1. INTRODUCTION

On behalf of TM, we wish to announce that on 10 March 2006, TM International, a wholly-owned subsidiary of TM, entered into a Share Sale and Purchase Agreement ("**SPA**") to acquire the entire issued and paid-up share capital of DCIL, for a cash consideration of USD178.8 million (approximately RM666.9 million based on exchange rate of USD1.00 : RM3.73 on 9 March 2006).

TM has, on the same date, entered into a Shareholders' Agreement with the other shareholders of Spice in recognition of TM International's role as the new strategic investor in Spice.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Under the SPA with Distacom India Holdings Limited ("**DIHL**"), DAI (Mauritius) Company Limited ("**DAI**"), Deutsche Bank AG (acting through its Hong Kong branch) ("**DB**"), Ashmore Cayman SPC Limited ("**Ashmore**") and the Ashmore Funds, namely Ashmore Global Special Situations Fund Limited, Ashmore Global Special Situations Fund 2 Limited, Asset Holder PCC No. 2 Limited Re Ashmore Asian Recovery Fund, EMDCD Ltd, Asset Holder PCC Limited Re Ashmore Emerging Markets Liquid Investment Portfolio and Ashmore Emerging Markets Debt Fund, TM International has agreed to acquire:

(i) 62,939,747 ordinary shares of USD1.00 each; and

(ii) 11,107,014 "A" ordinary shares of USD0.88 each,

in DCIL (collectively, the "**Sale Shares**"), representing the entire issued and paid-up share capital of DCIL, for a total cash consideration of USD178.8 million.

2.2 DB and Ashmore own the entire issued share capital of both DIHL and DAI, which in turn are the shareholders of DCIL, as follows:

Shareholder	No. of ordinary shares of USD1.00 each held	No. of "A" ordinary shares of USD0.88 each held
DIHL	62,939,747	-
DAI	-	11,107,014
Total	**62,939,747**	**11,107,014**

2.3 DCIL, in turn, holds 49% of the issued and paid-up share capital of Spice, a provider of mobile telephony services in the states of Punjab and Karnataka, India.

2.4 Purchase price

The purchase price for the Proposed Acquisition of USD178.8 million was determined on a willing buyer-willing seller basis after taking into consideration the following:

(i) audited net tangible assets ("**NTA**") of DCIL for the financial year ended 31 December 2004 of USD72.4 million;

(ii) audited profit before taxation of DCIL for the financial year ended 31 December 2004 of USD0.025 million; and

(iii) the prospect of the TM International group holding a 49% stake in Spice, one of the leading service providers of mobile telephony in Punjab, India.

TM International shall pay the purchase price on the completion date of the Proposed Acquisition.

2.5 Other salient terms of the SPA

The other salient terms of the SPA are as follows:

(i) TM International shall buy the Sale Shares free from all encumbrances and with full rights attaching on and from the completion of the Proposed Acquisition;

(ii) TM International is not obliged to purchase any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously;

(iii) DIHL and DAI are not obliged to sell the Sale Shares unless certain debts of Spice ("**Debt**"), amounting to USD215 million (approximately RM802 million based on exchange rate of USD1.00 : RM3.73 on 9 March 2006), are fully settled and discharged simultaneously. TM International will make available or procure to be made available to Spice sufficient funds to enable it to settle and discharge the Debt;

(iv) the Ashmore Funds shall provide a guarantee to TM International in respect of certain warranties given by Ashmore under the SPA;

(v) the Proposed Acquisition is conditional on, among others, the following:

   (a) receipt of a "no objection" confirmation from the Financial Services Commission of the Republic of Mauritius for the change in the ownership of DCIL;

   (b) receipt of approval from Bank Negara Malaysia;

   (c) execution and delivery of agreements and/or confirmations executed by lenders of the Debt with respect to the settlement of the Debt and evidence that all documents necessary to settle and discharge the Debt and dispose of litigation and other proceedings in connection with the Debt have been executed;

   (d) execution of the Shareholders' Agreement; and

   (e) full settlement and discharge of the Debt.

2.6 Costs and dates of investment

DIHL's and DAI's costs and dates of investments in DCIL are not available to TM and hence are not disclosed in this announcement.

2.7 Liabilities to be assumed by TM International

TM International shall not assume any liabilities from the Proposed Acquisition except for the purchase price for the Proposed Acquisition of USD178.8 million and any liabilities required to be assumed by TM International in order to make available or procure to be made available to Spice sufficient funds to enable it to settle and discharge the Debt.

2.8 Source of funding for the purchase price

TM International will fund the Proposed Acquisition through internally generated funds or a combination of internally generated funds and borrowings.

2.9 Salient terms of the Shareholders' Agreement

On 10 March 2006, TM also entered into a Shareholders' Agreement with other shareholders of Spice, namely, Modi Wellvest Private Limited, Super Infosys Private Limited, MCorpGlobal Private Limited, Indian Televentures Private Limited and Mcorp Telecom Limited, and Spice in recognition of TM International's role as the new strategic investor in Spice.

