

**PROFORMA CONSOLIDATED BALANCE SHEET OF TM FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2004 AND THE REPORTING ACCOUNTANTS' LETTER THEREON**



The Board of Directors  
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Menara TM  
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20 April 2005

PwC/IM/maz/1381J

**TELEKOM MALAYSIA BERHAD  
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004**

Dear Sirs,

We have reviewed the Proforma Consolidated Balance Sheets of Telekom Malaysia Berhad (the 'Company' or 'TM') and its subsidiaries and associated companies (collectively known as the 'TM Group' or the 'Group') as at 31 December 2004, together with the notes thereon, as set out in the attached Appendix. The Directors of the Company are solely responsible for the Proforma Consolidated Balance Sheets and the notes thereto. For illustrative purposes, the Proforma Consolidated Balance Sheets have been prepared for inclusion in the Circular to Shareholders of the Company to be dated 25 April 2005 in connection with the following proposals to be undertaken by TM:

- Call and put option which requires or entitles TM International (L) Limited, a wholly owned subsidiary, to acquire up to an additional 52.7% equity interest in PT Excelcomindo Pratama ('Excelcomindo') for a cash consideration of up to USD606.1 million (approximately RM2,303.2 million at an exchange rate of USD1.00 : RM3.80);
- Proposed listing of MTN Networks (Private) Limited, a wholly owned subsidiary of TM, on the Colombo Stock Exchange;
- Proposed amendments to the existing bye-laws governing TM's employees' share option scheme ('ESOS');
- Proposed grant of options to YBhg. Dato' Abdul Wahid Omar under TM's ESOS; and
- Proposed amendments to TM's articles of association

The Proforma Consolidated Balance Sheets should not be used for, or relied upon, for any other purpose.

The Board of Directors  
Telekom Malaysia Berhad  
PwC/IM/maz/1381J  
20 April 2005

Based on the results of our review, we confirm that the Proforma Consolidated Balance Sheets of TM Group as at 31 December 2004, which have been prepared for illustrative purposes only, have been properly compiled on the bases set out in the notes to the Proforma Consolidated Balance Sheets.

Without qualifying the results of our review, we draw attention to Note 3.1(v) in the attached Appendix, which explains that the assets and liabilities of Excelcomindo at the date of acquisition have not been measured at their respective fair values. Instead, these assets and liabilities are measured based on their respective net book values as stated in the consolidated balance sheet of Excelcomindo as at 31 December 2004 as detailed in the Accountants' Report included in Appendix VII of the Circular to Shareholders to be dated 25 April 2005. The Directors have yet to ascertain the fair values of these assets and liabilities. Any adjustments to the value of net assets and liabilities of Excelcomindo will have a corresponding effect on the goodwill and accordingly, an impact on the net tangible assets per share.

Yours faithfully,



PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

TELEKOM MALAYSIA BERHAD (REFERRED TO AS THE 'COMPANY' OR 'TM') AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES  
(REFERRED TO AS 'TM GROUP' OR THE 'GROUP')

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004

The Proforma Consolidated Balance Sheets of TM as set out below have been prepared solely for illustrative purposes, to show the effects on the audited consolidated balance sheet of the TM Group as at 31 December 2004, had the completed transaction and proposed transactions set out in Notes 1 and 2 respectively been effected on that date. The Proforma Consolidated Balance Sheets should be read in conjunction with the notes accompanying thereto.

	Completed Transaction Proforma	Proposed Transactions			
		Proforma II	Proforma III	Proforma IV	Proforma IV
	After Initial Acquisition of Excelcomindo RM' million	After Proforma I and Additional Acquisition of Excelcomindo RM' million	After Proforma II and the Exercise of the Proposed Call and Put Options RM' million	After Proforma III and the Proposed listing of MTN Networks RM' million	
Audited Consolidated Balance Sheet as at 31.12.2004 RM' million					
3,382.4	3,382.4	3,382.4	3,382.4	3,382.4	3,382.4
3,848.5	3,848.5	3,848.5	3,848.5	3,848.5	3,848.5
12,222.4	12,222.4	12,222.4	12,222.4	12,222.4	12,357.3
19,453.3	19,453.3	19,453.3	19,453.3	19,453.3	19,588.2
287.8	287.8	287.8	367.5	367.5	397.2
9,599.9	9,599.9	9,599.9	11,443.0	11,443.0	11,443.0
616.7	616.7	616.7	11.1	11.1	11.1
2,124.7	2,124.7	2,124.7	616.7	616.7	616.7
12,341.3	12,341.3	12,341.3	2,152.0	2,152.0	2,152.0
32,082.4	32,082.4	32,082.4	14,222.8	14,222.8	14,222.8
			34,043.6	34,043.6	34,208.2
SHARE CAPITAL					
SHARE PREMIUM RESERVES					
TOTAL CAPITAL AND RESERVES					
MINORITY INTERESTS					
Borrowings					
Post-employment benefit obligations					
Customer deposits					
Deferred tax liabilities					
DEFERRED AND LONG TERM LIABILITIES					



TELEKOM MALAYSIA BERHAD (REFERRED TO AS THE 'COMPANY' OR 'TM') AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES  
(REFERRED TO AS 'TM GROUP' OR THE 'GROUP')

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004 (CONTINUED)

	Audited Consolidated Balance Sheet as at 31.12.2004 RM' million	Completed Transaction Proforma			
		I	II	III	IV
		After Initial Acquisition of Excelcomindo	After Proforma I and Additional Acquisition of Excelcomindo	After Proforma II and the Exercise of the Proposed Call and Put Options	After Proforma III and the Proposed listing of MTN Networks
		RM' million	RM' million	RM' million	RM' million
INTANGIBLE ASSETS	4,072.7	4,072.7	7,249.8	7,249.8	7,249.8
PROPERTY, PLANT AND EQUIPMENT	19,739.2	19,739.2	21,967.3	21,967.3	22,042.8
ASSOCIATES	105.7	1,115.4	1,298.9	105.7	105.7
INVESTMENTS	373.6	373.6	373.6	373.6	373.6
LONG TERM RECEIVABLES	632.8	632.8	632.8	632.8	632.8
OTHER ASSETS	-	-	-	27.2	27.2
DEFERRED TAX ASSET	229.5	229.5	229.5	229.5	229.5
	25,153.5	26,163.2	26,346.7	30,585.9	30,661.4
Inventories	195.3	195.3	195.3	219.3	219.3
Trade and other receivables	3,374.6	3,374.6	3,374.6	3,512.8	3,512.8
Short term investments	150.2	150.2	150.2	150.2	150.2
Tax recoverable	-	-	-	37.0	37.0
Cash and bank balances	8,801.6	7,791.9	7,608.4	5,503.8	5,592.9
	12,521.7	11,512.0	11,328.5	9,423.1	9,512.2
CURRENT ASSETS					
Trade and other payables	4,127.7	4,127.7	4,127.7	4,491.2	4,491.2
Borrowings	1,184.8	1,184.8	1,184.8	1,184.8	1,184.8
Taxation	280.3	280.3	280.3	289.4	289.4
	5,592.8	5,592.8	5,592.8	5,965.4	5,965.4
CURRENT LIABILITIES					
NET CURRENT ASSETS	6,928.9	5,919.2	5,735.7	3,457.7	3,546.8
	32,082.4	32,082.4	32,082.4	34,043.6	34,208.2
Net Tangible Assets ('NTA') per share (RM)	4.55	4.28	4.23	3.61	3.65



TELEKOM MALAYSIA BERHAD (REFERRED TO AS THE 'COMPANY' OR 'TM') AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES (REFERRED TO AS 'TM GROUP' OR THE 'GROUP')

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004

1 COMPLETED TRANSACTION

1.1 Initial acquisition of Excelcomindo

Acquisition of a 23.1% equity interest in PT Excelcomindo Pratama ('Excelcomindo'), comprising 523,215 ordinary shares of Indonesian Rupiah ('Rp') 250,000 each, through the acquisition of a 100% equity interest in Indocel Holding Sdn. Bhd. (formerly known as Indocel Holding Sdn.) ('Indocel') for a cash consideration of USD265.7 million (approximately RM1,009.7 million). The acquisition of Indocel was undertaken via TM International (L) Limited ('TMIL'), a wholly owned subsidiary of TM, and was completed on 11 January 2005 ('Initial Acquisition').

2 PROPOSED TRANSACTIONS

2.1 Proposed additional acquisition of Excelcomindo

The proposed additional acquisition of Excelcomindo involves the acquisition of up to 56.9% equity interest in Excelcomindo. The proposed additional acquisition of Excelcomindo will be carried out in two (2) tranches as follows:

- (i) Proposed additional acquisition of a 4.2% equity interest in Excelcomindo, comprising 95,130 ordinary shares of Rp250,000 each for a total cash consideration of USD48.3 million (approximately RM183.5 million). The acquisition of these additional shares will be executed via Indocel or TMIL ('Proposed 4.2% Acquisition').
- (ii) TMIL and PT Telekomindo Pratama ('Telekomindo'), an existing shareholder of Excelcomindo, had entered into a call and put option agreement, whereby:
  - (a) Telekomindo may require TMIL to purchase up to 1,193,656 (52.7%) ordinary shares of Excelcomindo ('Option Shares'); and
  - (b) TMIL may require Telekomindo to sell to TMIL the Option Shares.

Exercise of the call and put option agreement will result in the acquisition of an additional up to 52.7% equity interest in Excelcomindo via TMIL, thereby increasing the Group's total equity interest in Excelcomindo up to 80%. The proposed exercise of the call and put option agreement comprising up to 1,193,656 shares at Rp250,000 per share would be for a total purchase consideration of up to USD606.1 million (approximately RM2,303.2 million).



TELEKOM MALAYSIA BERHAD (REFERRED TO AS 'THE COMPANY' OR 'TM') AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES (REFERRED TO AS 'TM GROUP' OR 'THE GROUP')

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004 (CONTINUED)

2 PROPOSED TRANSACTIONS (CONTINUED)

2.2 Proposed listing exercise of MTN Networks (Private) Limited ('MTN Networks') on the Colombo Stock Exchange in Sri Lanka ('Proposed Listing')

The Proposed Listing of MTN Networks, a wholly owned subsidiary of TM, involves the following:

(i) Distribution and capitalisation of retained earnings

The distribution and capitalisation of the retained earnings of MTN Networks prior to the Proposed Listing involves the following:

- (a) Distribution of gross special dividends of up to Sri Lanka Rupee ('Rs')3,000 million (approximately RM109.2 million) from retained earnings of MTN Networks to the existing shareholders of MTN Networks; and
- (b) Capitalisation of up to Rs3,686 million (approximately RM134.2 million) of retained earnings of MTN Networks through a bonus issue to the existing shareholders of MTN Networks.

The capitalisation will increase the issued and paid-up ordinary share capital of MTN Networks from Rs370 million (approximately RM13.5 million), comprising 37 million ordinary shares of Rs10.00 each in MTN Networks ('MTN Networks Shares') to Rs4,056 million (approximately RM147.6 million), comprising 406 million MTN Networks Shares.

(ii) Conversion of advanced subscription to ordinary shares

MTN Networks proposes to convert Rs954 million (approximately RM34.7 million) of TM's advanced subscription in MTN Networks of Rs3,414 million (approximately RM124.3 million) ('Advanced Subscription') to MTN Networks Shares at par.

The conversion will increase the issued and paid-up ordinary share capital of MTN Networks from Rs4,056 million (approximately RM147.6 million) comprising 406 million ordinary shares, to Rs5,010 million (approximately RM182.4 million), comprising 501 million MTN Networks Shares.

(iii) Conversion of advanced subscription to a shareholders' loan

MTN Networks proposes to convert the remaining advanced subscription of Rs2,460 million (approximately RM89.5 million) to a shareholders' loan.



TELEKOM MALAYSIA BERHAD (REFERRED TO AS 'THE COMPANY' OR 'TM') AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES (REFERRED TO AS 'TM GROUP' OR 'THE GROUP')

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004 (CONTINUED)

2 PROPOSED TRANSACTIONS (CONTINUED)

2.2 Proposed listing exercise of MTN Networks (Private) Limited ('MTN Networks') on the Colombo Stock Exchange in Sri Lanka ('Proposed Listing') (continued)

- (iv) Review of the MTN Networks redeemable, cumulative and convertible preference shares ('RCCPS')

The position of MTN Networks RCCPS will be reviewed in the context of the Proposed Listing of MTN Networks.

