telecommunications services providers; and (C) special telecommunications providers. Telecommunications network providers are further divided into (a) fixed telecommunications network providers and (b) mobile telecommunications network providers. Fixed telecommunications network providers consist of (i) fixed network providers for domestic calls; (ii) fixed network providers for long distance direct dialling; (iii) fixed network providers for IDD; and (iv) closed fixed network providers. Mobile telecommunications network providers comprise (i) terrestrial-based mobile telecommunications network providers; (ii) cellular mobile telecommunications network providers; and (iii) satellite-based mobile telecommunications network providers. Telecommunications service providers are divided into basic telephony service providers, value-added telephony service providers and multimedia service providers.

Under the Telecommunications Law, licenses are required for each category of telecommunications businesses. A telecommunications network provider is licensed to own and/or operate a telecommunications network. However, if such telecommunications network provider is to provide telecommunications services, it needs to obtain a separate license to provide such services. A telecommunications service provider is licensed to provide telecommunications services to subscribers either through its network or by leasing network capacity from telecommunications network providers. Special telecommunications licenses are required for providers of private telecommunications services for purposes relating to broadcasting and national security interests.

Modern license

Under the Telecommunications Law, licenses which used to be issued separately are to be combined into a single integrated license commonly referred to as the "Modern License". The Modern License will specify in details the recipient's rights and obligations, including the areas of telecommunications business it is allowed to operate in. Under the Modern License, the recipient's obligations include, among others, construction obligations, service obligations, network performance obligations and contributing 0.75% of their gross revenues for USO. A proposal in May 2007 to revise the USO contribution to 1.25% has not yet been made effective. The recipient of a Modern License is required to fulfil the mandatory obligations set out in its Modern License and the failure to comply with such obligations may result in the revocation of its Modern License.

Competition

The Telecommunications Law does not prohibit or discourage operators from attaining a dominant position with regard to telecommunications services. However, it specifically prohibits monopolistic practices and unfair competition among telecommunications operators. On March 11, 2004, the MoC issued Decree No. 33/2004, which sets out measures to prohibit the abuse of dominant position by network and service providers. Dominant providers are determined based on factors such as their scope of business, coverage area of services and whether they control a particular market. Specifically, the Decree prohibits a dominant provider from engaging in practices such as dumping, predatory pricing, cross-subsidies, compelling consumers to use such provider's services (to the exclusion of competitors) and hampering mandatory interconnection (including discriminating against specific providers).

Pursuant to the express prohibitions on activities that may create monopolistic practices and unfair business competition, the Telecommunications Law provides for fair interconnection of networks to allow "any to any connectivity". Interconnection fees are to be agreed by each network provider and calculated in a transparent manner.

Government fees

All telecommunications operators in Indonesia are required to pay the Telecommunications Operating Fee (Biaya Hak Penyelenggaraan Telekomunikasi or "Operation Fee") to the government of Indonesia. In addition, if their operation involves the use of certain radio frequency, the telecommunications operators are also required to pay certain Radio Frequency Usage Fee (Biaya Hak Penyelenggaraan Spektrum Frekuensi Radio or "Frequency Fee"). The Operation Fee payable by the telecommunications operators is set out in MoCI's Regulation No. 22/2005. Based on Article 3.1 of MoCI's Regulation No. 22/2005, telecommunications operators are required to pay Operation Fee annually in the amount of 1% of its gross revenue.

The Frequency Fee payable by the telecommunications operators depend on the bandwidth frequency spectrum used by such operators. The Frequency Fee payable for frequency spectrum used in 2G GSM network is set out in the government of Indonesia's Regulation No. 28 of 2005. For the 2G network, telecommunications operators are required to pay Frequency Fee which is calculated based on the number of BTS owned by such operators. As to the Frequency Fee payable for 3G GSM's frequency spectrum, it would depend on the proposal submitted by such operators when they bid for the relevant 3G license.

USO

Under the Telecommunications Law, all telecommunications network operators and service providers are bound by a USO, which requires such network operators and telecommunications service providers to make contribution towards providing universal telecommunications facilities and infrastructure or other forms of compensation. On September 3, 2003, the DGPT issued a letter stating that telecommunications operators in Indonesia will be required to contribute 0.75% of gross revenues (with due consideration for bad debt and interconnection charges) for USO development. A proposal in May 2007 to revise the USO contribution to 1.25% has not yet been made effective.

Tariffs for the provision of mobile cellular telecommunications services

The prices that mobile cellular telecommunications operators can charge for basic telephony services (i.e. activation fee, monthly subscription fee, usage charges and charges for additional features) are determined on the basis of a tariff formula prescribed in MoCI Regulation No. 12/2006. In principle, the formula uses a floor price as the basis to calculate the tariff that the mobile cellular telecommunication operator can charge to its subscribers. The mobile cellular telecommunication operators are required to submit any plan to change its tariffs to ITRB at the latest 20 days before the new tariffs are published. The new tariffs must be published to the public at the latest 30 days prior to their implementation. As long as the prices are determined within the formula set out in MoCI Regulation No. 12/2006, mobile cellular telecommunications operators may set the amount of tariff charged to its subscribers. The MoCI is currently finalising a draft regulation to replace MoCI Regulation No. 12/2006. The new regulation is expected to remove the requirement to use the floor price as the basis to calculate the tariffs. The objective of the new regulation is to give the operators the flexibility to determine the tariffs based on the prevailing market conditions, subject to certain monitoring by ITRB.

Tariffs for interconnection and access

On February 8, 2006, the MoCI issued Decree No. 8/PER/M.KOMINFO/02/2006, which regulates the new cost-based interconnection tariff scheme by setting up the formula which must be applied by all telecommunications network and services operators in calculating their interconnection tariffs for all telecommunications network and services operators. This scheme became effective on January 1, 2007.

Under the new scheme, the operator of the network on which calls terminate would determine the interconnection charge to be received by it based on a cost-based formula. Pursuant to Decree No. 8/PER/M.KOMINFO/02/2006, each telecommunications network operator is required to prepare and submit to the ITRB a Reference Interconnection Offer ("RIO"), which must prescribe the type of interconnection services offered by the network operators and the tariffs charged for each of the offered services. Such calculated interconnection charges must be presented in a RIO and reported to the ITRB. Existing interconnection agreements remain valid as long as the parties to the agreements mutually agree and to the extent that the existing agreements do not conflict with Decree No. 8/PER/M.KOMINFO/02/2006.

Consumer protection

Under the Telecommunications Law, each operator must provide guarantees for consumer protection in relation to quality of services, usage or service fees, compensation and other matters. The law also allows subscribers injured or damaged by negligent operations to file claims against negligent providers.

11.19.3 SRI LANKA

The regulatory framework in the telecommunications sector

The telecommunications industry is governed by the Sri Lanka Telecommunications Act No. 25 of 1991 as amended by the Sri Lanka Telecommunications (Amendment) Act No. 27 of 1996 ("SLTA"). Prior to the enactment of the SLTA, the Department of Telecommunications was the sole operator providing both local and international voice services and there was no independent regulator for the local telecommunications sector. Pursuant to the SLTA, all the property, rights and liabilities to which the Department of Telecommunications was entitled, was vested in a corporation established under the name of Sri Lanka Telecom, which was subsequently converted to a public limited liability company, SLT.

The SLTA also provided for the creation of a telecommunications authority entrusted with the duty of regulating the industry. The SLTA made provision for the conversion of the said authority into the TRC.

Current telecommunications legislation

The principal legislation governing the telecommunications sector in Sri Lanka is the SLTA and the rules made pursuant to the SLTA. The SLTA provides for the establishment of the TRC, sets out its composition and demarcates its duties and powers. The TRC was also constituted as the sole entity in Sri Lanka to manage and control the radio frequency spectrum.

The SLTA enables the licensing of operators of telecommunications systems in Sri Lanka. It also contains the procedures for licensing of telecommunications services and operation of networks and delineates the eminent domain for operators. The SLTA also sets down offences related to telecommunications services and operation and provides corrective measures to be imposed when such an offence or breach is committed. The SLTA gives the TRC authority to make rules which govern areas including interconnection and quality of service.

The regulator

The TRC consists of the following parties:

(i) the secretary to the Minister in charge of the relevant subject, who will be the chairman of the TRC;

(ii) the director general of the TRC; and

(iii) 3 members appointed by the Minister, having recognised qualifications and having distinguished themselves in the respective fields of law, finance and management.

The Director General of the TRC is appointed by the Minister as its chief executive officer. The stated objective of the regulatory body is to facilitate sustained development in the telecommunications industry by shaping the regulatory process, protect public interest and be responsive to imperfections in a competitive market. Within this broad context, the following issues remain the focal points of any policymaking by the TRC:

(i) availability of affordable and effective choices of communications for the citizens of Sri Lanka;

(ii) establishment and promotion of a modern and efficient information infrastructure for Sri Lanka, with focus on convergence on information technology, media and communications;

(iii) enhance independence and enforcement authority of the TRC in terms of its regulation, as well as transparency and public participation in its procedures;

(iv) transformation of telecommunications market structure and regulation towards a more liberalised, technology neutral model;

(v) establishment of provisions for promoting and enforcing fair competition;

(vi) establishment of an explicit universal access policy;

(vii) regulating tariffs, quality of service, and consumer protection and progressive deregulation of tariffs for competitive services;

(viii) enabling of Sri Lankan communications service providers to become global players; and

(ix) establishment of efficient and transparent spectrum management.