The Shareholders' Agreement sets out the terms and conditions for the operations of Spice and the relationship among shareholders of Spice, including but not limited to matters such as transfer restrictions on the shareholdings in Spice, composition of the Board of Directors of Spice and the future financing of Spice, including the refinancing of the Debt.

2.10 Expected completion date

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed within 1 month from the date of this announcement.

3. INFORMATION ON DCIL

DCIL was incorporated on 3 January 1996 in the Republic of Mauritius. The present authorised and issued and paid-up share capital of DCIL are as follows:

Description of shares	Authorised No. of shares	Issued and fully paid-up No. of shares
Ordinary shares of USD1.00 each	100,000,010	62,939,747
"A" ordinary shares of USD0.88 each	11,363,625	11,107,014

DCIL is an investment holding company. Its only investment is a 49% equity interest in Spice, a provider of mobile telephony services.

Spice is a privately held company incorporated in India providing cellular telecom services in the states of Punjab and Karnataka. The company commenced operations in 1997 after receiving its cellular licences from the Government of India. With the company's recent decision to migrate to the Unified Access Service Licensing regime, Spice's allowed scope of services has broadened to include full and limited mobility fixed and wireline services, value added services, as well as other related services.

The Unified Access Service Licence gives the telecom service provider the right to provide all telecommunication services such as wireless, fixed line, voice over internet protocol, internet and broadband under 1 licence. The licence allows the holder to provide its services in any of the telecom circles subject to the payment of a one-time licence fee and a yearly revenue share.

A summary of the audited financial information of DCIL for the financial years ended 31 December 2002 to 2004 is as follows:

	Audited		
	Financial year ended 31 December		
	2004	2003	2002
	USD 000	USD 000	USD 000
Income	126	666	666
Profit/(Loss) before taxation	25	(79)	(59)
Taxation	-	-	-
Profit/(Loss) after taxation	25	(79)	(59)
Shareholders' funds/net assets	72,423	72,399	72,478
Interest bearing debt	-	-	-

A summary of the audited financial information of Spice for the financial years ended 30 June 2003 to 2005 is as follows:

	Audited		
	Financial year ended 30 June		
	2005	2004	2003
	Indian Rupees million	Indian Rupees million	Indian Rupees million
Income	6,353	5,445	5,175
Profit/(Loss) before taxation	21	(170)	226
Taxation	(2)	-	-
Profit/(Loss) after taxation	19	(170)	226
Shareholders' funds/net assets	5,519	5,519	5,519
Interest bearing debt	11,314	11,301	11,083

As at 9 March 2006, the exchange rate between USD and Indian Rupees was USD1 : Indian Rupees 44.3.

4. INFORMATION ON DIHL AND DAI

4.1 DIHL

DIHL was incorporated on 8 February 1995 in British Virgin Islands. The authorised share capital of DIHL is USD50,000 comprising 50,000 ordinary shares of USD1.00 each, of which 2 shares are issued and fully paid-up. DIHL is an investment holding company.

4.2 DAI

DAI was incorporated on 30 June 1998 in the Republic of Mauritius. The authorised share capital of DAI is USD10,000 comprising 10,000 ordinary shares of USD1.00 each, of which 2 shares are issued and fully paid-up. DAI is an investment holding company.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition of Spice will provide TM, which has re-strategised its international investments to focus on regional markets closer to Malaysia, with an opportunity to enter the lucrative Indian telecommunications market. This will strengthen TM's regional presence as well as complement its existing operations in countries such as Sri Lanka and Bangladesh. Leveraging on TM's extensive investment and operating experience, TM aims to build a leading cellular company in India.

5.1 India is one of the highest growth markets for telecommunications in Asia

India is among the top 10 countries in the world in terms of the size of its telecommunications network, and ranks second to China in Asia. Tele-density grew from 2.9% in 2000 to around 9.1% in March 2005, a compounded annual growth rate ("**CAGR**") of around 26%. At end-August 2005, India's teledensity was more than 10%.

India's mobile penetration rate of around 7% as at December 2005 is significantly lower than other Asian countries such as China and Philippines, which have penetration rates of 27% and 36% respectively. India's low penetration rate indicates significant growth potential given its position as the second most populous country in the world. It is one of the fastest growing markets in the world and represents a unique investment opportunity for TM.

As an indication of the potential opportunity, total mobile subscribers in India increased from 10.5 million in December 2002 to approximately 80 million in January 2006, a CAGR of 95%. Management of TM feels that there is substantial subscriber growth potential in India, given the current low penetration rates and the robust economic growth recorded in 2005 (7.5% GDP growth), which is largely being driven by the services sector.

5.2 Spice is a suitable vehicle

Spice is presently operating cellular phone services in the states of Punjab and Karnataka. Considered as one of the leading service providers of mobile telephony in Punjab, Spice cellular services have a strong customer base of over 1.7 million as at January 2006. It has been in operations for 9 years.