The proposals on MTN Networks RCCPS will be finalised closer to the listing date of MTN Networks, taking into consideration the interests of a wholly owned subsidiary, TM International Sdn Bhd ('TMI') and MTN Networks.

- (v) Share split of MTN Networks Shares

MTN Networks proposes to implement a share split of its ordinary shares. The proposed share split is intended to increase MTN Network's share base that would result in a more affordable issue price of MTN Networks Shares to the general public of Sri Lanka.

Details of the share split will be finalised closer to the listing date of MTN Networks, taking into consideration, among others, the prevailing market conditions, valuation and capital structure of MTN Networks at that point in time.

- (vi) Issue of new MTN Networks Shares and offer for sale of MTN Networks Shares to the public

The Proposed Listing of MTN Networks involve an invitation to the general public to purchase ordinary shares amounting to approximately 9.6% of the enlarged issued and paid-up share capital of MTN Networks.



TELEKOM MALAYSIA BERHAD (REFERRED TO AS 'THE COMPANY' OR 'TM') AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES (REFERRED TO AS 'TM GROUP' OR 'THE GROUP')

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004 (CONTINUED)

2 PROPOSED TRANSACTIONS (CONTINUED)

2.2 Proposed listing exercise of MTN Networks (Private) Limited ('MTN Networks') on the Colombo Stock Exchange in Sri Lanka ('Proposed Listing') (continued)

- (vi) Issue of new MTN Networks Shares and offer for sale of MTN Networks Shares to the public (continued)

The offer will comprise two (2) tranches:

- (a) The offer for subscription of new MTN Networks shares amounting to approximately 3.7% of the enlarged issued and paid-up share capital of MTN Networks ('Proposed Offer for Subscription'); and
- (b) The offer for sale by TMIL and/or TMI of approximately 5.9% of the enlarged issued and paid-up share capital of MTN Networks ('Proposed Offer for Sale').

The entire issued and paid-up ordinary shares of MTN Networks will be listed on the Colombo Stock Exchange.

- (vii) Employee Share Ownership Plan ('ESOP') for eligible employees and directors of MTN Networks

MTN Networks proposes to implement an ESOP pursuant to the Proposed Listing of MTN Networks to eligible directors and employees of MTN Networks.

The ESOP will involve the grant of options of up to 1.5% of the issued and paid up share capital of MTN Networks after the Proposed Offer for Subscription and Proposed Offer for Sale.

The exercise price for the options to be granted under the ESOP shall be the same price per MTN Network Share offered to the general public under the Proposed Offer for Subscription and Proposed Offer for Sale.





TELEKOM MALAYSIA BERHAD (REFERRED TO AS 'THE COMPANY' OR 'TM') AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES (REFERRED TO AS 'TM GROUP' OR 'THE GROUP')

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004 (CONTINUED)

### 3 BASIS OF PREPARATION

3.1 The Proforma Consolidated Balance Sheets have been prepared based on TM Group's accounting policies for consolidation. Except as detailed in paragraph 3.1(v), the accounting policies applied are consistent with those adopted in the preparation of the audited consolidated financial statements for the financial year ended 31 December 2004 and are based on the following:

- (i) The consolidated balance sheet of TM Group as at 31 December 2004, as extracted from the audited consolidated financial statements for the financial year ended 31 December 2004, which have been reported upon without any modification.
- (ii) The balance sheet of Indocel, as at 31 December 2004 as extracted from the audited financial statements for the financial year ended 31 December 2004, which have been reported upon without any modification.
- (iii) The consolidated balance sheet of Excelcomindo as at 31 December 2004, as extracted from the Accountants' Report included in Appendix VII of the Circular to Shareholders to be dated 25 April 2005.
- (iv) The balance sheet of MTN Networks as at 31 December 2004, as extracted from the audited financial statements for the financial year ended 31 December 2004.
- (v) The Proforma Consolidated Balance Sheets have been prepared based on accounting policies and bases consistent with those adopted by TM in the preparation of its audited financial statements for the financial year ended 31 December 2004 except that the assets and liabilities of Excelcomindo at the date of acquisition have not been measured at their respective fair values. Instead, these assets and liabilities are measured based on their respective net book values as stated in the consolidated balance sheet of Excelcomindo as at 31 December 2004 as detailed in the Accountants' Report included in Appendix VII of the Circular to Shareholders to be dated 25 April 2005. The Directors have yet to ascertain the fair values of these assets and liabilities. Any adjustments to the value of net assets and liabilities of Excelcomindo will have a corresponding effect on goodwill and net tangible assets.



TELEKOM MALAYSIA BERHAD (REFERRED TO AS 'THE COMPANY' OR 'TM') AND ITS  
SUBSIDIARIES AND ASSOCIATED COMPANIES (REFERRED TO AS 'TM GROUP' OR  
'THE GROUP')

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER  
2004 (CONTINUED)

4 EFFECTS OF THE PROPOSALS ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

4.1 The Proforma Consolidated Balance Sheets of TM Group incorporate the effects of the completed transaction and the proposed transactions set out in Notes 1 and 2 respectively, on the audited consolidated balance sheet of TM Group as at 31 December 2004, assuming that they have been effected on that date.

4.1.1 Proforma I

Proforma I incorporates the effects of the Initial Acquisition set out in Note 1 on the audited consolidated balance sheet as at 31 December 2004.

As a result, Excelcomindo is regarded as TM's 23.1% owned associated company. Accordingly, Excelcomindo has been accounted for in Proforma I by the equity method of accounting.

4.1.2 Proforma II

Proforma II includes the effects of Proforma I and the Proposed 4.2% Acquisition in Excelcomindo as set out in Note 2.1(i).

This Proposed 4.2% Acquisition will result in TM having an effective interest of 27.3% in Excelcomindo. Accordingly, Excelcomindo has been accounted for in Proforma II by the equity method of accounting.

4.1.3 Proforma III

Proforma III includes the effects of Proforma II and the proposed acquisition of an additional 52.7% equity interest in Excelcomindo as set out in Note 2.1(ii).

As a result, TM will have an effective interest of 80% in Excelcomindo and will be regarded as a subsidiary of TM. Accordingly, Excelcomindo has been consolidated using the acquisition method of accounting under Proforma III.



TELEKOM MALAYSIA BERHAD (REFERRED TO AS 'THE COMPANY' OR 'TM') AND ITS SUBSIDIARIES AND ASSOCIATED COMPANIES (REFERRED TO AS 'TM GROUP' OR 'THE GROUP')

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004 (CONTINUED)

4 EFFECTS OF THE PROPOSALS ON THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONTINUED)

4.1.4 Proforma IV

Proforma IV includes the effects of Proforma III and the Proposed Listing of MTN Networks on the Colombo Stock Exchange including the internal restructuring exercise and ESOP undertaken in conjunction with the Proposed Listing as set out in Note 2.2.

Based on a share split of one (1) existing MTN Networks Share to ten (10) MTN Networks Shares of Rs1.00 each, the Proposed Offer for Subscription and Proposed Offer for Sale will be for approximately 194 million and 306 million ordinary shares of Rs1.00 each respectively at an assumed issue price of Rs8.00 per share.

The ESOP will involve the grant and full exercise of approximately 78 million ordinary shares of Rs1.00 each at an assumed issue price of Rs8.00 per share.

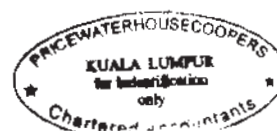
The Group's shareholding in MTN Networks will be diluted from 100.0% to 89.1% upon completion of the Proposed Listing.

The gross proceeds from the Proposed Offer for Subscription, Proposed Offer for Sale and the ESOP are approximately Rs1,553.0 million (approximately RM56.5 million), Rs2,447.0 (approximately RM89.1 million) and Rs624.5 million (approximately RM22.7 million) respectively. The proposed utilisation of gross proceeds is as follows:

	<u>Rs million</u>	<u>RM million</u>
Working capital	2,447.0	89.1
Capital expenditure	2,075.9	75.6
Estimated expenses for share issue *	101.6	3.7
	<u>4,624.5</u>	<u>168.4</u>

\* The estimated expenses on share issue have been deducted from the share premium account.

For the purpose of the above Proforma Consolidated Balance Sheets, the RCCPS (as set out in Note 2.2(iv)) is deemed to remain in its current form.



TELEKOM MALAYSIA BERHAD (REFERRED TO AS 'THE COMPANY' OR 'TM') AND ITS  
SUBSIDIARIES AND ASSOCIATED COMPANIES (REFERRED TO AS 'TM GROUP' OR  
'THE GROUP')

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER  
2004 (CONTINUED)

4 EFFECTS OF THE PROPOSALS ON THE PROFORMA CONSOLIDATED BALANCE SHEETS  
(CONTINUED)

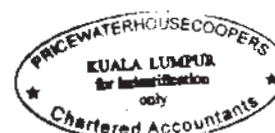
4.1.5 The exchange rate of Ringgit Malaysia for the Group's operating  
currencies used in the Proforma Consolidated Balance Sheets as at 31  
December 2004, are assumed to be as follows:

1 United States Dollar	: RM3.8000
100 Indonesian Rupiah	: RM0.0420
100 Sri Lanka Rupee	: RM3.6400

5 SHARE CAPITAL, SHARE PREMIUM AND RESERVES

Movements in the issued and paid-up share capital, share premium and  
reserves of TM Group are as follows:

	<u>Share capital</u> RM' 000	<u>Share premium</u> RM' 000	<u>Reserves</u> RM' 000
As at 31 December 2004 and per Proforma Consolidated Balance Sheets I, II and III	3,382.4	3,848.5	12,222.4
Dilution in interest upon proposed listing of MTN Networks	-	-	134.9
Per Proforma Consolidated Balance sheet IV	<u>3,382.4</u>	<u>3,848.5</u>	<u>12,357.3</u>

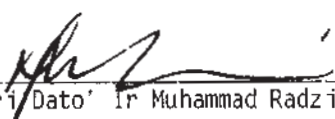



TELEKOM MALAYSIA BERHAD (REFERRED TO AS 'THE COMPANY' OR 'TM') AND ITS SUBSIDIARIES  
AND ASSOCIATED COMPANIES (REFERRED TO AS 'TM GROUP' OR 'THE GROUP')

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004 (CONTINUED)

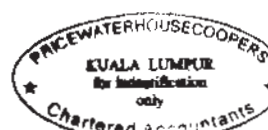
6 APPROVAL BY BOARD OF DIRECTORS

Adopted and approved by the Board of Directors of Telekom Malaysia Berhad in  
accordance with a resolution of the Board of Directors dated 20 April 2005.

  
\_\_\_\_\_  
YBhg Tan Sri/Dato' Ir Muhammad Radzi Haji Mansor  
Chairman/Director

  
\_\_\_\_\_  
YBhg Dato' Abdul Wahid Omar  
Director

1381J/maz



**EXPERT'S OPINION ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS AND THE EXPECTED TIMEFRAME IN WHICH PROFITS ARE TO BE REPATRIATED TO MALAYSIA IN RELATION TO THE ACQUISITION OF EXCELCOMINDO**



18 April 2005

The Board of Directors  
Telekom Malaysia Berhad  
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Gentlemen,

**EXPERT'S OPINION ON FOREIGN INVESTMENT POLICY, EXCHANGE CONTROL POLICY AND TAXATION IN RELATION TO THE ACQUISITION OF SHARES IN A COMPANY IN INDONESIA AND THE REPATRIATION OF PROFITS FROM INDONESIA**

- (I) **ACQUISITION BY TM INTERNATIONAL (L) LTD ("TMIL"), A WHOLLY-OWNED SUBSIDIARY OF TM INTERNATIONAL SDN BHD ("TMI") WHICH IS IN TURN A WHOLLY-OWNED SUBSIDIARY OF TELEKOM MALAYSIA BERHAD, OF 23.1% EQUITY INTEREST IN PT EXCELCOMINDO PRATAMA ("EXCELCOMINDO") FOR A CASH CONSIDERATION OF UNITED STATES DOLLAR ("USD") 265.7 MILLION (APPROXIMATELY RINGGIT MALAYSIA ("RM") 1,009.7 MILLION);**
- (II) **PROPOSED ACQUISITION, BY EITHER TMIL OR ITS WHOLLY-OWNED SUBSIDIARY, INDOCEL HOLDING SDN BHD (FORMERLY KNOWN AS INDOCEL HOLDING SDN), OF AN ADDITIONAL 4.2% EQUITY INTEREST IN EXCELCOMINDO FOR A CASH CONSIDERATION OF USD48.3 MILLION (APPROXIMATELY RM183.5 MILLION); AND**
- (III) **PROPOSED ACQUISITION BY TMIL OF AN ADDITIONAL UP TO 52.7% EQUITY INTEREST IN EXCELCOMINDO FOR A CASH CONSIDERATION OF UP TO USD606.1 MILLION (APPROXIMATELY RM2303.2 MILLION).**

We have been requested to provide our opinion and state the current policies on foreign investment and exchange control as well as taxation in Indonesia and Malaysia in relation to the acquisition of shares in Excelcomindo and the repatriation of profits from Indonesia to Malaysia.