Liberalisation of the telecommunications sector

In keeping with the Government of Sri Lanka's intention to progressively liberalise the telecommunications sector through a phased transition from monopolistic beginnings to open and competitive ownership of telecommunications infrastructure and service provisioning facilities, several reforms have been introduced by the TRC. Set out below are some significant steps in the liberalisation process:

(i) *External Gateway Liberalisation*

International gateway operations were opened up in March 2003 to competition terminating the monopoly of SLT in international telecommunications. As of the end of 2003, approximately 30 new gateway operating licenses were issued to various local as well as foreign parties, resulting in an overall reduction in IDD call tariffs.

(ii) *Completion of the tariff re-balancing of SLT*

The final step of the tariff re-balancing of SLT as stipulated in the shareholders' agreement signed between the Government of Sri Lanka and Nippon Telegraph and Telephone Corporation in August 2003 removed the cross subsidy from international to local call tariffs to a large extent.

(iii) *Introduction of a 10 digit numbering system*

An international standard compliant 10 digit numbering system was introduced in June 2003 to accommodate the increased demand for telecommunications services and to bring about uniformity in numbering.

(iv) *Fiscal incentives*

An ICT development fund, "Telecommunications Development Charges Fund" was set up in April 2005 for the furtherance of rural network rollout and facilitation of ICT-led socio-economic development in under-served areas. The fund is designed to be endowed with stipulated contributions from external gateway operators and from donor sources.

Developments in the telecommunications sector

Further to the liberalisation of the telecommunications sector, the TRC proposed the formulation of a policy on the Calling Party Pays ("CPP") scheme.

A new interconnection policy based on the application of cost based interconnection rates was contemplated by way of a move towards a CPP regime from the current Mobile Party Pays ("MPP") scheme. The move from MPP to CPP was expected to act as a catalyst for the expansion of mobile telecommunications to rural markets. Enhanced completion rates with respect to mobile terminated calls and the enhanced fixed termination interconnection compensation incorporated within the proposed scheme was expected to provide significant dividends to fixed line operators.

In terms of developments, the TRC conducted a public inquiry to assess the implementation of CPP in August 2005. However, in its final decision in November 2005, TRC has decided to retain the MPP regime model.

Principal Governance Aspects

The key aspects of Sri Lanka's regulatory framework for the telecommunications sector are:

(i) Licensing

In order to operate a telecommunications system, a license must be obtained from the Minister in charge of telecommunications. The license is granted under the recommendation of the TRC. However, the Minister is empowered to reject any such recommendations and to use discretion in granting operating licenses. Every application made in respect of licenses must be in writing. The TRC will provide public notice of its intention to grant a recommendation for a license if it is deemed necessary or if considered to be in the interest of the public.

A licensed operator is not permitted to share the telecommunications system for which a license has been granted with any person for business purposes without prior approval from the TRC. All activities including the trade, manufacture, importation, sale, offer for sale, dealings, transfer, hire, lease, maintenance and repair of telecommunications apparatus may only be carried out under the authority of the TRC. The TRC may recommend modifications of the license granted, to the Minister and also has powers of revocation for breach of conditions and restrictions, non-payment of fees and failure to comply with regulations set out under the SLTA. Such decisions would be subject to judicial review, if reasonable grounds therefore exist.

(ii) Interconnection

Companies licensed to operate and provide a public telecommunications network are obliged to provide interconnection for the purposes of transmitting traffic between different operators. The TRC aims to provide a non-discriminatory and transparent interconnection regime which will provide fair competition for all operators, in accordance with WTO principles. Interconnection is governed by the Interconnection Rules of 2003. The full and complete implementation of the rules has not been achieved to date. During the prevailing transition period leading up to the implementation of the Interconnection Rules, PSTN service providers operate within an environment wherein no net-interconnection/traffic settlement payments are levied between operators.

(iii) USO

A universal access policy delineates the right of all citizens of Sri Lanka to have access to all sources of information and means of communication which should be reasonably affordable to all classes. The SLTA does not impose an USO on service providers. However, the TRC is focused on establishing an explicit USO policy.

The regulatory framework in the broadcast sector

Whilst the Sri Lankan constitution generally protects the right to freedom of speech and expression, subject to specified limitations specific provisions relating to the licensing of radio and television broadcasting in Sri Lanka is found in the Sri Lanka Broadcasting Corporation Act No. 37 of 1966 ("SLBC Act"), Sri Lanka Rupavahini Corporation Act No. 6 of 1982 ("SLRC Act") in addition to those provisions discussed above under the Sri Lanka Telecommunications Act No. 25 of 1991 (as amended).

The SLBC Act predominantly stipulates the rules and regulations by which the Sri Lanka Broadcasting Corporation ("SLBC") must comply. The provisions pertaining to the licensing of a private radio broadcasting station are set out in Section 44 of the SLBC Act. The Minister is empowered, if he considers it necessary to do so and after consultation with the SLBC issue to any person a license for the establishment and maintenance of any private broadcasting station in any area in Sri Lanka. The SLBC Act further provides that no license shall be issued to any person except after inquiry into his application.

The SLBC Act further empowers the Minister to make regulations as to the procedure in respect of an application for a broadcasting license, the control and supervision of programmes broadcast from private broadcasting stations, the furnishing and disclosure of information by a person applying for such a license, prohibition, regulation or control of the ownership of private broadcasting stations by prescribed classes of persons, the regulation or control of the transfer of shares in companies which hold licenses for private broadcasting stations and the transfer of interests in such stations.

The SLRC Act while predominantly stipulating the rules and regulations, by which the Sri Lanka Rupavahini Corporation ("SLRC") must comply, provides in Section 28 for the licensing of the establishment and maintenance of private television broadcasting stations.

Section 28 of the SLRC Act provides that no person other than the SLRC shall maintain a television broadcasting station unless such person has obtained a license from the Minister. The Minister is empowered to issue a license for the establishment and maintenance of a private television broadcasting station, in consultation with the SLRC. Section 28 also provides that the Minister shall only issue a license if the person applying for a license has such technical, financial and professional qualifications as may reasonably be required for the purpose of establishing and maintaining a private broadcasting station. The SLRC Act also empowers the Minister to make regulations in respect of matters for which such regulations are required.

The allocation and licensing of frequencies for the use of such private broadcasting stations (both radio and television) is carried out by the TRC under Section 22 of the Sri Lanka Telecommunications Act No.25 of 1991 (as amended).

11.19.4 BANGLADESH

Legislation and institutional framework

The telecommunications sector of Bangladesh is governed by the BTA. While previous legislations on the sector, namely the Telegraph Act 1885 and the Wireless Telegraphy Act 1933, are still applicable, they are subject to the provisions of the BTA.

After the BTA came into force, an independent regulatory commission, the BTRC, was established on January 31, 2002. Under the BTA, the BTRC has vast powers and is responsible for, among others, the issuance of licenses, allocation of radio frequency, renewal, suspension and cancellation of licenses, settlement of disputes. The BTRC also performs other various functions.

Pursuant to the power conferred under the BTA, the BTRC had issued various regulations from time to time, including:

(i) BTRC Licensing Procedure Regulations 2004, Regulation No. 1 of 2004

(ii) BTRC (Interconnection) Regulations 2004, Regulations No. 2 of 2004

(iii) BTRC Licensing Procedure Regulations 2004, Amendment No.1 of 2005

(iv) BTRC Licensing Procedure Regulations 2004, Amendment No.1 of 2007

Licensing regime

As mandated under the telecommunications law of Bangladesh, no person shall without a license:

(i) establish or operate a telecommunications system in Bangladesh or undertake any construction work of such system;

(ii) provide in Bangladesh or to any place outside Bangladesh any telecommunication service; or

(iii) undertake any construction work for providing internet service or install or operate any apparatus for such service.

The BTRC Licensing Procedure Regulations 2004, Amendment No. 1 of 2007, which was issued following the introduction of the International Long Distance Telecommunications Systems ("ILDTS") Policy 2007, includes a set of procedures relating to the issuance of licenses to potential operators possessing the requisite competency and also the issuance of licenses on non-exclusive basis in order to rationalise private participation and encourage the creation of a competitive environment. It specifically provides for new procedures in applying for new licenses through a competitive bidding procedure and an open licensing procedure.

Services for which competitive bidding license procedure is applicable include:

(i) Cellular mobile phone
(ii) Satellite mobile phone (GMPCS)
(iii) Overseas telecom
(iv) Paging (for commercial purpose)
(v) Radio trunking (for commercial purpose)
(vi) National long distance (NLD)
(vii) International gateway (IGW)
(viii) Interconnection exchange
(ix) Internet exchange
(x) 3G
(xi) WiMax

Services for which an open licensing procedure is applicable include:

(i) PSTN
(ii) ISP
(iii) VSAT
(iv) Data communication
(v) IP telephony
(vi) Call centre
(vii) Telecommunications value-added services
(viii) Any other services authorised by BTRC

In terms of fee structure, the current fees payable by cellular mobile operators in Bangladesh are:

(i) an entry fee and/or annual fee as provided in the operators' licenses;

(ii) payment of revenue sharing of 5.5% of all the collected rent and call charges. This payment is to be made on a quarterly basis by the 10th day of the month following the completion of every quarter; and

(iii) spectrum charge is to be paid quarterly as fixed by BTRC from time to time.

Spectrum allocation

The authority for the allocation of spectrum is vested with BTRC and charges are fixed by BTRC to be paid on a quarterly basis. Although a national frequency allocation plan (NFAP) has been published in July 2005, the spectrum allocation process is still evolving and improving.

Access regime

The access regime is currently defined under the Interconnection Regulations 2004 as well as in the ILDTS Policy adopted in 2007.

