



CHAPTER 1: LICENSING

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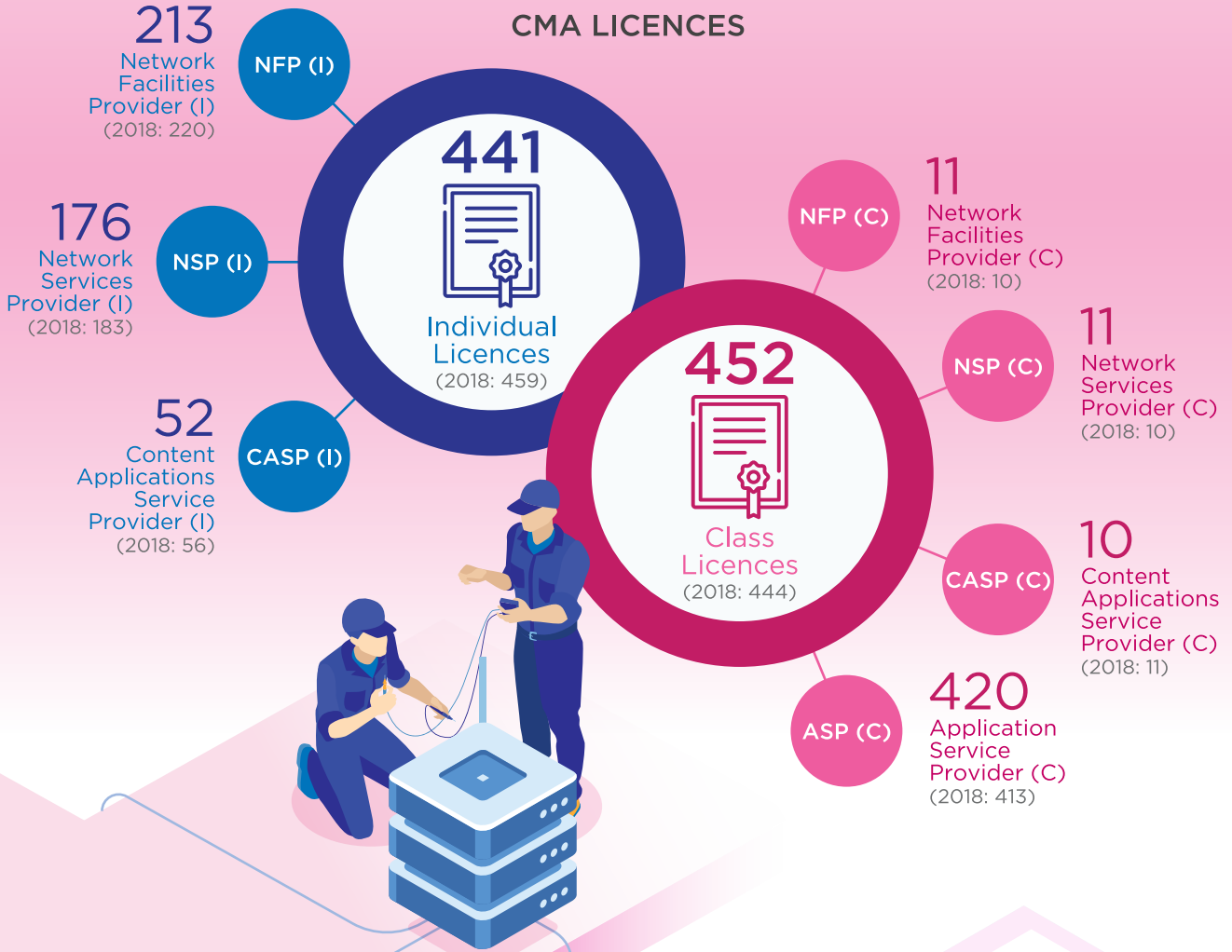


The converged licensing framework under the Communications and Multimedia Act 1998 (CMA) encompasses a technology-neutral and service neutral licensing regime to better regulate the industry. This framework provides greater transparency for growth and development for the benefit of both businesses and consumers.