The following information has been prepared based on the laws and policies that are in force as at the date of this letter. We have been informed that this letter would form part of the circular to Telekom Malaysia Berhad's shareholders.

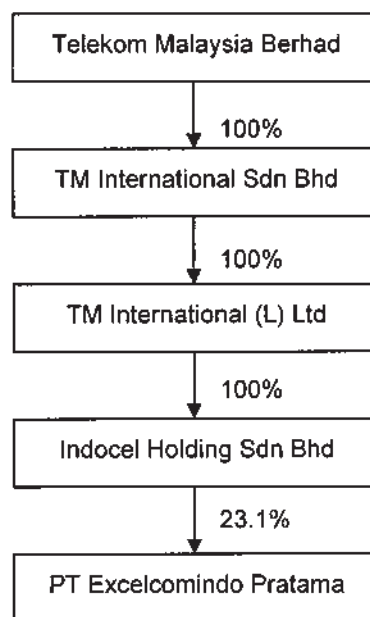
Telekom Malaysia Berhad  
 Expert Opinion  
 18 April 2005

**BACKGROUND OF THE TRANSACTION**

INITIAL ACQUISITION

TMIL has acquired 200 ordinary shares of RM1.00 each in Indocel Holding Sdn Bhd (*formerly known as Indocel Holding Sdn*) ("Indocel") representing 100% of the issued and paid-up ordinary share capital of Indocel from Rogan Partners Inc. The acquisition was for a cash consideration of USD265.7 million (approximately RM1,009.7 million) which was completed on 11 January 2005. Indocel is a private unlimited company incorporated in Malaysia. Indocel holds 523,215 ordinary shares in Excelcomindo representing 23.1% of the issued and paid-up ordinary share capital of Excelcomindo.

The existing shareholding structure is illustrated below –



PROPOSED ACQUISITIONS

The proposed acquisition of an additional 4.2% of the issued and paid-up share capital in Excelcomindo is as follows–

- (a) Indocel acquires 95,130 ordinary shares in Excelcomindo representing 4.2% of the issued and paid-up ordinary share capital of Excelcomindo from Rogan Partners Inc., a company incorporated in the British Virgin Islands ("BVI"). The proposed consideration for the acquisition of shares is USD48.3 million (approximately RM183.5 million); or

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- (b) TMIL acquires 95,130 ordinary shares in Excelcomindo representing 4.2% of the issued and paid-up ordinary share capital of Excelcomindo from PT Telekomindo Primabhakti, a company incorporated in Indonesia. The proposed consideration for the acquisition of shares is USD48.3 million (approximately RM183.5 million).

The proposed acquisition of an additional up to 52.7% of the issued and paid-up share capital in Excelcomindo by TMIL from Telekomindo pursuant to an Option Agreement where -

- (a) Put Option - Telekomindo may require TMIL to purchase up to 1,193,656 ordinary shares in Excelcomindo representing up to 52.7% of the issued and paid-up ordinary share capital of Excelcomindo; and
- (b) Call Option – TMIL may require Telekomindo to sell up to 1,193,656 ordinary shares in Excelcomindo representing up to 52.7% of the issued and paid-up ordinary share capital of Excelcomindo.

The proposed acquisition is for a cash consideration of up to USD606.1 million (approximately RM2,303.2 million).

#### EXPERT'S OPINION ON INVESTMENT POLICY, EXCHANGE CONTROL POLICY AND TAXATION IN MALAYSIA

##### (i) Malaysian Investment Policy

###### Acquisition of 100% of the issued and paid-up share capital in Indocel by TMIL

TMIL is incorporated under the Offshore Companies Act, 1990 ("OCA") as an offshore company.

Section 147(1) of OCA provides that an offshore company may hold shares in a domestic company (except a trust company) so long as such holding does not amount to a controlling interest in the domestic company and is approved by the Labuan Offshore Financial Services Authority ("LOFSA"). Section 147(2) of OCA further prohibits an offshore company, which is held by a Malaysian resident company, to hold shares in a domestic company.

Based on the provisions of Sections 147(1) and 147(2) of the OCA, TMIL is prohibited from holding shares in Indocel unless an exemption from the provisions of Sections 147(1) and 147(2) of the OCA is granted by the Minister of Finance under Section 150 of the OCA.



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TMIL has been granted an exemption from the provisions of Sections 147(1) and 147(2) of the OCA from the Minister of Finance and therefore, is permitted to acquire the shares in Indocel.

(II) **Malaysian Exchange Control Policy**

Acquisition of an additional 4.2% of the issued and paid-up share capital in Excelcomindo by Indocel

Pursuant to Bank Negara Malaysia ("BNM") Exchange Control Notices ("ECM") 9, a resident is required to seek prior permission from BNM to make any payment exceeding RM10,000 or its equivalent to non-residents for investments abroad. In this respect, Indocel (a resident) is required to seek prior permission from BNM to make payment to Rogan Partners Inc. (a non-resident) to acquire shares in Excelcomindo since the proposed sale consideration exceeds RM10,000.

Subject to prior approval being obtained from BNM, Indocel would be permitted to acquire the additional 4.2% equity interest in Excelcomindo under the BNM Guidelines on exchange control. We understand that the approval of BNM on this has been obtained.

The approval of BNM is not required if TMIL (instead of Indocel) were to acquire the shares in Excelcomindo from Rogan Partners Inc.

Based on the public notification by BNM, with effect from 1 April 2005, residents without domestic credit facilities are free to invest abroad in foreign currency, to be funded either from their own foreign currency or from conversion of Ringgit funds.

Repatriation of profits received by Indocel from its investment in Excelcomindo

Under ECM 9, a resident investing abroad is required to repatriate all interest, dividend, profits and proceeds from the sale of the investments to Malaysia as soon as they are received. Therefore, future dividends, profits and proceeds from the sale of Excelcomindo must be repatriated to Malaysia as soon as they are received by Indocel.

Acquisition of an additional up to 52.7% of the issued and paid-up share capital in Excelcomindo by TMIL and repatriation of profits from its investment in Excelcomindo

Acquisition of shares in Excelcomindo by TMIL and repatriation of future profits received by TMIL from its investment in Excelcomindo are not subject to any exchange control requirements.

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(III) Taxation in Malaysia

Acquisition of 100% of the issued and paid-up share capital in Indocel by TMIL

When the transfer of shares is registered, stamp duty would be payable. The rate of stamp duty payable is 0.3% of the consideration or the market value of the shares transferred, whichever is the greater. The instrument of transfer of shares (i.e. Form 32A) must be presented for stamping within 30 days from the date of its execution.

We understand that the instrument of transfer has been presented for stamping and duty paid thereon within the specified period.

Repatriation of profits in the form of dividends from Excelcomindo

Dividends received by Indocel in Malaysia from Excelcomindo would be regarded as foreign sourced income. Pursuant to paragraphs 28 (1) and (2) Schedule 6 of Income Tax Act, 1967 ("the Act"), such dividends would be exempt from tax and can be credited to a tax-exempt income account for distribution of tax-exempt dividends to its shareholder, TMIL.

TMIL, being an offshore company, is not chargeable to tax under the Income Tax Act, 1967 pursuant to Section 3B of the Act. TMIL would be regarded as carrying on an offshore non-trading activity and the income derived therefrom is not subject to tax under the Labuan Offshore Business Activity Tax Act, 1990 ("LOBATA"). Therefore, dividends received by TMIL from either Indocel or Excelcomindo are not subject to tax under the LOBATA.

Dividends received by TMI from TMIL, being dividends from an offshore company, are exempt from income tax pursuant to Income Tax (Exemption) (No. 16) Order 1991.

Further, pursuant to Income Tax (Exemption) (No. 10) Order 2000 ("the Order") the **shareholders** of a domestic company are exempt from the payment of income tax on dividends received from that company which are paid out of the dividends received from an offshore company. Thus, dividends received by TMB from TMI which are paid out of dividends received from TMIL are exempt from tax.

However, currently, there is no special provision in the Act and the Order for a domestic company to pay tax-exempt dividends to its shareholders from dividends received from an offshore company. Therefore, if TMI pays dividends to TMB and there is insufficient credit in its Section 108 and/ or tax-exempt income accounts tax at the prevailing rate (currently 28%) on the gross dividends has to be accounted for to the tax authorities.

Repatriation of profits from disposal of shares in Excelcomindo

Gains arising from disposal of shares in Excelcomindo by Indocel will be regarded as capital gains and thus, not subject to income tax. For such gains to be distributed by Indocel as

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dividends to TMIL, Indocel would be required to have sufficient tax credit in its Section 108 account or tax-exempt income account. Therefore, if Indocel pays dividends to TMIL and there is insufficient credit in its Section 108 and/ or tax-exempt income accounts, tax at the prevailing rate on the gross dividends has to be accounted for to the tax authorities.

If TMIL holds shares in Excelcomindo, any gains arising from disposal of shares in Excelcomindo will not be subject to tax. TMIL would be able to distribute such gains to TMI as dividends. However, in order for TMI to distribute such profits as dividends it must have sufficient credit in its Section 108 or tax-exempt income accounts. Therefore, if TMI pays dividends to TMB and there is insufficient credit in its Section 108 and/ or tax-exempt income accounts, tax at the prevailing rate on the gross dividends has to be accounted for to the tax authorities.

#### **EXPERT'S OPINION ON FOREIGN INVESTMENT POLICY, EXCHANGE CONTROL POLICY AND TAXATION IN INDONESIA**

##### **(I) Indonesian Foreign Investment Policy**

###### Acquisition of an additional up to 52.7% of the issued and paid-up share capital in Excelcomindo

Since Excelcomindo is a company established under the Foreign Investment Law, prior approval is required from the Investment Coordinating Board ("BKPM") for any change in the shareholding (i.e. shareholder's name and/ or its composition) of Excelcomindo. The procedures involved are as follows -

- the existing shareholders of Excelcomindo will be required to conduct an Extraordinary General Meeting of the Shareholders ("EGMS") or execute a Circular Shareholder's Resolution to resolve the transfer of shares;
- Excelcomindo will need to obtain approval from BKPM for the change of the shareholders by submitting a Model III application to BKPM;
- the transferor and transferee will need to sign a Sale and Purchase of Shares Agreement;
- Excelcomindo will need to amend its Articles of Association to reflect the new shareholding composition;
- The change of shareholding composition must be reported to the Ministry of Laws and Human Rights and to the Ministry of Trade by Excelcomindo.

###### Distribution of dividends by Excelcomindo

Article 61 of Company Law No. 1/1995 stipulates that for each financial year, Excelcomindo is required to allocate a certain amount of its net profit as reserves. The reserves will be set

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aside until the reserves reach a minimum of 20% of Excelcomindo's issued capital. Prior to achieving the minimum amount, only certain amount of its net profits can be distributed as dividend to its shareholders, whilst the balance will be retained as reserves. However, it is not clearly defined whether the reserves should be cash reserves or only book reserves.