The Interconnection Regulations 2004 ensure uniform and neutral interconnection arrangements between telecommunications networks and operators. Under the Interconnection Regulations 2004, it is mandatory for all operators to ensure any-to-any connectivity for the subscribers of 1 operator to communicate with the subscribers of other operators as and when required.

As such, the previous arrangement on interconnection which was based on mutual agreements between the operators, will be significantly altered following the introduction of the ILDTS Policy 2007. The ILDTS Policy 2007 introduced a new license category for interconnection exchange operators ("ICX") which is limited to local operators only. Further, a new interconnection arrangement will be put in place where domestic and international calls will be interconnected through ICXs or switches, which will create a complex and multi-layered interconnection regime, increase interconnection cost and make prior investment in interconnection arrangements redundant. The BTRC has recently issued licenses for ICX and it is expected that the new licensees will commence operation in the near future.

At present, the rate of cellular mobile termination rate has been fixed by the BTRC at BDT0.40 per minute.

Rate setting/tariff fixing

Under the BTA, there is an express provision that before an operator commences the provision of its service, it shall submit to the BTRC a tariff containing the maximum and minimum charges that may be realised for such service, and until the tariff is approved by the BTRC, the operator shall not start providing the service or realising charges for the service.

Further, on July 26, 2007, BTRC issued an Interim Directive on Tariff and Marketing Promotion which stipulated a tariff circuit, consisting of a ceiling and floor rate. Under the said directive, call charges will be bound by a circuit between the ceiling rate of BDT2 per minute and the floor rate of BDT0.25 per minute.

Competition

There is no competition law in Bangladesh and the Bangladesh telecommunications law does not specifically prohibit monopolistic practices among telecommunications operators. However, the telecommunications law does define the objectives for the BTRC, which include the prevention of discrimination in providing telecommunications services, and to protect telecommunications operators from activities that are damaging to competition. There are provisions in other legislation such as the Penal Code, copyright law, information and communication technology law, on the restriction of monopolistic business.

USO

There is no USO fund in Bangladesh. The BTA states that for the purpose of ensuring access to the service specified in the license to rural and sparsely populated areas, the licensee is obliged to provide such service but not exceeding 10.0% of its capacity. It is unclear if a policy decision on a USO fund will be implemented, especially given the wide cellular mobile coverage in Bangladesh.

11.19.5 CAMBODIA

Overview

Currently, all telecommunication activities in Cambodia are licensed and regulated by the MPTC, acting pursuant to Sub-Decree No. 66 ANKr. BK, dated October 22, 1997 ("Sub-Decree No. 66"). Specific duties and authority allocated to MPTC under Sub-Decree No. 66 include: (i) operating telecommunication services; (ii) being a partner of business alliances in telecommunications work; (iii) establishing license and inspection regulations and the management of radio waves of all kinds; (iv) establishing a telecommunications development plan; and (v) managing and leading telecommunications work in Cambodia. These duties and authority are further specified to include: (i) coordinating the use of long radio spectrum; (ii) developing price lists; (iii) coordinating bilateral agreements; and (iv) dealing with regulations in competition.

Under Sub-Decree No. 66, the MPTC has issued mobile telecommunication licenses to both private operators and a public company, Telecom Cambodia. In keeping with the MPTC's mandate under Sub-Decree No. 66, mobile telecommunication licenses to private operators have customarily been issued in 2 parts: 1 part dealing with a joint venture relationship between the MPTC and the operator; and the other part dealing with the license itself.

The MPTC has issued detailed tariff schedules for both the use of telecommunications equipment and telecommunications services.

Telecom Cambodia

Telecom Cambodia, a public company with characteristics of a state-owned company, was authorised by Sub-Decree No. 01 ANKr. BK, dated January 12, 2005. Telecom Cambodia has a broad set of objectives and duties including: (a) operate telecommunication networks and service providers by radio, satellite, optical fiber, sub-marine cable for the purpose of telephone, facsimile, data transmission, internet, and private leased circuit; and (b) television transmission services. Telecom Cambodia is under the technical administration of the MPTC and the financial administration of the Ministry of Economy and Finance.

WTO

Cambodia became a member of the WTO in October 2004, and has since been in the process of preparing and submitting to its National Assembly laws covering a wide range of areas, including laws dealing with the telecommunications industry.

Draft Cambodia Telecommunications Law

There is a draft Cambodia Telecommunications Law, which is designed to provide the framework applicable to all areas of telecommunications. It is unclear when the Cambodia Telecommunications Law may be promulgated. Its specific objectives include: (a) to promote national policy objectives; (b) to establish a regulatory framework; (c) to establish the powers, functions, and responsibilities of the independent regulatory authority to be set up; and (d) to establish the powers and procedures for the administration of the Cambodia Telecommunications Law. The concept being that the regulatory authority, once established, will become an independent regulatory authority in the telecommunications sector, setting out rules and regulations in accordance with the policies set out by the MPTC. The regulatory authority will issue regulations, effect the establishment of a telecommunications network for use during emergency and national disaster, issue licenses, take necessary measures to ensure the compliance of network and service providers to the telecommunications regulations, and furnish reports to the government of Cambodia.

Licenses under draft Cambodia Telecommunications Law

The draft Cambodia Telecommunications Law explicitly states that no person shall own a network or provide telecommunications services without a license. Licenses will be issued by the regulatory authority. Licenses will be divided into 2 categories: an individual license, and a class license; and there shall be a register of all individual and class licenses, and such register shall be available to the public.

Concessions Law

In late 2007, to promote and facilitate the implementation of privately financed infrastructure projects in Cambodia, Cambodia promulgated a Concessions Law, which among other matters, specifically authorises the use of a concession contract (such as build-operate-transfer (BOT), build-transfer-operate (BTO), build-lease-transfer (BLT), modernise-own-operate (MOO)) in relation to infrastructure facilities for the telecommunications sector.

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES

The list of our Group's subsidiaries, associated companies and jointly-controlled entities, including adjustments for the Pre-Listing Restructuring and Acquisition, as of the Latest Practicable Date are as follows:

Name of company	Date and place of incorporation	Issued and paid-up capital	Group effective equity interest	Principal activities
		RM *(unless indicated otherwise)*	%	
Existing subsidiaries				
TMIL	February 21, 1997 Federal Territory of Labuan, Malaysia	USD78,425,873	100.0	Investment holding
Telekom Management Services Sdn Bhd	November 16, 1994 Malaysia	100,000	100.0	Provision of consultancy and engineering services in telecommunication and related area
TMI Mauritius	June 3, 1997 Mauritius	USD10,000	100.0	Investment holding
G-Com Limited	November 20, 1996 Ghana	CED494,998,000	100.0	Investment holding
TMIC	June 14, 1995 Cambodia	USD8,479,200	100.0	Provision of mobile telecommunications services in Cambodia
Subsidiary held through TMI Mauritius				
TMI India	January 3, 1996 Mauritius	USD72,713,919	100.0	Investment holding
Subsidiaries held through TMIL				
Dialog[(1)]	August 27, 1993 Sri Lanka	SLR33,056,113,435**	84.8	Provision of mobile telecommunications services in Sri Lanka
TESS International Ltd	November 18, 1998 Mauritius	USD1	100.0	Dormant
TMIB[(2)]	October 22, 1995 Bangladesh	BDT3,060,000,000	70.0	Provision of mobile telecommunication services in Bangladesh
TMILP[(3)]	March 22, 1996 Sri Lanka	SLR222,000,000**	100.0	Investment holding
Indocel	October 25, 1995 Malaysia	100,000	100.0	Investment holding
Multinet	November 4, 1996 Pakistan	PKR992,499,200	89.0	Provision of broadband, value-added, long distance and international voice, domestic and international access, and satellite transmission services in Pakistan, and local access services in the licensed area of Karachi

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

Name of company	Date and place of incorporation	Issued and paid-up capital	Group effective equity interest	Principal activities
		RM *(unless indicated otherwise)*	%	
Subsidiary held through Indocel				
XL[4]	October 6, 1989 Indonesia	IDR709,000,000,000	83.8	Provision of mobile telecommunications services in Indonesia
Subsidiaries held through XL				
Excel Phoneloan 818 BV[4]	May 12, 1997 The Netherlands	NLG40,000	83.8	Dormant
Excelcomindo Finance Company BV[4]	December 23, 2003 The Netherlands	EUR20,000	83.8	Investment holding
GSM One (L) Limited[4]	December 17, 1996 Federal Territory of Labuan, Malaysia	USD1	83.8	Dormant
GSM Two (L) Limited[4]	November 24, 1997 Federal Territory of Labuan, Malaysia	USD1	83.8	Dormant
Subsidiaries held through Dialog				
DBN[5]	August 27, 1993 Sri Lanka	SLR823,682,030**	84.8	Provision of infrastructure facilities for voice and data communication systems, radio and television broadcasting systems and mobile radio communication systems and the provision of telecommunication services in Sri Lanka
Dialog TV	January 9, 2004 Sri Lanka	SLR200**	84.8	Carrying on the business of a television broadcasting station and television broadcasting network including cable and pay television transmission
Subsidiaries held through Dialog TV				
CBNP[6]	September 13, 2004 Sri Lanka	SLR50,000,000**	84.8	Provision of IT including data, content transmission services, audio visual services and television programme services
CBNSP[6]	June 29, 2005 Sri Lanka	SLR15,000**	84.8	Provision of manufacturing, assembling, importing and exporting of electronic consumer products and audio visual goods
Jointly-controlled entity held through TMI India				
Spice	March 28, 1995 India	INR6,899,250,000	39.2	Licensed mobile cellular telecommunications service provider in the state of Punjab and Kamataka in India