This chapter reports on the number and growth of licensees, including new licensees and renewed licensees under Individual and Class licences as well as the shareholding composition by types of Individual licences. It also reports on the monitoring of licensees for roll out compliance within 12 months from the date of issuance.

KEY HIGHLIGHTS 2019

CMA LICENCES



OVERVIEW

THE CONVERGED LICENSING FRAMEWORK UNDER CMA ENABLES INDUSTRY DEVELOPMENT DRIVEN BY SOCIO-ECONOMIC IMPACT AND PUBLIC INTEREST IMPERATIVES, AS OPPOSED TO TECHNOLOGICAL PREFERENCES

The competition that emerges between technologies due to technology-neutral approach has been facilitating innovation in services offered, price reduction, improvements in quality and creating resilience in communications infrastructure as a whole. These have spurred the growth of licensees and new entrants into the C&M industry, which in turn provides a wide array of choices for consumers.

LICENSING PROFILE OVER THE YEARS

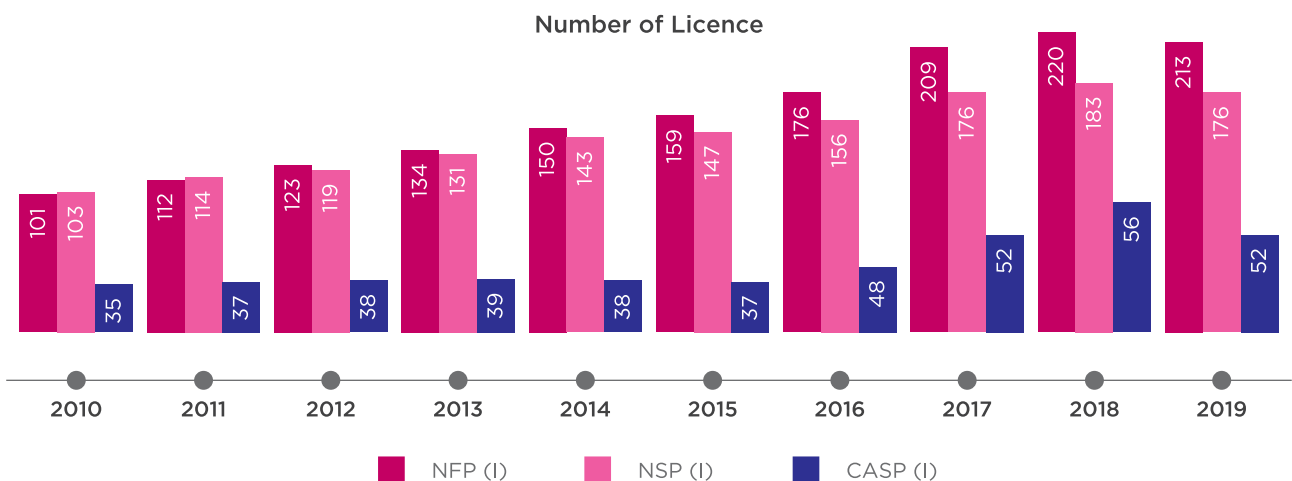
In 2019, the Individual licences comprise 213 NFP (I), 176 NSP (I) and 52 CASP (I). In total, there was a 4% decrease in the number of licences compared to year 2018 due to the surrender of 13 Individual licences (3 NFP (I), 6 NSP (I) and 4 CASP (I) licences surrendered).

Overall, 62 Individual licences were approved and renewed by Minister of the Ministry of Communications and Multimedia Malaysia (KKMM). A total of nine new NFP (I) and 11 new NSP (I) licences were issued, whilst, 20 NFP (I), 20 NSP (I) and 2 CASP (I) licences were renewed.