Dividend from interim profits can be declared and distributed at any time during a financial year. The interim dividend will be re-calculated and declared as part of dividend or a final dividend during a shareholder's annual general meeting which will be conducted not more than 6 months after the end of a financial year. The dividend should, however, be declared after considering the requirement in setting aside a minimum of 20% of issued capital as described above.

**(II) Indonesian Exchange Control Policy**

Distribution of dividends by Excelcomindo

If Excelcomindo distributes cash exceeding USD10,000 as dividends to its Malaysian shareholder, Excelcomindo will be required to inform its banker of the transaction, who in turn, will report it to the Indonesian Central Bank ("Bank Indonesia"). The report will include the purpose of the transfer as well as the relationship between the transferor (Excelcomindo) and the transferee (the Malaysian shareholder).

Repatriation of proceeds from a sale of shares in Excelcomindo to Malaysia

There is no exchange control implication. However, Excelcomindo will be required to inform its banker, who will in turn report to the Bank Indonesia, if the amount repatriated exceeds USD10,000.

**(III) Taxation in Indonesia**

Acquisition of an additional 4.2% of the issued and paid-up share capital in Excelcomindo by Indocel from Rogan Partners Inc.

The sale of shares in an Indonesian company by a foreign shareholder would normally be subject to the Indonesian income tax at 5% (effective tax rate) on the sale proceeds, in accordance with the decree of the Indonesian Minister of Finance No. 434/KMK.04/1999 of 24 August 1999. Since the acquirer of the shares in Excelcomindo is Indocel (a non-tax resident of Indonesia), Excelcomindo has to ensure that tax payment on the sale of shares transaction has been settled by Rogan Partners Inc.

Excelcomindo shall only record the deeds for the transfer of rights to shares sold if Rogan Partners Inc. is able to prove to Excelcomindo that the Article 26 Income Tax payable has

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already been settled by submitting photocopies of receipts of the tax paid as well as showing original documents.

Based on Law No.13/1995 regarding Stamp Duty, any agreement, including sale and purchase of shares agreement, made under Indonesian Civil Code is subject to Indonesian Rupiah ("IDR") 6,000 stamp duty.

Acquisition of an additional up to 52.7% of the issued and paid-up share capital in Excelcomindo by TMIL from Telekomindo

Any gain on the sale of shares made by an Indonesian resident company will be subject to income tax.

Based on Law No.13/1995 regarding Stamp Duty, any agreement, including sale and purchase of shares agreement and option agreement, made under Indonesian Civil Code is subject to IDR6,000 stamp duty.

Distribution of dividends by Excelcomindo

Dividend payment from Indonesia to its foreign shareholder is subject to the Indonesian income tax at a rate of 20% on the gross amount. Based on the Double Taxation Agreement ("DTA") between Indonesia and Malaysia, the tax on dividends will be reduced to 15% if the following requirements are fulfilled –

- The Malaysian shareholder has obtained from the Malaysian tax authorities, a certificate of residence, to confirm that it is a Malaysian tax resident entity; and
- A statement from the Malaysian shareholder that it has no permanent establishment in Indonesia.

Repatriation of proceeds from disposal of shares in Excelcomindo

In the event that Indocel or TMIL disposes of the shares in Excelcomindo, the sale proceeds would normally be subject to Indonesian income tax at the effective rate of 5% in accordance with decree of the Indonesian Minister of Finance (MoF) No. 434/KMK.04/1999 of 24 August 1999. However, the said decree stipulates that the sale of shares by a non-resident taxpayer domiciled in a tax treaty country will only be subject to Indonesian income tax if in accordance with the tax treaty, Indonesia retains the right to tax such proceeds.

Based on the DTA, gains from the sale of shares shall only be taxable in the country of residence of the seller unless these shares of a company, the property of which consists principally of immovable property situated in Indonesia.

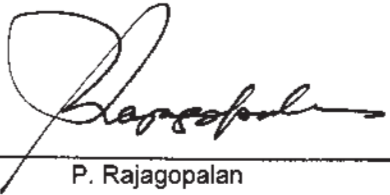
In order to benefit from the tax treaty relief, the following requirements must be fulfilled –

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- The Malaysian shareholder has obtained from the Malaysian tax authorities, a certificate of residence, to confirm that it is a Malaysian tax resident entity; and
- A statement from the Malaysian shareholder that it has no permanent establishment in Indonesia.

Please note that the relevant rules and policies in Indonesia and Malaysia may change at any time. We do not take responsibility in updating the above for subsequent changes in law and policies unless specifically instructed. This opinion has been prepared for the sole reliance and benefit of Telekom Malaysia Berhad and its shareholders for the specific purpose of the proposed acquisition of shares in Excelcomindo, as described, and may not be relied upon by any other person or party for any purpose whatsoever.

Yours faithfully,



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P. Rajagopalan  
Executive Director

**EXPERT'S REPORT IN RELATION TO THE FAIRNESS OF THE PURCHASE CONSIDERATION FOR THE ACQUISITION OF EXCELCOMINDO**

22 April, 2005

The Board of Directors  
Telekom Malaysia Berhad  
Level 51 North Wing  
Menara Telekom  
Jalan Pantai Baharu  
50672 Kuala Lumpur  
Malaysia

**Members of the Board:**

You have requested our opinion as to the fairness, from a financial point of view, to the shareholders of Telekom Malaysia Berhad ("Telekom Malaysia") of the Cash Consideration (defined below) to be paid by Telekom Malaysia for the acquisition of PT Excelcomindo pursuant to the terms and subject to the conditions set forth in the Agreements (defined below).

**1. Introduction**

On 9 December 2004, Telekom Malaysia announced that it had entered into a Share Sale and Purchase Agreement by and among PT Telekomindo Primabhakti, Rogan Partners Inc. and TM International (L) Limited to acquire 27.3% of PT Excelcomindo Pratama ("Excelcomindo"). On 11 January 2005, Telekom Malaysia entered into an Amended and Restated Share Sale and Purchase Agreement by and among the same parties which superseded the agreement dated 9 December 2004 and also entered into an Option Agreement on such date for Telekom Malaysia to acquire up to an additional 52.7% of Excelcomindo (collectively, the "Transaction" and the "Agreements"). Total cash consideration to be paid by Telekom Malaysia for 27.3% of Excelcomindo is \$314mm and total cash consideration to be paid by Telekom Malaysia for up to an additional 52.7% of Excelcomindo is up to USD606.1mm (collectively the "Cash Consideration"). Summaries of the Agreements are contained in the circular to shareholders of Telekom Malaysia to be dated on or about 25 April, 2005 (the "Circular").

**2. Purpose of Report**

In connection with our engagement, Telekom Malaysia requested Citigroup to include this opinion in the Circular pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad (Appendix 10B E2).

Our advisory services and the opinion expressed herein are provided solely for the information of the Board of Directors of Telekom Malaysia in its evaluation of the proposed Transaction, and may not be relied upon by any third party or used for any other purpose. Our opinion may not be quoted, referred to or otherwise disclosed, in whole or in part, nor may any public reference to Citigroup Global Markets Inc. be made, without our prior written consent. Citigroup's opinion and this report are not intended to be and do not constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to the Transaction or to any matter relating to the Transaction.



### 3. Scope, Assumptions and Limitations

In arriving at our opinion, we reviewed the Agreements and held discussions with certain senior officers, directors and other representatives and advisors of Telekom Malaysia and certain senior officers and other representatives and advisors of Excelcomindo concerning the business, operations and prospects of Excelcomindo. We examined certain publicly available business and financial information relating to Excelcomindo as well as certain financial forecasts and other information and data relating to Excelcomindo which were provided to or discussed with us by the management of Excelcomindo and including adjustments to the forecasts and other information and data relating to Excelcomindo provided to us by Telekom Malaysia in each case confirmed for these purposes by the management of Telekom Malaysia. We reviewed the financial terms of the Transaction as set forth in the Agreements in relation to, among other things: the historical and projected earnings and other operating data of Excelcomindo; and the capitalization and financial condition of Excelcomindo. We considered, to the extent publicly available, the financial terms of certain other transactions that we considered relevant in evaluating the Transaction and analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations we considered relevant in evaluating those of Excelcomindo. In addition to the foregoing, we conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as we deemed appropriate in arriving at our opinion.

In rendering our opinion, we have assumed and relied, without assuming any responsibility for independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us as at April 8, 2005 and upon the assurances of the managements of Telekom Malaysia and Excelcomindo that they are not aware of any relevant information that has been omitted or that remains undisclosed to us, and that they are not aware of any subsequent developments which may significantly affect our opinion. With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with us relating to Excelcomindo, we have been advised by the management of Excelcomindo and Telekom Malaysia that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Excelcomindo and Telekom Malaysia as to the future financial performance of Excelcomindo and other matters covered thereby. We have assumed, with your consent, that the Transaction will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Transaction, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Excelcomindo or the contemplated benefits to Telekom Malaysia of the Transaction.

In summary, we have assumed that all statements, information or document presented, submitted or disclosed to us by the senior officers, directors, managements and other representatives and advisors of Excelcomindo and Telekom Malaysia for the purposes of us rendering our opinion are clear, unambiguous, accurate, does not contain any material omission and is not false or misleading.

We have not made or been provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Excelcomindo nor have we made any physical inspection of the properties or assets of Excelcomindo. We express no view as to, and our opinion does not address, the relative merits of the Transaction as compared to any alternative business strategies that might exist for Telekom Malaysia or the effect of any other transaction in which Telekom Malaysia might engage. Our opinion is necessarily based upon information available to us, and financial, stock market and other conditions and circumstances existing, as of the date hereof.





#### 4. Disclosure of Interests

Citigroup Global Markets Inc. and its affiliates has acted as financial advisor to Telekom Malaysia in connection with the proposed Transaction and will receive a fee for such services which was contingent upon the consummation of the Transaction. We also will receive a fee in connection with the delivery of this opinion. We and our affiliates in the past have provided , and are currently providing, services to Telekom Malaysia and Excelcomindo unrelated to the proposed Transaction, for which services we and such affiliates have received and expect to receive compensation including, without limitation, provision of working capital (both to Telecom Malaysia as well as to its subsidiary TM Cellular), arranging of term loans for Telekom Malaysia's Sri Lankan subsidiary MTN, arranging of trade service financing and FMO Backed financing for Telekom Malaysia's Bangladesh subsidiary TMIB and provision of treasury, cash management and vendor financing services (both to Telecom Malaysia as well as to its subsidiaries). In the ordinary course of our business, we and our affiliates may actively trade or hold the securities of Telekom Malaysia for our own account or for the account of our customers and, accordingly, may at any time hold a long or short position in such securities. In addition, we and our affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Telekom Malaysia, Excelcomindo and their respective affiliates.

#### 5. Citigroup's Opinion

Based upon and subject to the foregoing, our experience as investment bankers, our work as described above and other factors we deemed relevant, we are of the opinion that, as of the date hereof, the Cash Consideration to be paid by Telekom Malaysia in the Transaction is fair, from a financial point of view, to Telekom Malaysia.

Very truly yours,

A handwritten signature in black ink that reads "Citigroup Global Markets Inc." in a cursive, flowing script.

CITIGROUP GLOBAL MARKETS INC.

**LEGAL OPINION ON THE OWNERSHIP OF TITLE TO EXCELCOMINDO SHARES, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN THERETO AND OTHER RELEVANT LEGAL MATTERS PERTAINING TO THE ACQUISITION OF EXCELCOMINDO**



ADNAN KELANA HARYANTO & HERMANTO

Ref. No.: 233/AKHH/IV/05

Jakarta, 20 April 2005

To: TM International (L) Limited  
Level 42 North Wing  
Menara Telekom  
Jl. Pantai Baru  
59200 Kuala Lumpur  
Malaysia

**Re: Acquisition of up to 80% equity interest in PT Excelcomindo Pratama**

Dear Sirs:

1 We have acted as the Indonesian counsel to TM International (L) Limited (“TMI”) in relation to the Amended and Restated Shares Sale and Purchase Agreement dated 11 January 2005 (the “ARSSPA”) between TMI, Rogan Partners Inc. (“Rogan”) and PT. Telekomindo Primabhakti (“Telekomindo”) relating to the proposed sale to TMI of up to 80% equity interest in PT Excelcomindo Pratama (the “Company”). We have been requested to provide this legal opinion for the purpose of Telekom Malaysia Berhad’s (“TM”) submission to Bursa Malaysia Securities Berhad and TM’s circular to its shareholders in connection with the transaction contemplated in the ARSSPA.