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

Name of company	Date and place of incorporation	Issued and paid-up capital	Group effective equity interest	Principal activities
		RM *(unless indicated otherwise)*	%	
Associates				
Samart[7]	March 23, 1993 Thailand	THB976,503,910	19.0	Design, implementation and installation of tele-communications systems and the sale and distribution of telecommunication equipment in Thailand
Samart I-Mobile[7], [8]	October 27, 1995 Thailand	THB430,000,000	35.6	Distribution of mobile phones bundled with content services, accessories both in Thailand and overseas markets, and provision of content services as well as producer and developer of content
Associate held through TMIL				
MTCE	April 6, 1999 Iran	IRR63,320,000,000	49.0	Planning, designing, installing, operating and maintaining a GSM mobile telecommunication network to customers in the province of Esfahan, Iran
Proposed subsidiaries				
SunShare[9]	June 7, 2005 Federal Territory of Labuan, Malaysia	USD734,009.90	100.0	Investment holding company
Celcom	January 5, 1988 Malaysia	1,237,534,681	100.0	Provision of network capacity and services
Associate held through SunShare				
M1	November 7, 1992 Singapore	SGD114,561,962.72	29.8	Provision of mobile telecommunications services, international call services, mobile retail sales, after-sales support subscriber services, R&D of mobile telecommunication products and services and investment holding
Subsidiaries held through Celcom				
Celcom Multimedia (Malaysia) Sdn Bhd	June 22, 1999 Malaysia	2	100.0	Dormant
Celcom Technology (M) Sdn Bhd	May 21, 1992 Malaysia	2,000,000	100.0	Provision of telecommunication value-added services through cellular or other forms of telecommunication network
CTS	January 17, 1995 Malaysia	7,000,000	80.0	Provision of fiber optic transmission network
CTX	March 30, 1990 Malaysia	25,000,000	100.0	Provision of network transmission related services
Celcom Trunk Radio (M) Sdn Bhd	October 4, 1989 Malaysia	10,000	100.0	Ceased operation

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

Name of company	Date and place of incorporation	Issued and paid-up capital	Group effective equity interest	Principal activities
		RM *(unless indicated otherwise)*	%	
CT Paging	August 4, 1988 Malaysia	500,000	100.0	Provision of strategic and business development, management, administrative and support services and investment holding
TRI	December 1, 1966 Malaysia	1,000	100.0	Investment holding
Celcom Mobile	July 15, 1976 Malaysia	1,565,000,000	100.0	Provision of mobile communication services, network services, application services and content
Alpha Canggih Sdn Bhd	August 24, 1994 Malaysia	2	100.0	Property investment
Subsidiaries held through TRI				
Alpine Resources Sdn Bhd	September 8, 1987 Malaysia	2,500,000	100.0	Inactive
Rego Multi-Trades Sdn Bhd	November 1, 1983 Malaysia	2,000,000	100.0	Dealing in marketable securities
Technology Resources Management Services Sdn Bhd	December 20, 1985 Malaysia	2	100.0	Inactive
Technology Resources (Nominees) Sdn Bhd	May 30, 1991 Malaysia	2	100.0	Dormant
TR Components Sdn Bhd	April 18, 1991 Malaysia	2	100.0	Investment holding
TRIL	August 19, 1993 Hong Kong	HKD2	100.0	Investment holding
Associate held through Celcom				
Sacofa	July 11, 2001 Malaysia	64,171,634	20.0	Trade or business of a telecommunications infrastructure and services company
Associate held through CT Paging				
C-Mobile(10)	January 9, 2007 Malaysia	5,000,000	67.2	Setting up a distribution network of dealers and concept retail stores based on intellectual property rights owned by Celcom

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

Notes:

** Refers to stated capital. Pursuant to the new Companies Act, No. 7 of Sri Lanka, the concept of authorised and paid-up share capital has been replaced with the concept of stated capital, effective from May 3, 2007. The stated capital comprises the total of all amounts received in respect of the issue of shares. For accounting purposes, the share premium is also included and expenses relating to the issuance are deducted.

(1) Pursuant to a call option deed dated September 24, 2007 between TMIL and International Finance Corporation ("IFC"), TMIL has granted to IFC a call option for a period of 6 months from the date of the deed to acquire such number of shares in Dialog held by TMIL that is equal to the aggregate purchase price of USD15 million. The call option deed has expired unexercised on March 23, 2008.

(2) Our Company holds directly less than 0.001% equity interest in TMIB.

(3) Our Company holds directly 0.001% equity interest in TMILP.

(4) Upon completion of the Pre-Listing Restructuring and Acquisition, our Group's effective stake in XL and its subsidiaries will increase from 67.0% to 83.8%.

(5) TMILP holds directly 0.001% equity interest in DBN.

(6) Dialog holds directly 0.001% equity interest in each of CBNP and CBNSP.

(7) The respective effective shareholdings of our Group in Samart and Samart I-Mobile are as of December 31, 2007.

(8) Samart holds 57.69% direct and 1.15% indirect equity interest in Samart I-Mobile as of December 31, 2007.

(9) As of the Latest Practicable Date, our Company and TM hold a 51.0% economic interest in SunShare while 49.0% is held by Khazanah. Upon completion of the Pre-Listing Restructuring and Acquisition, our Group will hold 100% of the issued and paid-up share capital of SunShare. As of the Latest Practicable Date, SunShare held a 29.8% interest in M1.

(10) In addition to our holdings in C-Mobile through CT Paging, we effectively hold 18.2% in C-Mobile by virtue of Samart I-Mobile holding 100% equity interest in I-Mobile International Co. Ltd as of December 31, 2007, which in turn, holds 51.0% equity interest in C-Mobile. Although our effective holding in C-Mobile is 67.2%, we do not have direct majority control and board control of C-Mobile hence it is not consolidated as a subsidiary.

Currencies

CED : Ghanaian Cedi
HKD : Hong Kong Dollar
IRR : Iranian Rial
NLG : Dutch Guilders

The corporations in which the Celcom Group owns more than half of the voting power, which, due to permanent loss of control or significant influence, have been accounted as investments and written down to recoverable amounts of RM1 each, are as follows:

(i) TRI Telecommunication Tanzania Limited (on June 12, 2003, the High Court of Tanzania had endorsed a petition by 4 creditors of the company, namely Tanzania Communications Commission, Tanzania Telecommunications Company Limited, Tanzania Revenue Authority and VIP Engineering and Marketing Limited to wind up the company);

(ii) TRI Telecommunication Zanzibar Limited (on March 13, 2006, Celcom's wholly-owned subsidiary had obtained an order from the High Court of Zanzibar to wind up the company); and

(iii) Tripoly Communication Technology Corporation Ltd (special liquidation had commenced on February 20, 2008 pursuant to Chapter 3 of Procedures for Liquidation of Foreign-Funded Enterprise of the People's Republic of China).

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

Details of our 5 key operating subsidiaries' issued and paid-up share capital and the changes since the dates of their incorporation to the Latest Practicable Date are set out as follows:

Celcom (167469-A)

Celcom's authorised and issued and paid-up share capital as of the Latest Practicable Date are as follows:

	No. of ordinary shares	Par value (RM)	Amount (RM)
Authorised share capital	4,000,000,000	1.00	4,000,000,000
Issued and paid-up share capital	1,237,534,681	1.00	1,237,534,681

The changes in Celcom's issued and paid-up share capital since the date of its incorporation up to the Latest Practicable Date are as follows:

Date of allotment	No. of shares allotted / (cancelled)	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
Ordinary shares				
January 5, 1988	2	1.00	Cash – subscribers' shares	2
March 15, 1988	1,000,000	1.00	Cash	1,000,002
December 14, 1988	3,999,998	1.00	Cash	5,000,000
January 5, 1990	15,000,000	1.00	Cash	20,000,000
September 18, 1990	10,000,000	1.00	Cash	30,000,000
February 28, 1991	20,000,000	1.00	Cash	50,000,000
April 28, 1992	25,000,000	1.00	Cash	75,000,000
August 18, 1996	30,000,000	1.00	Conversion of irredeemable convertible cumulative preference shares ("ICPS") into ordinary shares	105,000,000
November 23, 1998	395,000,000	1.00	Cash	500,000,000
August 30, 2002	1,483,649,322	1.00	Capitalisation of cash advances by TRI to Celcom as of August 30, 2002 amounting to RM1,483,649,322	1,983,649,322
April 17, 2003	635,471,698	1.00	Acquisition of 100% equity interest in TM Cellular Sdn Bhd (now known as Celcom Mobile) for a total purchase consideration of RM1,684.0 million, satisfied by way of the allotment and issuance of 635,471,698 new ordinary shares in Celcom at an issue price of RM2.65 per share	2,619,121,020
July 22, 2005	Nil	1.00	Capital repayment exercise comprising (i) capital reduction of 10.0 sen for every existing ordinary share RM1.00 each; and (ii) consolidation of 2,619,121,020 shares of 90.0 sen each into 2,357,208,918 ordinary shares of RM1 each credited as fully paid-up	2,357,208,918
December 4, 2006	Nil	1.00	Capital repayment exercise comprising (i) capital reduction of 25.0 sen for every existing ordinary share RM1.00 each; and (ii) consolidation of 2,357,208,918 shares of 75.0 sen each into RM1,767,906,688 ordinary shares of RM1.00 each credited as fully paid-up	1,767,906,688

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

Date of allotment	No. of shares allotted / (cancelled)	Par value	Consideration	Cumulative issued and paid-up share capital
		(RM)		(RM)
September 20, 2007	Nil	1.00	Capital repayment exercise comprising (i) capital reduction of 30.0 sen for every existing ordinary share RM1.00 each; and (ii) consolidation of 1,767,906,688 shares of 70.0 sen each into RM1,237,534,681 ordinary shares of RM1.00 each credited as fully paid-up	1,237,534,681
ICPS				
August 18, 1992	30,000,000	1.00	Cash	30,000,000
August 18, 1996	(30,000,000)	1.00	Conversion of ICPS into ordinary shares	-

Celcom does not have any outstanding warrants, options, convertibles or uncalled capital as of the Latest Practicable Date.