The Punjab and Karnataka circles in which Spice operates account for 12.9% of India's cellular market share. Spice is the second largest telecom player in Punjab, with a market share of 28.9%. Spice also has a 6.5% market share in Karnataka. Punjab and Karnataka are recognised as the economic hubs of India. Punjab enjoys the highest per capita income in the country. Karnataka, as the information technology hub of India, houses most of the world's major information technology companies.

6. PROSPECTS

The mobile telecommunications sector is one of the fastest growing sectors within the telecommunications industry in India. Mobile penetration rate in India remains relatively low compared to mobile penetration rates in some of the more developed markets in Asia.

The growth in demand for mobile telecommunications services in India has exceeded the growth for fixed line services, with mobile penetration overtaking the fixed line penetration. Mobile telecommunications services in India grew at a CAGR of approximately 95% between December 2002 and January 2006, based on the total number of subscribers. For the first time since the launch of mobile services, India has caught up with China's growth by adding 4.5 million subscribers in December 2005 *(Source: Telecom Regulatory Authority of India).*

Given India's growing economy which is expected to grow at over 8.1% for 2006 *(Source: Finance Minister Annual Budget Speech, 28 February 2006)* and relatively low penetration rate compared to other Asian markets, India is expected to continue to experience growth in the mobile telecommunications services.

7. RISK FACTORS

A summary of the risks that Spice faces is set out below:

7.1 Competition

The market for mobile telecommunications services in India is competitive. Spice faces competition from other mobile service providers such as Bharti Televentures Limited, Bharat Sanchar Nigam Limited, BPL Mobile Communications Limited, Reliance Infocomm Limited, Hutchison Telecom India Limited and Tata Teleservices Limited. Spice has developed a strategy for addressing competition by improving its network, launching innovative tariff schemes to attract and retain customers and rolling out new service offerings. Spice has recently launched its lifetime pre-paid scheme, which is expected to help in long term customer retention.

7.2 Rapid technology change

The mobile telecommunications industry is characterised by rapid increases in the diversity and sophistication of the technologies and services offered. Currently, TM views Spice as one of the leading mobile operators in the circles it operates in for global system for mobile communication technology. However, it is possible that future development or application of new or alternative technologies could require changes to Spice's business model or necessitate new investments.

7.3 Acquisition risk

There are risks relating to the acquisition of a telecommunication company in a foreign country. As a result of these risks, there can be no assurance that the expected benefit arising from the acquisition of DCIL will be fully realised. Nonetheless, TM has appointed various advisors (legal, financial and accounting) to assist it on the acquisition of DCIL.

7.4 Country Factors

Spice operates predominantly in India and is subject to the risks relating to operating in this emerging market. These could include political risk, regulatory risk and foreign currency risk.

7.5 Fluctuations in exchange rate

A weakening/strengthening of the Indian Rupee may impact the profits of Spice, in RM terms, which will be equity accounted as part of the earnings of TM group. Hence, there can be no assurance that the future foreign exchange fluctuations will not adversely affect our financial position and Spice's financial position in RM terms.

7.6 Foreign investment

As the Proposed Acquisition involves an investment in a foreign country, the investment will be subject to the policies of the relevant countries, namely the Republic of Mauritius and India. In addition, TM's ability to repatriate the dividends arising from its investment in the Republic of Mauritius and India will depend largely on the relevant legislation relating to repatriation of dividends at the point of repatriation. There can be no assurance that any change to these policies will not materially and adversely affect the rights or performance of DCIL and/or Spice.

TM has sought, and will continue to seek professional advice in order to minimise such risks.

8. EFFECTS OF THE PROPOSED ACQUISITION

8.1 Issued and paid-up share capital and shareholdings of substantial shareholders

The Proposed Acquisition will not have any effect on the issued and paid-up share capital and shareholdings of substantial shareholders of TM as it will be satisfied entirely in cash.

8.2 Earnings

The Proposed Acquisition is not expected to have a material effect on the earnings of TM for the financial year ending 31 December 2006. However, in the medium to long term, the Proposed Acquisition is expected to contribute positively to the earnings of TM.

8.3 Net assets

The Proposed Acquisition is not expected to have any effect on the net assets of TM.

9. MALAYSIAN REGULATORY APPROVALS REQUIRED

With respect to Malaysian authorities, the Proposed Acquisition is subject to the approval of Bank Negara Malaysia, which has yet to be obtained.

The Proposed Acquisition is not subject to the approval of TM's shareholders.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors of TM, major shareholders of TM and/or persons connected to the Directors or major shareholders of TM have any direct or indirect interest in the Proposed Acquisition.

11. DIRECTORS' RECOMMENDATION

The Board of Directors of TM, having considered all aspects of the Proposed Acquisition, is of the opinion that the terms and conditions of the Proposed Acquisition are fair and reasonable and are in the best interest of the Company.

12. DEPARTURE FROM THE SECURITIES COMMISSION ("SC")'S POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES ("SC GUIDELINES")

There is no departure from the SC Guidelines in respect of the Proposed Acquisition.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and Shareholders' Agreement are available for inspection at the registered office of TM at Level 51, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur during the normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 10 March 2006.