2:1 This opinion is delivered only in respect of Indonesian Law. The opinions expressed herein are limited to questions arising under the laws of the Republic of Indonesia and are based only on laws and regulations in force as of the date of this opinion.

2:2 We do not purport to express an opinion on any questions arising under the laws of any other jurisdiction. We have made no investigation of the laws of any country, state or jurisdiction other than the laws of the Republic of Indonesia.

3:1 Unless otherwise defined herein, capitalized terms defined in the ARSSPA shall have the same respective meaning when used herein.

3:2 For the purpose of rendering the following opinion we have examined copies of the following documents (the “Reviewed Documents”):

- (a) the ARSSPA;
- (b) the Call and Put Option Agreement dated 11 January 2005 by and between TMI, and Telekomindo relating to the shares of the Company (the “**Call and Put Option Agreement**”);
- (c) the Shareholders’ Agreement dated 11 January 2005 by and between TMI, Indocel Holding Sdn (“Indocel”) and Telekomindo relating to the operation of the Company (the “**Shareholders’ Agreement**”);

CHASE PLAZA, 18<sup>th</sup> Floor Jl. Jend. Sudirman Kav. 21, Jakarta 12920 · Indonesia  
Phone : (62-21) 520-8270, Fax. : (62-21) 520-8277  
Batam Branch : Block 2 First City Complex 1st Floor Unit 18-21, Batam Center Batam · 29421 Indonesia  
Phone : (62-778) 462 220 Fax. : (62-778) 461 844  
E-mail : lawyers@akhh.com

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**TM International (L) Limited**

- (d) the Amended and Restated Parent Guarantee dated 11 January 2005 by Telekom Malaysia Berhad (“**TM**”) in favour of Telekomindo and Rogan (the “**Parent Guarantee**”);
- (e) the Amended and Restated Rajawali Guarantee dated 11 January 2005 by PT. Rajawali Corporation (“**Rajawali**”) in favour of TMI (the “**Rajawali Guarantee**”);
- (f) the Letter Amendment dated [14 March 2005] by and between TMI, Telekomindo and Rogan (the “**Letter Amendment**”) relating to the extension of the scheduled completion of the closing of the transfer by Telekomindo of 4.2% equity interest in the Company;
- (f) a copy of the articles of association of the Company as stated in (i) State Gazette No. 35, dated 2 May 2000, Supplement No. 2187 of 2000; and (ii) State Gazette No. 65, dated 13 August 2002, Supplement No. 562 of 2002 (the “**Company’s AOA**”);
- (g) an electronic copy of the Company’s Share Register in respect of Indocel’s shares, dated 27 January 2004 (the “**Company’s Share Register**”);

(the ARSSPA, the Call and Put Option Agreement, the Shareholder’s Agreement, the Parent Guarantee, the Rajawali Guarantee and the Letter Amendment are hereinafter referred to as the “**Transaction Documents**”)

In addition to the above documents, we have also examined records, documents, certificates and other instruments we have deemed relevant or necessary for the purpose of giving this opinion.

4. In rendering the opinion set out below, we have assumed and not independently verified:

- (a) the genuineness of all signatures to all documents viewed by us, the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies;
- (b) that the photocopies of all documents submitted to us to-date are complete and there are no amendments, additions, replacements and exceptions to such documents;
- (c) that all facts stated in the Reviewed Documents and other documents submitted to us are correct other than facts which are set out below or which we are able to verify from the documents examined by us; please note that we have made no

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other independent investigation of the facts expressed therein and may rely on the statements provided by TM, TMI, Indocel, Telekomindo, Rogan, Rajawali, or the Company;

- (d) that each of TM, TMI, Indocel, Telekomindo, Rogan, Rajawali, or the Company is duly incorporated and validly existing under the laws of its incorporation or establishment respectively and has the requisite power and authority and has taken all necessary or administrative actions required to enter into the Transaction Documents to which it is a party and to effect the transactions provided for therein.
- (e) insofar as any obligation of any of the parties to the Transaction Documents needs to be performed in any jurisdiction outside the Republic of Indonesia, its performance will not be illegal by virtue of the laws of that jurisdiction;
- (f) none of the parties is conducting, or will conduct, any relevant transaction or any associated activity in a manner or for a purpose not evident on the face of the Transaction Documents which might render the Transaction Documents or any relevant transaction or associated activity illegal, void or voidable;

5: Based on the assumptions and matters relied upon as stated above and subject to the qualifications and limitations stated below, it is our opinion that:

- (a) The Company is a limited liability company duly established and validly existing under the laws of the Republic of Indonesia. The authorized and issued capital of the Company consists of 2,265,000 shares all of which are issued and paid-up. Indocel is the registered owner of 523,215 shares in the Company, representing 23.1% of the total issued and paid-up capital of the Company.
- (b) Telekomindo is the registered owner of 1,359,000 shares in the Company, representing 60% of the total issued and paid-up capital of the Company. Under, and subject to the terms and conditions of, the ARSSPA, TMI shall purchase from Telekomindo on the Second Closing Date (as defined in the ARSSPA) 95,130 shares, representing 4.2% equity interest in the Company.
- (c) AIF (Indonesia) Limited (“AIF”) is the registered owner of 287,655 shares in the Company, representing 12.7% of the total issued and paid-up capital of the Company. Under, and subject to the terms and conditions of, the Call and Option Agreement, on the Option Closing Date (as defined in the Call and Put Option Agreement) TMI may, or may be required to, acquire from Telekomindo up to 1,193,656 shares (the “Option Shares”) representing 52.7% equity interest in the Company. The Option Shares consist of (i) 906,001 shares, representing 40% AKHH

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**TM International (L) Limited**

equity interest in the Company, that are currently owned by Telekomindo; and  
(ii) 287,655 shares, representing 12.7% equity interest in the Company, that are currently owned by AIF.

- (d) The Transaction Documents have been duly executed by the parties thereto and the obligations of each of the parties under the Transaction Documents constitute the legal, valid and binding obligations of, and are enforceable, against such a party in accordance with their respective terms.

6: Our opinions are subject to the following qualifications:

- (a) This opinion is delivered only in respect of Indonesian law. The opinions expressed herein are limited to questions arising under the laws of the Republic of Indonesia and are based only on laws and regulations in force as of the date of this opinion. We do not purport to express an opinion on any question arising under the laws of any other jurisdiction. We have made no investigation of the laws of any country, state or jurisdiction other than the laws of the Republic of Indonesia.
- (b) This opinion is limited to the Transaction Documents and we express no opinion as to the extension to any other documents contemplated therein.
- (c) A judgment of a foreign court against an Indonesian party cannot be directly enforced in the Republic of Indonesia and it will be necessary to re-litigate the same action against such Indonesian party in a competent court in the Republic of Indonesia and to obtain a judgment that is enforceable in the Republic of Indonesia. A court in the Republic of Indonesia may permit the introduction of a foreign judgment into evidence and will attribute such importance to the foreign judgment as it deems appropriate.
- (d) Enforcement of an agreement in the Republic of Indonesia may be subject to the principles of good faith, fairness, reasonableness and public policy and the general discretion of Indonesian courts to apply such principles, including with regard to the award of costs. The following are the circumstances in which enforcement of the Transaction Documents may not be granted or available:
- (i) enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally;
- (ii) enforcement may be affected by judicial decisions that certain contractual provisions may not be enforced if enforcement would violate

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- the implied covenant of good faith and fair dealing ("*te goede trouw*") or would be commercially unreasonable, or in the case of a breach which is not material in the overall context of the relevant contract;
- (iii) enforcement may be affected by judicial decisions which may permit the introduction of extrinsic evidence to modify the terms or the interpretation of documents;
  - (iv) enforcement in Indonesia regarding the award of costs of enforcement (in particular the cost of litigation) is subject to the general discretion of the Indonesian courts;
  - (v) claims may become barred under Indonesian laws imposing limited periods within which suits, actions or proceedings can be brought;
  - (vi) enforcement may be affected by public policy and the Indonesian courts will not enforce obligations that are contrary to Indonesian public policy;
  - (vii) enforcement proceedings before an Indonesian court may be stayed if the subject of the proceedings is concurrently before any other Indonesian court;
  - (viii) certain waivers of the provisions of the Indonesian Civil and Commercial Codes included in the Transaction Documents may not be enforceable if such provisions are deemed to be mandatory or compulsory or unwaivable by the Indonesian Courts.
- (e) In proceedings in Indonesia in respect of any document regulated by a law other than Indonesian law:
- (i) the proceedings and applicable remedies would be regulated by Indonesian procedural rules;
  - (ii) the Indonesian courts would require expert evidence as to the relevant law and would only give effect to obligations to the extent the same are valid and binding under the relevant law;
  - (iii) the Indonesian courts would apply the relevant foreign law to the extent that any terms of such document or any provisions of the relevant law applicable to such document do not violate the public policy of the Republic of Indonesia.

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- (f) We express no opinion as to the perfection or enforceability of security over assets, property and contractual interests under the laws of any jurisdictions other than the Republic of Indonesia.
- (g) Nothing in this legal opinion should be taken as indicating that the remedies of specific performance, injunction or prejudgment attachment (being in some instances discretionary remedies of the court) would necessarily be available in any particular instance with respect to any particular provision of the Transaction Documents should the matter be litigated in Indonesia.
- (h) In order to be admissible in evidence in the Indonesian courts, (i) stamp duty of a nominal amount for each copy of the documents submitted as evidence must be paid ("*nazegelen*") and the same has been duly paid and (ii) any of the documents which are not in Indonesian must be translated into Indonesian language by a sworn translator.
- (i) As used in the opinions expressed herein, the phrase "to the best of our knowledge" refers only to the actual current knowledge of those attorneys of our firm who are advising you in connection with the transactions contemplated by the Transaction Documents and does not (i) include constructive notice of matters or information, or (ii) except of our review of the Reviewed Documents, imply that we have undertaken any independent investigation with any person outside of our firm, or as to the accuracy or completeness of any factual representation or other information made or furnished in connection with the transactions contemplated by the Transaction Documents (other than such facts and information which we can verify from the documents we have examined).
- (j) While companies established in the Republic of Indonesia are required to be registered with the Company Registry of the Ministry of Industry and Trade, this registration system is unreliable for the purposes of obtaining up-to-date corporate information, such as the current Articles of Association or the names of shareholders, directors and commissioners, and does not include information relating to encumbrances and charges over corporate assets, and there are no other reliable means of being apprised of such encumbrances or charges over movable assets or of the filing of any bankruptcy petition or the appointment of receivers or liquidators.
- (k) Under Article 1813 of the Indonesian Civil Code, all powers of attorney (including but not limited to powers of attorney expressed to be irrevocable) granted explicitly or by implication, terminate by law and without notice upon the bankruptcy of the party granting the power of attorney or the party authorized under the power of attorney and it is questionable whether Article 1813 of the

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ICC can be set aside or waived. Under Article 1814 of the ICC, the party granting the power of attorney can revoke the power of attorney at any time. To date, to the best of our knowledge, there have not been any court cases relating to the waivers of Articles 1813 and 1814 of the ICC. However, Article 1814 of the ICC could be construed by an Indonesian court as providing rights to the donee of the power of attorney that cannot be waived by the grantor. The termination upon bankruptcy or revocation by the grantor of a power of attorney pursuant to Articles 1813 and 1814 respectively of the ICC may therefore effect the continuation of the powers of attorney granted under the Transaction Documents.

- (1) We express no opinion as to the taxation aspects of the transactions contemplated in the Transaction Documents as well as commercial merits related to such transactions.

7: This opinion is strictly limited to the matters stated herein and is not to be read as an opinion with respect to any other matter. This opinion is provided for the sole benefit of the addressees referred to above, and shall not to be relied upon by any other person or for any other purpose, nor is it to be quoted or referred to in any public document, except for the purposes of inclusion in TM's circular to its shareholders, or filed with any government agency or other person without our prior written consent.