Celcom will be a wholly-owned subsidiary of our Company upon completion of the Pre-Listing Restructuring.

XL (09.03.1.64.27516)

XL's authorised and issued and paid-up share capital as of the Latest Practicable Date are as follows:

	No. of ordinary shares	Par value	Amount
		(IDR)	(IDR)
Authorised share capital	22,650,000,000	100	2,265,000,000,000
Issued and paid-up share capital	7,090,000,000	100	709,000,000,000

Changes in XL's issued and paid-up share capital since its incorporation up to the Latest Practicable Date are as follows:

Date of allotment	No. of ordinary shares allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		(IDR)		(IDR)
October 6, 1989	100	1,000,000	Subscriber's shares	100,000,000
June 26, 1995	49,900	1,000,000	Cash	50,000,000,000
November 20, 1995	403,000	250,000	Cash and share split[(1)]	113,250,000,000
March 18, 1997	1,812,000	250,000	Bonus issue[(2)]	566,250,000,000
July 19, 2005	5,662,500,000	100	Share split[(3)]	566,250,000,000
July 19, 2005	1,427,500,000	100	New issuance of shares[(4)]	709,000,000,000

Notes:

(1) The par value of the share capital was sub-divided from IDR1,000,000 to IDR250,000 per share.

(2) Bonus issue on the basis of 4 new shares for every 1 existing share held.

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

(3) The par value of the share capital was sub-divided from IDR250,000 to IDR100 per share.

(4) New issuance of 1,427,500,000 shares offered for subscription.

XL does not have any outstanding warrants, options, convertibles or uncalled capital as of the Latest Practicable Date.

XL's substantial shareholders and their respective shareholdings in XL as of the Latest Practicable Date are as follows:

Shareholder	No. of ordinary shares held	%
Indocel	4,749,383,500	67.0%
Khazanah	1,191,553,500	16.8%
Etisalat Indonesia	1,132,497,500	16.0%

Note:

Pursuant to the Acquisition, Indocel will acquire Khazanah's 16.8% stake in XL, resulting in Indocel holding 83.8% in XL upon the completion of the Acquisition. Details of the Acquisition are set out in Section 5.2.

Dialog (PQ38)

Dialog's stated capital as of the Latest Practicable Date is SLR33,056,113,435.

Pursuant to the new Companies Act, No.7 of 2007 of Sri Lanka, the concept of authorised and paid-up share capital has been replaced with the concept of stated capital, effective from May 3, 2007. Stated capital is the total of all amounts received by, or is due and payable to, a company.

The changes in Dialog's issued and paid-up share capital since its incorporation up to June 27, 2007 are as follows:

Date of allotment	No. of shares allotted	Par value (SLR)	Consideration	Cumulative issued and paid-up share capital (SLR)
Ordinary shares				
March 24, 1995	37,000,000	10.00	Cash	370,000,000
May 20, 2005	126,897,876	10.00	Conversion of preference shares (non-cash)	1,638,978,760
May 20, 2005	63,448,938	10.00	Conversion of preference shares (cash)	2,273,468,140
May 20, 2005	95,419,000	10.00	Capitalisation of subscription in advance	3,227,658,140
May 20, 2005	368,581,000	10.00	Capitalisation of reserves	6,913,468,140
May 20, 2005	5	10.00	Sponsor shares issued on conversion to a public company	6,913,468,190
May 20, 2005	6,913,468,190	1.00	Share split(1)	6,913,468,190
July 11, 2005	199,892,741	1.00	ESOS Trust(2)	7,113,360,931
July 25, 2005	290,073,982	1.00	New issuance of shares(3)	7,403,434,913
Preference shares				
July 22, 1997	5,390,000	60.00	Cash	323,400,000
June 30, 1998	9,961,730	60.00	Cash	921,103,800
November 2, 1998	5,797,916	60.00	Cash	1,268,978,760
May 20, 2005	(21,149,646)	60.00	Conversion to 9 ordinary shares each(4)	—

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

Notes:

(1) The par value of the share capital was sub-divided from SLR10 to SLR1 per share.

(2) 199,892,741 shares offered to employee share option scheme trust to subscribe.

(3) New issuance of 290,073,982 shares offered for subscription.

(4) Conversion to 9 ordinary shares for every 1 existing preference share held at SLR10.

The changes in Dialog's stated capital from May 3, 2007 to February 29, 2008 are as follows:

Date	Stated capital[1]
	(SLR)
May 31, 2007	12,680,378,560
June 30, 2007[2]	28,116,282,009
July 31, 2007	28,104,086,414
September 30, 2007	28,104,198,444
November 30, 2007[3]	33,056,698,444
January 31, 2008	33,056,413,435
February 29, 2008	33,056,113,435

Notes:

(1) The stated capital comprises the total of all amounts received by Dialog in respect of the issue of shares and share premium. For accounting purposes, the stated capital is recorded at the end of every month. The changes in the stated capital reflects the rights issue of 740,343,492 ordinary shares of SLR21.00 each and issuance of 5,000,000,000 rated cumulative preference shares of SLR1.00 each, and the adjustment for expenses relating to these issuances.

(2) On June 27, 2007, Dialog made a rights issue on the basis of 1 new share for every 10 existing shares held at an issue price of SLR21.00 each.

(3) On November 1, 2007, Dialog issued 5,000,000,000 rated cumulative redeemable preference shares of SLR1.00 each.

Dialog does not have any outstanding warrants, options, convertibles or uncalled capital as of the Latest Practicable Date.

Dialog's substantial shareholder and its shareholding in Dialog as of the Latest Practicable Date is as follows:

Shareholder	No. of ordinary shares held	%
TMIL	6,771,539,665	84.81

The details of the share capital of the subsidiaries of Dialog (directly or indirectly) that have been issued within 2 preceding years from the Latest Practicable Date are as follows:

(i) Dialog TV

Date of allotment	No. of ordinary shares allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		(SLR)		(SLR)
September 29, 2006	18	10.00	Cash	200

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

(ii) CBNP

Date of allotment	No. of ordinary shares allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		(SLR)		(SLR)
June 1, 2006	3,999,998	10.00	Cash	50,000,000

(iii) CBNSP

Date of allotment	No. of ordinary shares allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		(SLR)		(SLR)
December 3, 2006	1,498	10.00	Cash	15,000

TMIB (C-29552(840)/95)

TMIB's authorised and issued and paid-up share capital as of the Latest Practicable Date are as follows:

	No. of ordinary shares	Par value	Amount
		(BDT)	(BDT)
Authorised share capital	30,600,000	100	3,060,000,000
Issued and paid-up share capital	30,600,000	100	3,060,000,000

The changes in TMIB's issued and paid-up share capital since its incorporation up to the Latest Practicable Date are as follows:

Date of allotment	No. of ordinary shares allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		(BDT)		(BDT)
October 26, 1995	100	100	Cash	10,000
January 27, 1997	240,000	100	Cash	24,010,000
April 27, 1998	759,900	100	Cash	100,000,000
September 24, 2000	2,400,000	100	Cash	340,000,000
December 20, 2004	27,200,000	100	Bonus issue	3,060,000,000

TMIB does not have any outstanding warrants, options, convertibles or uncalled capital as of the Latest Practicable Date.

TMIB's substantial shareholders and their shareholding in TMIB as of the Latest Practicable Date are as follows:

Shareholders	No. of ordinary shares held	%
TMIL[(1)]	21,419,910	70.0%
A.K. Khan & Co. Ltd[(2)]	8,720,964	28.5%

Notes:

(1) TMI holds directly less than 0.001% equity interest in TMIB.

(2) A.K. Khan & Co. Ltd., together with its subsidiaries, A.K. Leather & Synthetics Ltd, A.K. Docking & Engineering Co. Ltd, A.K. Khan Match & Co. Ltd and A.K. Khan Plywood Co Ltd (each hold approximately 0.38% equity interest in TMIB), collectively hold 30% equity interest in TMIB.

12. INFORMATION ON SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES *(cont'd)*

TMIC (Inv. 0030/95 E)

TMIC's authorised and issued and paid-up share capital as of the Latest Practicable Date are as follows:

	No. of ordinary shares	Par value (USD)	Amount (USD)
Authorised share capital	2,119,800	4	8,479,200
Issued and paid-up share capital	2,119,800	4	8,479,200

Prior to the acquisition of TMIC by our Company, there is incomplete documentation on the allotment of shares. However, based on a shareholders' agreement dated February 19, 1999, it has been established that the ordinary shares of USD0.40 each in TMIC had been consolidated into ordinary shares of USD4.00 each.

TMIC does not have any outstanding warrants, options, convertibles or uncalled capital as of the Latest Practicable Date.

TMIC is a wholly-owned subsidiary of our Company.

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13. MANAGEMENT

13.1 BOARD OF DIRECTORS

Within the limits set by our Articles, the Board is responsible for the review and approval of corporate plans, annual budgets, acquisitions and disposals of undertakings and properties of substantial value, major investments and financial decisions and changes to the management and control structure within our Company and our subsidiaries, including key policies and delegated authority limits. Under our Articles, we must have at least 2 and not more than 12 Directors.