441
Individual Licenses
(2018: 459)

CMA LICENCES (INDIVIDUAL) 2010 - 2019



Source: MCMC

Figure 1.1 CMA Licences (Individual) 2010 - 2019

Details of the infrastructure and services offered by new and renewed licenced service providers in 2019 are shown in Figure 1.2.

NEW AND RENEWED LICENCES

Infrastructure and Services	Company	New (N)/ Renewed (R)	NFP (I)	NSP (I)	CASP (I)
Deployment of communications infrastructure to support cellular & broadband services as well as provision of bandwidth services	KS IT Solutions Sdn Bhd	N	/	/	
	VADS Lyfe Sdn Bhd	N	/	/	
	Smartsel Sdn Bhd	N	/	/	
	Syarikat SESCO Bhd	N	/	/	
	Justclick Vision (M) Sdn Bhd	N	/	/	
	I-R&D Sdn Bhd	R	/	/	
	Malaysia Airports (Sepang) Sdn Bhd	R	/	/	
	Eminent Display Sdn Bhd	R	/	/	
	Macro Lynx Sdn Bhd	R	/	/	
	MyKris Asia Sdn Bhd	R	/	/	
	Naza Communications Sdn Bhd	R	/	/	
	Sunway Digital Wave Sdn Bhd	R	/	/	
	Numix Engineering Sdn Bhd	R	/	/	
	Maxis Broadband Sdn Bhd	R	/	/	
	Maxis Mobile Services Sdn Bhd	R	/	/	
	Maxis Mobile Sdn Bhd	R	/	/	
Deployment of communications infrastructure to support cellular & broadband services	Mulia Property Development Sdn Bhd	N	/		
	Kenanga Marketing Sdn Bhd	N	/		
	KUB Telekomunikasi Sdn Bhd	N	/		
	OSI Technology Sdn Bhd	N	/		
	Airzed Broadband Sdn Bhd	R	/		
	Allo Technology Sdn Bhd	R	/		
	GTP Network Sdn Bhd	R	/		
	Stealth Broadband Sdn Bhd	R	/		
Deployment of communications infrastructure to support broadband services as well as provision of bandwidth	Asiaspace Broadband Sdn Bhd	R	/	/	
	Ridaa Associates Sdn Bhd	R	/	/	
	Maxis International Sdn Bhd	R	/	/	
Deployment of communications infrastructure to support broadband services as well as provision of bandwidth & switching services	Segi Maju Consortium Sdn Bhd	R	/	/	
Deployment of communications infrastructure to support broadband services, satellite services, as well as provision of bandwidth & access applications services	Reach Ten Communication Sdn Bhd	R	/	/	

NEW AND RENEWED LICENCES

Infrastructure and Services	Company	New (N)/ Renewed (R)	NFP (I)	NSP (I)	CASP (I)
Provision of bandwidth services	Ohana Communications Sdn Bhd	N		/	
	OCK Setia Engineering Sdn Bhd	N		/	
	Borneo Restu Sdn Bhd	N		/	
	IX Telecom Sdn Bhd	N		/	
	Excel Commerce Solutions Sdn Bhd	N		/	
	Tele-Flow Corporation Sdn Bhd	R		/	
	BT Systems (Malaysia) Sdn Bhd	R		/	
	Common Tower Technologies Sdn Bhd	R		/	
Provision of bandwidth and switching services	X86 Network Sdn Bhd	N		/	
Provision of cellular mobile services	Tune Talk Sdn Bhd	R		/	
Provision of terrestrial radio broadcasting	One FM Radio Sdn Bhd	R			/
	Perfect Excellence Waves Sdn Bhd	R			/
TOTAL			29	31	2