Yours sincerely,

*ma* Adnan Kelana Haryanto & Hermanto *R.*

*Adnan Kelana Haryanto & Hermanto*





## ADDITIONAL INFORMATION

### 1. RESPONSIBILITY STATEMENT

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information in this Circular. They confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make a statement in this Circular false or misleading.

The information on Excelcomindo in this Circular were obtained from the management and/or the Directors of Excelcomindo. Financial information on Excelcomindo were extracted from the consolidated audited financial statements of Excelcomindo for the past five (5) financial years ended 31 December 2004. The only responsibility of our Directors is to ensure that the information is accurately reproduced in this Circular.

### 2. WRITTEN CONSENTS

CIMB has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name in the manner and form in which it appears.

PricewaterhouseCoopers has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of (i) its name, (ii) the Accountants' Report on Excelcomindo which forms Appendix VII of this Circular and (iii) letter on foreign investments, taxation and repatriation of profits of the Republic of Indonesia which forms Appendix X of this Circular in the manner and form in which they appear.

Citigroup Global Markets Inc. has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and letter on the fairness of the purchase consideration for the acquisition of Excelcomindo which forms Appendix XI of this Circular in the manner and form in which they appear.

Adnan Kelana Haryanto & Hermanto has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and legal opinion on the acquisition of Excelcomindo which forms Appendix XII of this Circular in the manner and form in which they appear.

### 3. MATERIAL CONTRACTS

#### 3.1 TM

Save as disclosed below, we and our subsidiaries, including Indocel and MTN Networks, have not entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the two (2) years preceeding the LPD:

- (i) Facility Agreement dated 23 May 2003 between us and Malayan Banking Berhad, RHB Bank Berhad, Bumiputra-Commerce Bank Berhad and AmMerchant Bank Berhad for the provision of the Syndicated Committed Revolving Credit Facility of RM3,750 million to us to finance the mandatory offer ("MGO") by CIMB on behalf of Telekom Enterprise Sdn Bhd ("TESB"), our wholly owned subsidiary, to acquire the remaining shares of Celcom not held by us, TESB and the persons acting in concert with TESB with regards to the MGO;
- (ii) Facility Agreement dated 9 June 2003 between us and Bank of Tokyo-Mitsubishi Ltd Labuan Branch, Hongkong and Shanghai Banking Corporation Limited, Offshore Banking Unit Labuan, Standard Chartered Bank, Offshore Labuan and ING Bank N.V. Labuan Branch for the provision of USD360 million to us to refinance the outstanding Euro Convertible Bonds we issued, constituted by a trust deed dated 3 October 1994;

(iii) Letter of Offer dated 17 June 2003 from Citibank Berhad (“**Citibank**”) to Celcom Mobile Sdn Bhd (*formerly known as TM Cellular Sdn Bhd*) (“**Celcom Mobile**”) whereby Celcom Mobile was granted a facility of RM100 million Omnibus line covering:

- (a) Revolving Credit;
- (b) Sight/Usance Commercial Credit; and
- (c) Bankers Acceptance.

Each specific advance is repayable on maturity or rollover date. This facility has been subsequently cancelled by Citibank via its letter dated 30 September 2004;

(iv) Letter of Offer dated 24 June 2003 from Citibank Berhad granting us a Time Loan facility of RM100 million to finance our working capital requirements and/or refinance our existing working capital facilities;

(v) Transfer and Settlement Agreement dated 10 October 2003 between Cambodia National Communication Inc, (“**CNC**”), TMI, Mr. Mohamed Subhi Bin Mohamad Sayuti, Mr. Chua Chin Leong, Mr. Sallehudin Bin Haji Mohd Lip (collectively, “**TMI Nominees**”), Dr. Oum Prum Mondale (“**OP**”) and Cambodia Samart Communication Company Limited (“**Casacom**”) whereby TMI Nominees transferred their 42% shareholding in CNC to OP in consideration for the transfer of the legal title of the assets and vehicles by OP to Casacom, a subsidiary of TMI at no cost to TMI;

(vi) Agreement dated 11 November 2003 entered into between J.P. Morgan Malaysia Limited and us whereby we entered into an interest rate swap agreement with notional principal of USD150 million that entitles us to receive interest at a fixed rate of 8% per annum and obliges us to pay interest at a floating rate. This interest rate swap will mature in December 2005. The notional principal of USD150 million forms part of the USD300 million 8% Guaranteed Notes due 2010 issued by our wholly owned subsidiary in Labuan, TM Global Incorporated (“**TM Global**”) in year 2000;

(vii) Share Purchase Agreement dated 4 December 2003 between Measat Global Network Systems Sdn Bhd (“**Measat**”) and us for our acquisition from Measat of 60.024 million ordinary shares of RM0.78 each representing 15.39% equity interest in Measat Global Berhad for a cash consideration of RM250 million;

(viii) Deed of Trust dated 9 December 2003 between Samuel Sham Chee Leong and Venu a/l K.P. Nair as the Settlers, PCA Corporate Services Sdn Bhd as the share trustee, Amanah Raya Berhad as the bond trustee and us whereby the Settlers settle and divest themselves of their entire beneficial interest in the two (2) ordinary shares of RM1.00 each in Rebung Utama Sdn Bhd (“**Rebung Utama**”) by way of discretionary trust;

(ix) Deed of Trust dated 9 December 2003 between Cheah Boon Hoe and Ngoh Tee Hiang as the Settlers, Pacific Trustees Berhad as the share trustee, Amanah Raya Berhad as the bonds trustee and us whereby the Settlers settle and divest themselves of their entire beneficial interest in the two (2) ordinary shares of RM1.00 each in Tekad Mercu Berhad (“**Tekad Mercu**”) by way of discretionary trust;

(x) Rebung Utama Shares Call Option Agreement dated 9 December 2003 between Samuel Sham Chee Leong and Venu a/l K.P. Nair, as the Grantors, us as the Grantee and PCA Corporate Services Sdn Bhd as the share trustee whereby the Grantors shall grant to the Grantee a call option in respect of all of the shares in Rebung Utama;

(xi) Tekad Mercu Shares Call Option Agreement dated 9 December 2003 between Cheah Boon Hoe and Ngoh Tee Hiang, as the Grantors, us as the Grantee and Pacific Trustees Berhad as the share trustee whereby the Grantors shall grant to the Grantee a call option in respect of all of the shares in Tekad Mercu;

- (xii) TM Subscription Agreement dated 9 December 2003 between us as the issuer, CIMB and Deutsche Bank (Malaysia) Berhad (“DB”) as the lead arrangers and lead managers and Rebung Utama as the subscriber in relation to the subscription by Rebung Utama of (i) our 1,000 Class A redeemable preference shares (“RPS”) of RM0.01 each (“TM RPS A”) and our RM1,983.5 million 10-year redeemable unsecured bonds (“TM Bonds Tranche 1”) and (ii) our 1,000 Class B RPS of RM0.01 each (“TM RPS B”) and our up to RM2,000 million 15-year redeemable unsecured bonds (“TM Bonds Tranche 2”);
- (xiii) TM Trust Deed dated 9 December 2003 between us as the issuer and Amanah Raya Berhad as the trustee in relation to the TM Bonds Tranche 1 and TM Bonds Tranche 2;
- (xiv) TM Depository and Paying Agency Agreement dated 16 December 2003 between us as the issuer, Amanah Raya Berhad as the trustee, BNM as the central depository and paying agent and CIMB as the lead arranger in relation to the appointment of BNM as the central depository and paying agent for the TM Bonds Tranche 1 and TM Bonds Tranche 2;
- (xv) Tekad Mercu Bonds Subscription Agreement dated 9 December 2003 between Tekad Mercu as the issuer, CIMB and DB as the lead arrangers, the lead managers and the subscribers to the RM4,000 million nominal bonds of Tekad Mercu (“Tekad Mercu Bonds”) and us in relation to the subscription by CIMB and DB of the Tekad Mercu Bonds;
- (xvi) Tekad Mercu Bonds Put Option Agreement dated 9 December 2003 between us as the Grantor, Amanah Raya Berhad as the security trustee, Tekad Mercu, Rebung Utama and CIMB as the monitoring agent whereby we have agreed to grant a put option in respect of the outstanding coupons of Tekad Mercu Bonds and Tekad Mercu Bonds principals (“Put Option”) to Amanah Raya Berhad as security trustee for the benefit of the holders of the Tekad Mercu Bonds;
- (xvii) Calculation Agency Agreement dated 9 December 2003 between Rebung Utama, Tekad Mercu, CIMB, Amanah Raya Berhad and us in relation to the appointment of CIMB as the calculation agent in respect of the Tekad Mercu Bonds, TM Bonds, our RPS, the Rebung Utama RPS and Tekad Mercu Bonds Put Option Agreement referred to in paragraph (xvi) above;
- (xviii) Supplemental Agreement (to Tekad Mercu Bonds Depository and Paying Agency Agreement) dated 16 December 2003 between Tekad Mercu as the issuer, Amanah Raya Berhad as the trustee and security trustee, BNM as the central depository and the paying agent and CIMB as the lead arranger and the monitoring agent on the appointment of BNM as the paying agent in connection with the monies paid by us on the Tekad Mercu Bonds on the exercise of the Put Option;
- (xix) An Interest Sale Agreement dated 24 February 2004 (“TMA Interest Sale Agreement”) between Telekom Malaysia-Africa Sdn Bhd (“TMA”) and TMIL for the purchase by TMIL of the interest owned by TMA in Thintana Communications LLC (“Thintana”), representing 40% shareholding in Thintana, at the purchase price of USD194,643,139 to be satisfied by the issuance of 194,643,139 new ordinary shares in TMIL to TMA;
- (xx) A Supplemental Interest Sale Agreement dated 1 April 2004 between TMA and TMIL to amend the purchase price set out in the TMA Interest Sale Agreement to RM1,375,000,000 and the terms of payment thereof. The purchase price is to be satisfied by TMIL assuming TMA’s obligations to repay the shareholders’ loan advanced by TM to TMA for the purposes of investment in Thintana together with all interests thereon as at 30 April 2004 and the difference between the purchase consideration and the shareholders’ loan shall be deemed as an amount owing by TMIL to TMA;

- (xxi) Settlement Agreement dated 15 June 2004 and Supplemental Agreement dated 27 August 2004 between Integrated Services Ltd (“ISL”) and Technology Resources Industries Berhad (“TRI”) for the purpose of resolving the disputes between the parties arising out of the joint venture agreements entered into between the parties on 21 January 1995 and 10 June 1997 in respect of the incorporation and management of Sheba Telecom (Private) Ltd (“Sheba”). As full and final settlement of such disputes, TRI will sell to ISL its entire shareholding in Sheba for USD15 million. In addition, ISL shall reimburse TRI for up to USD10 million for TRI having secured and discharged the indebtedness of Sheba with Standard Chartered Bank, Dhaka Branch;
- (xxii) Subscription Agreement dated 14 September 2004 between us, TM Global, CIMB (L) Ltd, Deutsche Bank AG, Singapore and UBS Limited in relation to the issue by TM Global of USD500 million 5.25% Guaranteed Notes due 2014 (“Notes”);
- (xxiii) Trust Deed dated 16 September 2004 between TM Global as the issuer, us as the guarantor and Noblehouse International Trust Ltd. as the trustee in relation to the issue of the Notes;
- (xxiv) An Agency Agreement dated 22 September 2004 between us, TM Global, Deutsche Bank AG, Hong Kong Branch and Deutsche Bank Luxembourg SA in relation to the appointment of Deutsche Bank AG, Hong Kong Branch and Deutsche Bank Luxembourg SA as paying agents and transfer agents in respect of the Notes;
- (xxv) Facility Agreement dated 6 December 2004 between us and Mizuho Corporate Bank Ltd, Labuan Branch, Bank of Tokyo-Mitsubishi Ltd, Labuan Branch, National Australia Bank Limited, Labuan Branch, as the Lenders whereby the Lenders have agreed to make available to us a facility of up to the maximum aggregate principal amount of USD150 million to be utilised by us to refinance the outstanding amount of USD150 million (Tranche 2) of the USD350 million syndicated term loan taken by us in year 2000;
- (xxvi) Letter of Offer dated 8 December 2004 from Citibank to us whereby Citibank has granted us a USD30 million Guarantees and/or Undertakings Facility;
- (xxvii) Original Share Sale and Purchase Agreement dated 9 December 2004 on the Initial Acquisition and Proposed 4.2% Acquisition of Excelcomindo;
- (xxviii) Share Purchase Agreement dated 11 December 2004 between TMI, STT Communications Ltd (“STTC”) and New Cingular Wireless Services Inc. (“New Cingular”) on the acquisition by TMI and STTC from New Cingular of the entire equity interest of AT&T Cellular Private Limited (“AT&T Cellular”), which owns 25.7% of the enlarged equity interest in Idea Cellular Limited (“IDEA”) (after the subscription of new shares as set out in paragraph (xxx) below), for a cash consideration of Indian Rupee (“INR”) 9,108.6 million (approximately RM788.6 million at an exchange rate of INR11.55 : RM1.00 as at 11 December 2004);
- (xxix) Shareholders’ Agreement dated 11 December 2004 between TMI and STTC which sets out TMI and STTC’s investment in IDEA and their respective rights and obligations as shareholders of AT&T Cellular;
- (xxx) Subscription Agreement dated 11 December 2004 between STTC, TMI, New Cingular, Tata Industries Limited (“TIL”), IDEA and Birla Shareholders consisting of Indian Rayon Industries Limited, Grasim Industries Limited, Birla TMT Holdings Private Ltd and Hindalco Industries Limited to subscribe for new IDEA shares, representing approximately 22.7% of the enlarged equity interest in IDEA for a cash consideration of INR8,288.2 million (approximately RM717.6 million at an exchange rate of INR11.55 : RM1.00 as at 11 December 2004);
- (xxxi) Shareholders’ Agreement dated 11 December 2004 between STTC, TMI, TIL, Birla Shareholders and IDEA which sets out the respective rights and obligations of the shareholders of IDEA and providing for the terms of, amongst others, management of IDEA and its subsidiaries including the options for TIL and Birla Shareholders to sell and for STTC and TMI to purchase shares in IDEA;