As of March 28, 2008, our Board consists of 8 Directors and an Alternate Director. An additional Director, Lau Nai Pek, will be joining the Board on April 23, 2008. All the Directors are required to retire at least once every 3 years from office but are eligible for re-appointment. A retiring Director retains his office until the close of the meeting at which he retires.

The Directors of our Company are set out below:

Name	Age	Address	Nationality	Date of appointment as Director	Designation
Dato' Azman Mokhtar	47	No. 28, Jalan SS 21/3 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	March 3, 2008	Chairman/Non-Independent Non-Executive Director
Dato' Jamaludin Ibrahim	49	No. 247, Jalan Bungur Rosa Sierramas 47000 Sungai Buloh Selangor Darul Ehsan Malaysia	Malaysian	March 3, 2008	Managing Director/ President and Group Chief Executive Officer
Dato' Yusof Annuar Yaacob	42	No. 18, Jalan Bunga Melati 2/2 40000 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	June 1, 2005	Executive Director/Group Chief Financial Officer
Ismael Fariz Ali	45	14, Lorong Setiabistari 7 Bukit Damansara 50490 Kuala Lumpur Malaysia	Malaysian	March 24, 2008	Non-Independent Non-Executive Director/ Chairman of Nomination & Remuneration Committee
Tan Sri Ghazzali Sheikh Abdul Khalid	62	50, Jalan Athinahappan Taman Tun Dr Ismail 60000 Kuala Lumpur Malaysia	Malaysian	March 24, 2008	Independent Non-Executive Director
Datuk Azzat Kamaludin........	62	No. 38, Jalan TR 8/2 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	March 24, 2008	Independent Non-Executive Director
Juan Villalonga Navarro......	54	14 Cottesmore Gardens Kensington London W8 5PR United Kingdom	Spanish	March 24, 2008	Independent Non-Executive Director
Lau Nai Pek........................	54	B-3-4, Sri Kenny Condo No. 28 Jalan Tun Ismail 50480 Kuala Lumpur Malaysia	Malaysian	April 23, 2008	Independent Non-Executive Director/ Chairman of Board Audit Committee

13. MANAGEMENT *(cont'd)*

Name	Age	Address	Nationality	Date of appointment as Director	Designation
Gita Irawan Wirjawan..........	42	St. Budi Tgh Four Season Apartment RT.007/003 Setiabudi Jakarta Selatan Indonesia	Indonesian	March 24, 2008	Independent Non-Executive Director
Dr. Farid Mohamed Sani......	32	No. 82, SS 21/44 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	March 24, 2008	Alternate Director to Ismael Fariz Ali

13.1.1 Biographies of Directors

Dato' Azman Mokhtar is our Chairman and Non-Independent Non-Executive Director. Dato' Azman Mokhtar is also the Managing Director of Khazanah since his appointment on June 1, 2004. Between 1994 and 1998, he was a Director and Head of Research for Union Bank of Switzerland in Malaysia. Between 1998 and 2002, he was a Director and Head of Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was the Managing Director of BinaFikir Sdn Bhd. Dato' Azman Mokhtar graduated with distinction in M. Phil in Development Studies from Darwin College, Cambridge University, the United Kingdom as a Chevening scholar. He is a Fellow of the Association of Chartered Certified Accountants, the United Kingdom and is a Chartered Financial Analyst charter holder. He also holds a graduate diploma in Islamic Studies from the International Islamic University, Kuala Lumpur.

Dato' Jamaludin Ibrahim is our Managing Director/President and Group Chief Executive Officer. Prior to his appointment in our Company, Dato' Jamaludin Ibrahim was the Group Chief Executive Officer of Maxis. Dato' Jamaludin Ibrahim joined Maxis in 1997 and was appointed as Maxis' Chief Executive Officer in 1998. On August 1, 2007, he stepped down as Group Chief Executive Officer but continued to serve on the Maxis Board until February 26, 2008. Prior to joining Maxis, Dato' Jamaludin Ibrahim was the Managing Director and Chief Executive Officer of Digital Equipment (M) Sdn Bhd from 1993 to 1997. Before that, he spent 12 years with IBM Malaysia. He began his career in 1981 as a lecturer. Dato' Jamaludin Ibrahim graduated in 1978 from California State University, United States, with a Bachelor of Science in Business Administration and a minor in Mathematics. He obtained his Masters of Business Administration from Portland State University, Oregon, United States, in 1980, specialising in Quantitative Methods. Dato' Jamaludin Ibrahim is chairman of the Advisory Board of the National Science Centre and sits on the boards of Universiti Tun Hussein Onn Malaysia and Universiti Tun Abdul Razak Sdn Bhd. He had previously served as a board member of the Bridge Mobile Alliance, World GSM Association, Malaysia Venture Capital Management Berhad, a Government-owned venture capital firm, and HeiTech Padu Berhad, a publicly-listed IT company.

Dato' Yusof Annuar Yaacob is our Executive Director/Group Chief Financial Officer. Dato' Yusof Annuar Yaacob has both investment banking and corporate management experience. His investment banking career included stints at S.G. Warburg & Co (now known as UBS Warburg), ING Barings Securities Singapore and the Merrill Lynch & Co affiliate in Malaysia. Prior to his appointment in our Company on June 1, 2005, he was an Executive Director at OCB Berhad and a board member of a number of other public listed companies in Malaysia. Currently, he is also a board member of several public listed and private companies, locally and internationally. Dato' Yusof is an accountant by profession and completed his Chartered Institute of Management Accountants professional examinations in 1987.

Ismael Fariz Ali is a Non-Independent Non-Executive Director of our Company. He is currently the Executive Director, Investments, at Khazanah. Prior to this, Ismael Fariz Ali was the managing director of a technology venture capital firm, FirstFloor Capital Sdn Bhd, which he co-founded in 2000. In his 7 years leading the firm, Ismael Fariz Ali was involved in setting up several venture funds ranging from angel-stage and early-stage technology funds to mezzanine-stage funds. Prior to that, Ismael Fariz Ali worked for the AMMB Group for 16 years, with experience ranging from corporate finance, privatisations, mergers and acquisitions, investment advisory and valuations, to infrastructure project finance, restructuring, and corporate strategy advice. Ismael Fariz Ali serves on several boards including Celcom, ValueCap Sdn Bhd, Pharmaniaga Berhad and RHB Bank Berhad. He is also a council member of the Malaysian Venture Capital Development Council (MVCDC). Ismael Fariz Ali holds a Masters of Business Administration in Finance from the University of Iowa and a Bachelor of Art degree in Economics and Business Administration from Knox College, Illinois, where he was also a teaching assistant in Computer Science.

Tan Sri Ghazzali Sheikh Abdul Khalid is an Independent Non-Executive Director of our Company. Tan Sri Ghazzali Sheikh Abdul Khalid is an Ambassador-at-large of the Ministry of Foreign Affairs, Malaysia. Ambassador Ghazzali has made his career as a diplomat since 1971 and became the Ambassador of Malaysia to the United States on April 19, 1998. Before his appointment to Washington, DC, he served as the deputy secretary-general at the Ministry of Foreign Affairs, Malaysia. Over the years, his overseas appointments have included postings to Hong Kong, Germany, Austria, Thailand, the United Kingdom, and with the United Nations in New York, United States. Ambassador Ghazzali holds a degree in economics from the University of La Trobe in Australia.

Datuk Azzat Kamaludin is an Independent Non-Executive Director of our Company. Datuk Azzat Kamaludin is a lawyer by profession and is a partner of the law firm of Azzat & Izzat. Datuk Azzat Kamaludin graduated from the University of Cambridge, the United Kingdom, with degrees in Law and in International Law in 1968 and 1969 respectively, and was admitted as a Barrister-at-Law of the Middle Temple, London in 1970. Prior to being admitted as an advocate and solicitor of the High Court of Malaya in 1979, he served as an administrative and diplomatic officer with the Ministry of Foreign Affairs, Malaysia from 1970 to 1979. Datuk Azzat Kamaludin is presently a director of Affin Holdings Berhad, Boustead Holdings Berhad, Boustead Heavy Industries Corporation Berhad, KPJ Healthcare Berhad, Pulai Springs Resort Berhad, Celcom, Visdynamics Holdings Berhad and several other private limited companies. He served as a member of the SC from March 1, 1993 to March 21, 1999.

Juan Villalonga Navarro is as an Independent Non-Executive Director of our Company. Juan Villalonga Navarro is currently a global investor based in London. He is a board member of Espirito Santo Financial Holding in Spain. From 1996 to 2000, he was the Chairman and Chief Executive Officer of Telefonica, a provider of telecommunications services in Spain. Prior to joining Telefonica, Juan Villalonga Navarro was the Chief Executive Officer of Bankers Trust in Spain and Portugal, the Chief Executive Officer of Credit Suisse First Boston in Spain and a partner at McKinsey & Co., a consulting firm, for 9 years. Juan Villalonga Navarro graduated with a degree in Law and Economics from Deusto University in Spain and holds a Master's in Business Administration from the Institute of Advanced Economic Studies in Barcelona, Spain.

Lau Nai Pek is an Independent Non-Executive Director and Chairman of the Board Audit Committee of our Company. He has over 30 years of professional experience in finance and leading finance organisations in various locations globally. Lau Nai Pek has served the Shell Group for 25 years in various capacities in New Zealand, Australia, Brunei, Malaysia, the United Kingdom, China and the Netherlands. He is currently the vice-president finance, Shell International Exploration and Production B.V., The Hague, the Netherlands. Lau Nai Pek is a chartered accountant by profession and associate member of the New Zealand Society of Accountants and a member of the Malaysian Institute of Accountants. Lau Nai Pek obtained his Bachelor of Commerce degree from the University of Canterbury, New Zealand.