- (xxxii) Letter of Offer dated 24 December 2004 between Standard Chartered Bank, Offshore Labuan and TMIL whereby TMIL was granted a standby letter of credit of USD50,000,000;
- (xxxiii) Amended SPA dated 11 January 2005;
- (xxxiv) Option Agreement dated 11 January 2005;
- (xxxv) Shareholders' Agreement dated 11 January 2005 between Indocel and Telekomindo which sets out their relationship as shareholders in Excelcomindo;
- (xxxvi) Parent guarantee dated 11 January 2005 executed by us in favour of Telekomindo and Rogan for the purpose of guaranteeing the performance of the obligations of TMIL under the Amended SPA;
- (xxxvii) Escrow Agreement dated 11 January 2005 between TMIL, Telekomindo, Rogan and the Bank of New York ("BNY"), where BNY acts as the escrow agent to administer the mechanics of deposits and disbursements of the escrow account maintained by BNY in trust for the benefit of the parties to the Amended SPA; and
- (xxxviii) Extension Letter.

### 3.2 Excelcomindo

Save as disclosed below, Excelcomindo and its subsidiaries have informed us that they have not entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the two (2) years preceeding the LPD:

- (i) Deed of Trust dated 21 August 2003 between Excelcomindo as the issuer and PT Bank Permata Tbk as the trustee in relation to the issue of Rp1,250,000,000 bond ("IDR Bond"). The IDR Bond will mature five (5) years from the distribution date and consists of Series A with a fixed interest rate of 14.25% and Series B with a fixed interest rate of 14.25% per annum for the first two (2) years and a floating rate for the subsequent three (3) years based on the three (3) month interest rate of Bank Indonesia Certificate with a fixed additional premium of 5% per annum provided that such floating rate may not be lower than 11% per annum or exceed 17% per annum; and
- (ii) Indenture Agreement dated 27 January 2004 between Excelcomindo Finance Company B.V. as the issuer, Excelcomindo as the guarantor and BNY as the trustee in relation to the issue of USD350,000,000 8% Guaranteed Notes due 27 January 2009.

## 4. MATERIAL LITIGATION

### 4.1 TM

As at the LPD, we and our subsidiaries, including Indocel and MTN Networks, have not been engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business, and we are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect our financial position or business, except as disclosed below:

- (a) **TM v. Business Focus Sdn Bhd (Seremban High Court Suit No. D 6-22-14884-2002)**

In accordance to the agreement dated 20 February 1997, Business Focus Sdn Bhd ("Business Focus" or "Defendant") had agreed to procure a third party to purchase our shares in Penang Shipbuilding and Construction Industries Berhad ("PSCI"). If Business Focus fails to procure a purchaser, Business Focus agreed to purchase our shares in PSCI. We entered into a Supplementary Agreement with Business Focus on 1 December 1997 where Business Focus agreed to purchase our shares in PSCI to

be satisfied by the transfer of certain properties and cash (“**Consideration**”). However, only part of the consideration was settled on 28 August 1998 via the transfer of certain properties.

On 21 October 2002, we have served a sealed copy of Writ of Summons and Statement of Claim to the Defendant to demand a liquidated sum of RM174.7 million together with interests and other costs until the date of realisation. Subsequently, the Defendant filed their Statement of Defense and Counter Claim and the hearing date for the said action will be duly notified by the High Court.

On 26 April 2004, our application for Summary Judgment was heard and the High Court Kuala Lumpur allowed our application for Summary Judgment with costs.

Business Focus’ Notice of Application for Stay of Execution was dismissed with cost on 20 October 2004.

On 17 January 2005, Business Focus’ Notice of Appeal for the Summary Judgment’s decision was dismissed with costs. Business Focus had filed a Notice of Appeal against the said decision in the Court of Appeal on 24 January 2005.

On 27 January 2005, Business Focus filed an application for Stay of Execution pending Appeal to the Court of Appeal against the Summary Judgment and the same is fixed for decision on 26 May 2005.

Based on the legal advice provided by our solicitors, there is a case for us to refute Business Focus’ allegation contained in the Statement of Defence. Furthermore, we have favourable grounds to enforce our rights in accordance with the terms and conditions of the agreement between Business Focus and us.

**(b) Appeal by G-Com Limited against Order of High Court of Ghana (Suit No. MISC 1287/2002)**

G-Com Limited (“**G-Com**”), our subsidiary, filed an application in the High Court of Ghana seeking a declaration that the EGM held on 3 June 2002, at which certain resolutions were passed with the view to varying the right of G-Com Ghana Limited was null and void. On 31 July 2002, the High Court of Ghana dismissed G-Com’s application for a declaration to nullify the said EGM. The statement of case against the High Court’s decision has been duly filed on behalf of G-Com in the Court of Appeal of Ghana on 25 September 2002 but a date is yet to be fixed for the hearing of the case.

Based on the legal advice provided by G-Com’s Ghanaian solicitor, G-Com stands a good chance of success but in the event of the appeal not succeeding, the rights of G-Com in Ghana Telecommunications Company Limited would continue to be in accordance with the resolutions passed on 3 June 2002.

**(c) Arbitration proceedings with the Government of Ghana**

Our interest in Ghana Telecommunications Company Limited (“**GT**”) is held through TMI.

On 7 April 2000, the Government of Ghana (“**GoG**”) offered to sell to us an additional 15% equity interest in GT. On 18 August 2000, we paid a sum of USD50 million as deposit for the proposed acquisition, subject to the terms and conditions as specified in the Heads of Agreement dated 10 August 2000 (“**HOA**”). The deadline to conclude the transaction lapsed on 19 February 2002. Consequently, the deposit payment of USD50 million became due and payable to us under the terms and conditions of the HOA.

On 18 September 2002, we issued a Notification of Claim to the GoG for the parties to settle the outstanding issues pertaining to the repayment of the USD50 million deposits on an amicable basis on or before 18 December 2002. As at 18 December 2002, there was no resolution reached on the said outstanding issues.

In protecting our investment in Ghana, on 10 February 2003, we, through our counsel in London, sent a Notice of Arbitration to the GoG for the commencement of an arbitration proceeding under the UNCITRAL Arbitration Rules in accordance with the provisions of the Bilateral Investment Treaty dated 11 November 1996 between the Government of Malaysia and the GoG.

The hearing which commenced from 5 to 15 July 2004 at the Permanent Court of Arbitration ("PCA"), The Hague dealt with the issues on jurisdiction and merits of our claims. On 8 to 12 November 2004, the hearing on the issues of the quantum of our claims and the GoG's counterclaims was held. The Tribunal indicated that they would deliver the decisions on the issues on jurisdiction, merits and quantum of our claims as well as the GoG's counterclaim in January 2005. However, as at the LPD, we have yet to receive the decision from the Tribunal.

Notwithstanding the above development, the parties could still resolve the outstanding disputes on an amicable basis subject to terms and conditions mutually agreed by the parties prior to the decision of the Tribunal.

Based on discussions with solicitors, we believe that there is a reasonable chance for the decision to be awarded in our favour. However, the quantum that may be payable by the GoG to us is subjective.

(d) **DeTeAsia Holding GmbH v. Celcom (ICC International Court of Arbitration No. 12615/ms)**

On 10 March 2003, Celcom received a letter from DeTeAsia Holding GmbH ("DeTeAsia") informing Celcom that it had initiated arbitration on 10 March 2003 with the Secretariat of the International Court of Arbitration of the International Chamber of Commerce in Paris ("ICC") pursuant to Clause 8.6 of the Amended and Restated Supplemental Agreement dated 4 April 2002 entered into between DeTeAsia, TRI, Celcom and TR International Limited ("TRIL") ("**Amended and Restated Supplemental Agreement**").

The Amended and Restated Supplemental Agreement stipulates that the written consent of DeTeAsia was required prior to TRI and/or Celcom, inter-alia:

- (i) concluding and/or executing any agreement to allot or issue shares to any entity where the shares to be allotted or issued constituted at least 5% of the aggregate number of TRI or Celcom shares in issue at the relevant time;
- (ii) concluding and/or executing any agreement to acquire shares in an entity whose principal business is in the communication industry; and
- (iii) concluding and/or executing any agreement to merge with an entity whose principal business is in the communication industry.

Further, the Amended and Restated Supplemental Agreement has provided that in the event that prior consent has not been obtained in respect of the matters aforesaid, then DeTeAsia was entitled to an offer to be procured by Celcom for the purchase of DeTeAsia's Celcom shares at USD1.84 (approximately RM7.00) per Celcom share.

DeTeAsia is essentially claiming damages for breach of the Amended and Restated Agreement. By a letter dated 20 August 2004 to the Tribunal, DeTeAsia has quantified its principal claim as USD177.2 million (amounting after currency conversion to RM673.5 million). Subsequently DeTeAsia in its Post Hearing Brief dated 29 November 2004 claimed interest in the sum of USD16.3 million (amounting after currency conversion to RM61.8 million) for the period between 16 October 2002 to 27 June 2003, and interest at the rate of 8% per annum on USD177.2 million from 28 June 2003 until full settlement.

The evidential hearing was held from 12 July 2004 to 16 July 2004 in Geneva. The parties submitted the Post Hearing Briefs on 29 November 2004.

The parties have submitted their oral submissions in London on 7 and 8 January 2005. Upon the close of the submissions, the Tribunal directed the parties to simultaneously exchange written submissions on the issue of costs by 1 March 2005. Submissions in reply were to be simultaneously exchanged by 15 March 2005. The parties have since then mutually agreed that the submission be filed on 21 March 2005 and the replies on 15 April 2005. Both parties filed their submissions on 21 March 2005.

The Tribunal will notify the parties once it is ready to hand down its award.

Celcom has been advised by its solicitors that the prospect of successfully defending the proceeding is reasonable.