Gita Irawan Wirjawan is an Independent Non-Executive Director of our Company. He is currently the Managing Director and senior country officer for JP Morgan in Indonesia. Prior to that, Gita Irawan Wirjawan was the Senior Vice President for International Business Development at Singapore Technologies Telemedia Pte Ltd. He was previously a senior banker at Goldman Sachs and Citibank. Gita Irawan Wirjawan is also active in public service in Indonesia. He is a member of the Indonesian Chamber of Commerce and he is on the Indonesian President's biodiesel/renewable energy committee as well as the Indonesian Vice-President's committee on infrastructure development. Gita Irawan Wirjawan holds a Masters of Public Administration degree from the Kennedy School of Government, Harvard University, United States where he was also a Mason Fellow. He also has a Masters of Business Administration from Baylor University, United States, and a Bachelor of Arts degree in Business Administration from the University of Texas, United States.

Dr. Farid Mohamed Sani is an Alternate Director to Ismael Fariz Ali. Dr. Farid Mohamed Sani is currently the Senior Vice President of the Managing Director's office at Khazanah. He has been with Khazanah since 2004 and has also served in Khazanah's transformation management office. Prior to that, Dr. Farid Mohamed Sani was a consultant at McKinsey & Co for 2 years. Dr. Farid Mohamed Sani received his doctorate in Chemical Engineering from University of Cambridge, the United Kingdom. He also has a Master of Engineering and Bachelor of Arts degree (Honours) from the University of Cambridge, the United Kingdom, with a specialisation in Chemical Engineering. He graduated with first class honours.

13.1.2 Shareholdings of Directors

Prior to the Pre-Listing Restructuring and Acquisition, as of the Latest Practicable Date, TM owned all of our issued Shares. Based on TM's Register of Substantial Shareholders and our Company's Register of Members as of the Latest Practicable Date, none of our Directors hold shares in TM. They do not have any shareholdings, whether direct or indirect, in our Company after the completion of the Pre-Listing Restructuring and Acquisition.

However, as of March 28, 2008, pursuant to TM's Special ESOS established for eligible employees and Executive Directors of the TM Group, TM had granted Dato' Yusof Annuar Yaacob an option to acquire 500,000 TM Shares. After the Pre-Listing Restructuring, Dato' Yusof Annuar Yaacob shall have the right to purchase 500,000 TM Shares and 500,000 Shares under TM's Special ESOS.

13. MANAGEMENT *(cont'd)*

13.1.3 Directorships in all other public corporations

Other than as disclosed below, none of our Directors have held directorships in other public corporations in the past 2 years preceding March 28, 2008.

Name of Director	Company
Dato' Azman Mokhtar	Khazanah
	Malaysian Agrifood Corporation Berhad *(Resigned on January 31, 2008)*
	TM
	TNB *(Resigned on March 31, 2007)*
	UEM World Berhad
	UEM Group Berhad
	Yayasan Khazanah *(A Company Limited By Guarantee)*
	South Johor Investment Corporation Berhad
Dato' Jamaludin Ibrahim	Aircel Limited *(Resigned on August 1, 2007)*
	Aircel Cellular Limited *(Resigned on August 1, 2007)*
	Dishnet Wireless Limited *(Resigned on August 1, 2007)*
	Maxis *(Resigned on February 26, 2008)*
Dato' Yusof Annuar Yaacob	Celcom
	Dialog
	M1
	OCB Berhad
	Samart
	Samart I-Mobile
	Spice
	TMIB
	XL
Ismael Fariz Ali	Celcom
	Pharmaniaga Berhad
	RHB Bank Berhad
	RHB Islamic Bank Berhad
	RHB Bank (L) Ltd
	RHB Delta Finance Berhad *(Resigned on May 9, 2006)*
	TRI
Datuk Azzat Kamaludin	Affin Holdings Berhad
	Boustead Holdings Berhad
	Boustead Heavy Industries Berhad
	Celcom
	KPJ Healthcare Berhad
	Pulai Springs Resort Berhad
	Visdynamics Holdings Berhad
Juan Villalonga Navarro	Espirito Santo Financial Holding
Gita Irawan Wirjawan	JP Morgan

13.1.4 Substantial shareholdings in all other public corporations

None of our Directors have substantial shareholdings in other public corporations in the past 2 years preceding March 28, 2008.

13.1.5 Directors' service agreements

Save as disclosed below, there are no existing or proposed service agreements between our Directors and our Group as at March 28, 2008.

Dato' Yusof Annuar has an existing service agreement with TM, which is expiring in May 2008, and includes mutual termination clauses.

Our Company intends to enter into service agreements with our Executive Directors, namely Dato' Jamaludin Ibrahim and Dato' Yusof Annuar Yaacob. The tenure of these contracts is generally for a fixed term of 3 years. All service agreements are expected to have mutual termination clauses with termination notices to be given.

13.1.6 Remuneration and benefits of Directors

The aggregate remuneration and benefits to the Directors of our Company (including Directors who have resigned on March 24, 2008) for all services rendered in all capacities to our Group for fiscal 2007 and fiscal 2008 are approximately RM1.2 million and estimated at RM3.1 million, respectively.

Our Directors' remuneration, which includes salaries, bonus, fees and allowances as well as other benefits of our Directors, must be considered and recommended by our Nomination & Remuneration Committee ("NRC") and subsequently approved by our Board. Our Directors' fees must be further approved or endorsed by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of any increase proposed should be given.

The remuneration and benefits paid and proposed to be paid (to the extent determinable) to our current Directors in fiscal 2007 and fiscal 2008 are as follows:

	Remuneration and benefits for	
Directors	**fiscal 2007**	**fiscal 2008**
	RM'000	**RM'000**
Dato' Azman Mokhtar[(1)]	-	138
Dato' Jamaludin Ibrahim	-	1,200
Dato' Yusof Annuar Yaacob	798	1,002
Ismael Fariz Ali[(1)]	-	110
Tan Sri Ghazzali Sheikh Abdul Khalid	-	110
Datuk Azzat Kamaludin	-	110
Juan Villalonga Navarro	-	110
Lau Nai Pek	-	110
Gita Irawan Wirjawan	-	110
Total	798	3,000

Note:

(1) The remuneration and benefits for Dato' Azman Mokhtar and Ismael Fariz Ali for their services in their capacity as a Director in our Company for fiscal 2008 will be remitted by our Company to Khazanah.

Our Company is looking to put in place a remuneration policy and framework with appropriate benchmarking to ensure that our Directors' remuneration and benefits commensurate with their duties and responsibilities. As such, the remuneration proposed to be paid to our Directors for their services in fiscal 2008 may be revised subject to the findings of the benchmarking exercise and the actual number of meetings held in fiscal 2008. The proposed remuneration also excludes bonus to the Executive Directors for performance rendered for fiscal 2008, which shall be subject to, amongst others, their performance in fiscal 2008.

Save for the above, we have not paid or intended to pay or given amounts or benefits to any Director within the 2 years preceding March 28, 2008.

13.1.7 Board Audit Committee ("BAC")

Our BAC comprises 3 members, all of whom are Independent Non-Executive Directors, and is responsible for reviewing audit plans and audit reports with our auditors, reviewing the auditors' evaluation of internal accounting controls, management information systems, the scope of internal audit procedures, the financial statements and the nomination of auditors. The BAC will also be responsible for reviewing related party transactions and conflict of interest situations that may arise.

Our BAC comprises the following members:

Name	Position	Date of appointment	Directorship
Lau Nai Pek	Chairman	April 23, 2008	Independent Non-Executive Director
Datuk Azzat Kamaludin	Member	March 24, 2008	Independent Non-Executive Director
Juan Villalonga Navarro	Member	March 24, 2008	Independent Non-Executive Director

The Chairman of our BAC, Lau Nai Pek, is a member of the Malaysian Institute of Accountants.

13.1.8 NRC

Our Company has a combined NRC for the purpose of expediency, since the same members are entrusted with the functions of both the Nomination Committee and the Remuneration Committee. The members of the NRC are mindful of their dual roles, which are clearly reflected and demarcated in the Terms of Reference of the NRC. The NRC is primarily responsible for recommending candidates for appointments to our Board and key management positions in our Group and reviewing and recommending remuneration packages for our Directors and pivotal positions in our Group. Our NRC currently comprises the following members:

Name	Position	Date of appointment	Directorship
Ismael Fariz Ali	Chairman	March 24, 2008	Non-Independent Non-Executive Director
Tan Sri Ghazzali Sheikh Abdul Khalid	Member	March 24, 2008	Independent Non-Executive Director
Gita Irawan Wirjawan	Member	March 24, 2008	Independent Non-Executive Director

13.1.9 Articles governing our Directors

The relevant Articles relating to the remuneration, borrowing powers and voting powers of our Directors are extracted as follows (special terms mentioned are as defined in our Articles):

Article 106 – Directors' remuneration

(i) The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fees.

(ii) Any Director who is appointed to any executive office including Chairman or who serves on any committee shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, participation in profits, or partly in one way and partly in another) as the Directors may from time to time determine, provided however that their salary shall not include a commission on or a percentage of turnover of the Company.

(iii) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on, or percentage of, profits or turnover of the Company.

(iv) Any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the Director nominating him.

Article 110 – Directors' borrowing powers

(i) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge any of the Company's or the subsidiaries' undertaking, property and any uncalled capital as the case may be, or any part thereof, and to issue debentures, guarantees, indemnities and other securities whether outright or as security for any debt, liability or obligation of the Company or related company subject to such restrictions as may be set out in the Act or the Listing Requirements.

(ii) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures or other Securities whether outright or as security (principal or collateral) for any debt, liability or obligation of an unrelated third party.

Article 125 – Chairman to have casting vote

(i) Subject to these Articles any question arising at any meeting of Directors shall be decided by a majority of votes, each Director having 1 vote and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors.

(ii) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where only 2 Directors form a quorum and only such Directors are present at the meeting or where only 2 Directors are competent to vote on the question in issue, whereupon the resolution shall be deemed not to have been passed, without affecting any other businesses at the meeting.

Article 129 – Restriction on directors' voting

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has, directly or indirectly, interest and if he does so vote, his vote shall not be counted. Subject to the Act, the Listing Requirements and these Articles, he shall not be counted in the quorum present at any meeting, but neither of these prohibitions shall apply to:

(i) any contract or proposed contract of indemnity against any loss which any Director may suffer by reason of becoming or being a surety for the Company; or

(ii) any contract or proposed contract entered into by the Company or a subsidiary of the Company which is a private company with another company in which the interest of the Director consist solely in him having an interest of not more than 5% of the issued and paid-up share capital of the Company.

Article 130 – Relaxation of restriction

Without prejudice to the provisions of any other Articles, the Act and the Listing Requirements, at any meeting of Directors, where the proposals under the consideration are any of the following:

(i) appointment of any Director ("Relevant Director") to hold any office or place of profit with the Company;

(ii) exercise of any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of any Relevant Directors to hold any office or place of profit with any other company;

(iii) the terms of appointment of the Relevant Directors as hereinabove mentioned are considered; or

(iv) any contract or arrangement in which any Relevant Director is in anyway interested, the Relevant Director may, with the approval of all of the other Directors present at the meeting, be counted in the quorum for the meeting.

13.2 KEY MANAGEMENT

The members of our Company's key management as of the Latest Practicable Date are set out below:

Name	Age	Address	Nationality	Designation
Dato' Jamaludin Ibrahim	49	No. 247, Jalan Bungur Rosa Sierramas 47000 Sungai Buloh Selangor Darul Ehsan Malaysia	Malaysian	Managing Director/President and Group Chief Executive Officer
Dato' Yusof Annuar Yaacob	42	No. 18, Jalan Bunga Melati 2/2 40000 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	Executive Director/Group Chief Financial Officer/ Acting Chief Executive Officer, TMIB
Azwan Khan Osman Khan	38	41, Jalan PJU 3/15 Damansara Indah 47410 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian	Chief Strategy Officer
Dato' Sri Mohammed Shazalli Ramly	46	44 Jalan SS17/2F 47500 Subang Jaya Selangor Darul Ehsan Malaysia	Malaysian	Chief Executive Officer, Celcom
Mohamed Adlan Ahmad Tajudin	37	No. 16 Jalan 4G Ampang Jaya 68000 Ampang Selangor Darul Ehsan Malaysia	Malaysian	Chief Financial Officer, Celcom
Dr Hans Wijayasuriya	39	No.19 Bagatalle Road Colombo 3 Sri Lanka	Sri Lankan	Group Chief Executive, Dialog
Wan Zaidan Wan Mahyudin	45	211 Lake Drive Rajagiriya Sri Lanka	Malaysian	Group Chief Financial Officer, Dialog

Name	Age	Address	Nationality	Designation
Hasnul Suhaimi	50	211 Kompleks Qoryah Thayibah Jl. Zam Zam Blok D No. 04 RT 001 RW 001 Srengseng Kec. Kembangan Jakarta Barat 11630 Indonesia	Indonesian	President Director, XL
Willem Lucas Timmermans	43	Setiabudi Residence Tower A Unit 704/788 Jl Setiabudi Selatan Raya No. 1 Jakarta Selatan Indonesia	Dutch	Finance Director, XL
Nora Junita Dato' Seri Mohd Hussaini	34	26 Jalan Maktab Lima Off Jalan Semarak 54000 Kuala Lumpur Malaysia	Malaysian	Chief Financial Officer, TMIB
Muhammed Yusoff Mohd Zamri	43	9 Street 41, Sangkat Tonle Bassac Khan Cham Karmon Phnom Penh Cambodia	Malaysian	Chief Executive Officer, TMIC
Selvarajan Thangavelu	43	54B Street 222 Sangkat Boeng Rang Khan Daun Penh Phnom Penh Cambodia	Malaysian	Chief Financial Officer, TMIC

13.2.1 Biographies of management

Dato' Jamaludin Ibrahim. See "Section 13.1.1 – Biographies of Directors".

Dato' Yusof Annuar Yaacob. See "Section 13.1.1 – Biographies of Directors".

Azwan Khan Osman Khan is currently the Senior Vice President, Corporate Strategy and Development, in Celcom, a position he has held since mid-2005. His responsibilities include Strategy Business Development, Business Planning and Monitoring, Regulatory Management, Ventures Management and Quality/Operational Improvement. Azwan is an engineering graduate (first-class honours) from the Imperial College, University of London, the United Kingdom with a broad mix of telecommunications and non-telecommunications experience across a range of companies. Before joining Celcom, Azwan spent 5 years with The Boston Consulting Group, where he worked on developing and implementing strategies for various blue chip organisations in the Southeast Asian region in a variety of areas including strategy, planning and change management, spanning across a wide range of industries. Prior to that, Azwan spent 7 years in Shell Malaysia where his job functions included IT development, Retail Marketing, Loyalty Cards and Commercial Marketing, which included a secondment as operations manager of Bonuslink. Azwan is also an active board member in CTS, Sacofa and C-Mobile.

Dato' Sri Mohammed Shazalli Ramly was appointed as Chief Executive Officer and director of Celcom on September 1, 2005. Prior to joining Celcom, Dato' Sri Shazalli was the Chief Executive Officer of ntv7, Malaysia's seventh terrestrial television station, a position he held for 8 years since its launch in 1998. Under his leadership, ntv7 successfully secured 28% of television advertising market. Before joining the broadcasting industry, Dato' Sri Shazalli had worked in the fast moving consumer goods industry when he served with Lever Brothers between 1987 and 1993 followed by Malaysian Tobacco Company and British American Tobacco between 1993 and 1996, both in Malaysia and the United Kingdom. He moved to the United Kingdom to take a global position in heading the 555 Brand for Asia. He served as the director of marketing in Asia Broadcasting Network (ASTRO) for 2 years where he was involved in the launch of ASTRO into the Malaysia market. Dato' Sri Shazalli was also the Vice Chairman of the Multimedia Commission Content Forum and was a director of Malaysian Television Broadcaster Association. He is also a director of Dialog. He holds a Bachelor of Science (Marketing) from Indiana University, Bloomington, Indiana, United States, and a Master of Business Administration from St. Louis University, Missouri, United States.

Mohamed Adlan Ahmad Tajudin has been the Chief Financial Officer of Celcom since May 2005. A graduate of Economics and Statistics from the University of Exeter, the United Kingdom, a chartered accountant with the Malaysian Certified Public Accountant and a member of the Malaysian Institute of Accountant, he has 12 years of experience in the field of finance and accountancy. Mohamed Adlan joined Celcom in 2003 as its Vice President of Financial Accounting and has since been with Celcom. Prior to joining Celcom, he worked with Arthur Andersen & Co, which later merged with Ernst and Young. He joined Arthur Andersen & Co in 1993 as an executive with the Assurance and Advisory Business Services Division and was later promoted as a senior manager. His experience with Arthur Andersen & Co has given him a wide platform in dealing with major companies with diversified businesses ranging from local to international exposure. At Celcom, Mohamed Adlan was part of the team responsible for the complex merger exercise between Celcom and Celcom Mobile, and was responsible for streamlining the accounting policies and processes for the newly established Celcom Group.

Dr Hans Wijayasuriya has held the post of Group Chief Executive of Dialog since 1997. He holds a Bachelor's degree in Electronic Engineering from the University of Cambridge, the United Kingdom, a Masters in Business Administration from the University of Warwick, the United Kingdom and a Doctorate in Digital Mobile Communications from the University of Bristol, the United Kingdom. Dr Wijayasuriya is a Chartered Engineer and a Fellow of the Institute of Engineering Technology United Kingdom and has accumulated over 15 years of professional experience in Mobile Communications (a subject on which he has published widely) and related business management.

Wan Zaidan Wan Mahyudin is the Group Chief Financial Officer of Dialog, a position he has held since 2000. He holds a Bachelor of Science in Finance from the University of San Francisco, United States and a Masters in Business Administration (Finance) from the Golden Gate University of San Francisco, United States. Wan Zaidan has over 14 years of experience in the telecommunications industry with 7 years of experience in the area of finance and quality assurance at TM. Wan Zaidan had previously worked in the banking industry with Perwira Habib Bank for 4 years and as an internal auditor with Bank Bumiputra Malaysia Berhad for 2 years.

Hasnul Suhaimi was appointed as President Director of XL on September 4, 2006. He obtained a Bachelor's degree in Electrical Engineering from the Bandung Institute of Technology in Bandung, Indonesia, in 1981 and a Masters in Business Administration from the University of Hawaii in Manoa, United States, in 1992. Prior to becoming the President Director of XL, he was responsible for various directorship positions in Indosat since 2003, later assuming the position of President Director of Indosat before he left in 2006. Previously, Hasnul was the President Director of Indosat Multi Media Mobile, and held various senior positions at Telkomsel and PT Indosel, a subsidiary of Indosat.