(e) **Rego Multi-Trades Sdn Bhd v. Aras Capital Sdn Bhd & Tan Sri Dato' Tajudin Ramli (Kuala Lumpur High Court (Commercial Division) Civil Suit No. S1-22-144-2005)**

On 16 February 2005, Rego Multi Trades Sdn Bhd ("**Rego**"), a wholly owned subsidiary of TRI, which is also a subsidiary of Celcom, had filed a civil claim in the High Court of Kuala Lumpur against Aras Capital Sdn Bhd ("**Aras Capital**") and Tan Sri Dato' Tajudin Ramli ("**TSDTR**"). The claim is made for recovery of sums due and owing to Rego from Aras Capital and TSDTR pursuant to:

- (i) the Investment Management Agreement dated 10 January 1997 ("**Investment Agreement**") and the Supplemental Agreement dated 21 April 1997 ("**Supplemental Agreement**") between Rego and Aras Capital; and
- (ii) the Letter of Indemnity dated 1 April 1998 ("**Letter of Indemnity**") given by TSDTR to Rego relating to the investments made by Rego under the Investment Agreement and the Supplemental Agreement.

The sum claimed in the proceedings is RM261.8 million as at 30 November 2004 together with interest and cost. The Writ of Summons and Statement of Claim have been extracted from the Kuala Lumpur High Court and have been served on the Defendants.

Rego's solicitors are of the view that there is a good chance of obtaining judgement in respect of the sums claimed in these proceedings.

(f) **Inmiss Communication Sdn Bhd v. Mobikom Sdn Bhd**

Pursuant to an agreement dated 10 May 1996, Inmiss Communication Sdn Bhd ("**Inmiss**") agreed to provide Mobikom Sdn Bhd's ("**Mobikom**") subscribers with audiotex services on a revenue shared basis for a period of five (5) years. Mobikom suspended the services and made payments only in respect of services which were verified to be true. Notwithstanding the claims by Inmiss, Mobikom refused to pay the amount claimed by Inmiss on the basis that the record of calls indicated false calls due to either being generated or cloned calls besides other discrepancies.

Inmiss referred the matter to arbitration and on 13 May 2002, it filed its points of claim claiming a sum of RM30.0 million together with interest and cost.

Mobikom made an application to amend the points of defence and to deduce further evidence, which was dismissed by the arbitrator. The arbitrator published the award on 31 March 2005 which directed Inmiss to calculate the quantum of the award. Pursuant to this, Inmiss has calculated the award which amounted to RM30.5 million.

Mobikom's solicitors are of the view that the award is void, invalid and unenforceable. An application to stay and to set aside the award has been filed in court.



On 14 April 2005, Inmiss has issued a Section 218 Notice (“Notice”) to Mobikom requiring Mobikom to pay RM27.4 million within 21 days. Mobikom’s solicitors have advised that it has good ground to set aside the said Notice. An application will be filed in the court soon to set aside the Notice and to restrain Inmiss from filing a winding-up petition against Mobikom.

#### **4.2 Excelcomindo**

As at the LPD, Excelcomindo and its subsidiaries are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on their financial position or business, and their Directors are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect their financial position or business.

### **5. DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at our registered office at Level 51, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur during office hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Our Memorandum and Articles of Association and Articles of Incorporation and Articles of Association of Excelcomindo;
- (ii) Our audited consolidated financial statements for the past two (2) financial years ended 31 December 2003 and 2004;
- (iii) Audited financial statements of Excelcomindo for the past two (2) financial years ended 31 December 2003 and 2004;
- (iv) Audited financial statements of Indocel for the past two (2) financial years ended 31 December 2003 and 2004;
- (v) Audited financial statements of MTN Networks for the past two (2) financial years ended 31 December 2003 and 2004;
- (vi) Our proforma consolidated balance sheets as at 31 December 2004 together with the Reporting Accountants’ Letter thereon as set out in Appendix IX of this Circular;
- (vii) Letters of consent referred to in Section 2 above;
- (viii) Material contracts referred to in Section 3.1 above. The material contracts referred to in Section 3.2 above will not be made available for inspection. We have requested from Excelcomindo its consent to make the above contracts available for inspection. However, Excelcomindo has not given its consent to do so;
- (ix) Cause papers for material litigation referred to in Section 4 above;
- (x) Accountants’ Report on Excelcomindo as set out in Appendix VII of this Circular;
- (xi) Expert’s opinion on foreign investments, taxation and repatriation of profits and the expected timeframe in which profits are to be repatriated to Malaysia in relation to the acquisition of Excelcomindo as set out in Appendix X of this Circular;
- (xii) Expert’s report in relation to the fairness of the purchase consideration as set out in Appendix XI of this Circular;
- (xiii) Legal opinion as set out in Appendix XII of this Circular; and
- (xiv) The amended Bye-Laws as set out in Appendix V of this Circular.



## **TELEKOM MALAYSIA BERHAD**

(Company No. 128740-P)

(Incorporated in Malaysia under the Companies Act, 1965)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that our Extraordinary General Meeting (“EGM”) will be held at Dewan Merdeka, Level 4, Putra World Trade Centre, 41 Jalan Tun Ismail, 50480 Kuala Lumpur on Tuesday, 17 May 2005 at 11.00 a.m. or immediately after the conclusion of our 20<sup>th</sup> Annual General Meeting (“AGM”), whichever is later, or at any adjournment thereof. The AGM will be held at the same venue and on the same day at 10.00 a.m. or at any adjournment thereof. The EGM will be held for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

#### **ORDINARY RESOLUTION 1**

**CALL AND PUT OPTION WHICH REQUIRES OR ENTITLES THE ACQUISITION BY TM INTERNATIONAL (L) LIMITED (“TMIL”), OUR WHOLLY OWNED SUBSIDIARY, OF UP TO AN ADDITIONAL 52.7% EQUITY INTEREST IN PT EXCELCOMINDO PRATAMA (“EXCELCOMINDO”), COMPRISING UP TO 1,193,656 EXCELCOMINDO SHARES (“OPTION SHARES”), FOR A CASH CONSIDERATION OF UP TO USD606.1 MILLION (APPROXIMATELY RM2,303.2 MILLION) (“CALL AND PUT OPTION”)**

“**THAT**, approval be and is hereby given for the acquisition by TMIL of the Option Shares, for a cash consideration of up to USD606.1 million (approximately RM2,303.2 million) upon the terms and conditions set out in the Call and Put Option Agreement dated 11 January 2005 between TMIL and PT Telekomindo Primabhakti;

**THAT** our Board of Directors be authorised to assent to any conditions, variations, modifications and/or amendment as may be required by any relevant authorities or as may be in the interest of TMIL to give effect to the Call and Put Option;

**THAT** our Board of Directors be authorised to enter into all other agreements, documents and arrangements with any party or parties and to take any or all other actions as they may deem necessary, appropriate and desirable to submit all relevant applications to the relevant authorities for the purpose of the Call and Put Option;

**AND THAT** our Board of Directors be and are authorised to do all such acts, deeds and things as are necessary and/or expedient to implement, finalise, complete and give full effect to the Call and Put Option.”

#### **ORDINARY RESOLUTION 2**

**PROPOSED LISTING OF MTN NETWORKS (PRIVATE) LIMITED (“MTN NETWORKS”), OUR WHOLLY OWNED SUBSIDIARY, ON THE COLOMBO STOCK EXCHANGE (“PROPOSED LISTING OF MTN NETWORKS”)**

“**THAT**, subject to the approvals of the relevant authorities, the proposed listing of MTN Networks on the Colombo Stock Exchange, details of which are set out in Section 3.1 of the Circular to Shareholders dated 25 April 2005, copies of which have been circulated to the shareholders, be approved and adopted;

**THAT** our Board of Directors be authorised to assent to any conditions, variations, modifications and/or amendment as may be required by any relevant authorities to give effect to the Proposed Listing of MTN Networks;

**THAT** our Board of Directors be authorised to enter into all other agreements, documents and arrangements with any party or parties and to take any or all other actions as they may deem necessary, appropriate and desirable to submit all relevant applications to the relevant authorities for the purpose of the Proposed Listing of MTN Networks;

**AND THAT** our Board of Directors be and are authorised to do all such acts, deeds and things as are necessary and/or expedient to implement, finalise, complete and give full effect to the Proposed Listing of MTN Networks.”

### **ORDINARY RESOLUTION 3**

#### **PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS GOVERNING OUR EMPLOYEES' SHARE OPTION SCHEME (“PROPOSED BYE-LAWS AMENDMENTS”)**

“**THAT**, the proposed amendments to the existing Bye-Laws of our employees' share option scheme in the form and manner as set out in Appendix IV of the Circular to Shareholders dated 25 April 2005, copies of which have been circulated to the shareholders, be approved and adopted;

**AND THAT** our Board of Directors be and are authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Bye-Laws Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities.”

### **ORDINARY RESOLUTION 4**

#### **PROPOSED GRANT OF OPTIONS TO YBHG DATO' ABDUL WAHID OMAR (“PROPOSED GRANT OF OPTIONS”)**

“**THAT**, subject to the passing of Ordinary Resolution 3 and the approvals of relevant authorities, our Board of Directors be authorised at any time and from time to time to offer and to grant to YBhg Dato' Abdul Wahid Omar, our Group Chief Executive Officer, options pursuant to our employees' share option scheme (“ESOS”) to subscribe for up to 1,200,000 ordinary shares in Telekom Malaysia Berhad subject to the provisions of the Bye-Laws.”

### **SPECIAL RESOLUTION 1**

#### **PROPOSED AMENDMENTS TO OUR ARTICLES OF ASSOCIATION (“PROPOSED ARTICLES AMENDMENTS”)**

“**THAT**, the proposed amendments to our Articles of Association in the form and manner as set out in Appendix VI of the Circular to Shareholders dated 25 April 2005, copies of which have been circulated to the shareholders, be approved and adopted;

**AND THAT** our Board of Directors be and are authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Articles Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities.”

### **BY ORDER OF THE BOARD**

**Wang Cheng Yong (MAICSA 0777702)**

**Zaiton Ahmad (MAICSA 7011681)**

**Secretaries**

Kuala Lumpur, Malaysia

25 April 2005

#### **Notes:**

- 1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of Telekom Malaysia Berhad (“Company”) and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- 2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

3. *Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.*
5. *A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 92 of the Company's Articles of Association.*
6. *The instrument appointing the proxy together with the duly-registered power of attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or any adjournment thereof, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.*



# TELEKOM MALAYSIA BERHAD

(Company No. 128740-P)

(Incorporated in Malaysia under the Companies Act, 1965)

## PROXY FORM

I/We,.....  
(FULL NAME AND NRIC/PASSPORT NO./COMPANY NO.)

of.....  
(FULL ADDRESS)

being a Member/Members of TELEKOM MALAYSIA BERHAD (128740-P) hereby appoint.....  
(FULL NAME AND NRIC/PASSPORT NO.)

of.....  
(FULL ADDRESS)

or failing him,.....  
(FULL NAME AND NRIC/PASSPORT NO.)

of.....  
(FULL ADDRESS)

or failing him, the Chairman of the Meeting, as my/our proxy to attend and vote for me/us and on my/our behalf at the Extraordinary General Meeting of Telekom Malaysia Berhad (128740-P) ("Company") to be held at Dewan Merdeka, Level 4, Putra World Trade Centre, 41 Jalan Tun Ismail, 50480 Kuala Lumpur, on Tuesday, 17 May 2005 at 11.00 a.m. or immediately after the conclusion of our 20<sup>th</sup> Annual General Meeting whichever is later, or at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

	For	Against
<b>Ordinary Resolution 1</b> Call and Put Option – Acquisition of up to an additional 52.7% equity interest in Excelcomindo		
<b>Ordinary Resolution 2</b> Proposed Listing of MTN Networks		
<b>Ordinary Resolution 3</b> Proposed Bye-Laws Amendments		
<b>Ordinary Resolution 4</b> Proposed Grant of Options		
<b>Special Resolution 1</b> Proposed Articles Amendments		

(Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. Unless voting instructions are specified herein, the proxy will vote or abstain from voting at his/her discretion.)

Signed this ..... day of ..... 2005

No. of shares	*CDS Account No.

\* CDS - Central Depository System

Signature(s)/Common Seal of Member(s)

### Notes:

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.
4. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.
5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 92 of the Company's Articles of Association.
6. This instrument appointing the proxy together with the duly-registered power of attorney referred to in Note 4 above, must be deposited at the office of the Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or any adjournment thereof, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.



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AFFIX  
STAMP

**THE SHARE REGISTRAR**  
TENAGA KOPERAT SDN BHD  
20th Floor, Plaza Permata  
Jalan Kampar, off Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

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