Source: MCMC

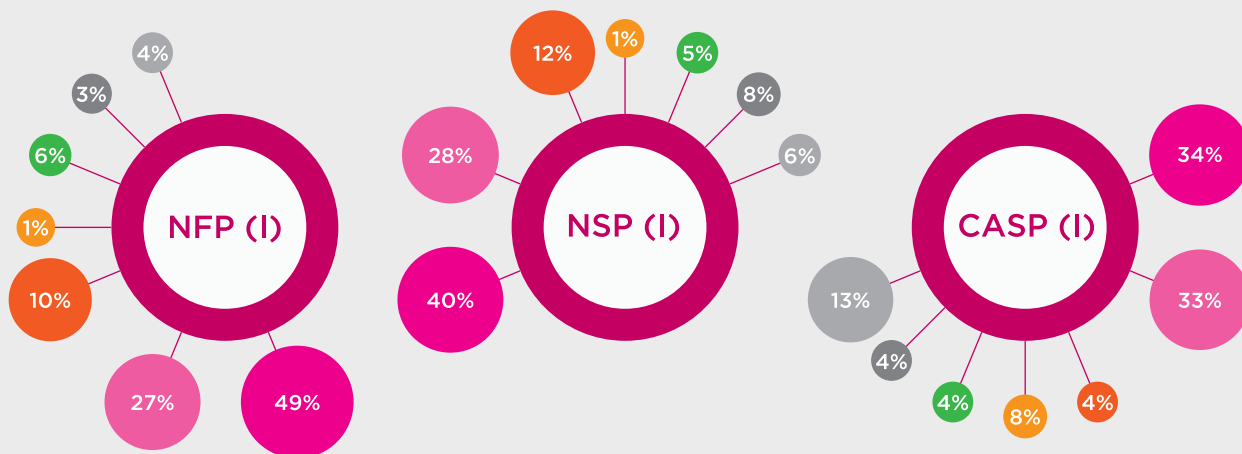
Figure 1.2 New and Renewed Licences



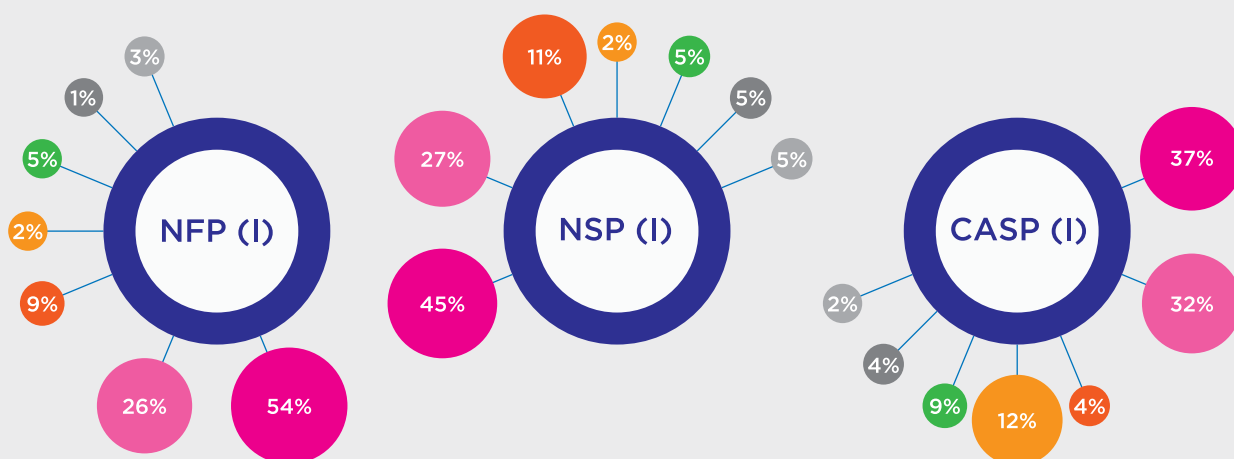
An analysis of Individual licensees' shareholding shows that 45% of total Individual licences in 2019 are Bumiputera-owned companies (2018: 48.4%). The shareholding composition by types of licence is shown below:

INDIVIDUAL LICENCE - SHAREHOLDING COMPOSITION BY TYPES OF LICENCES 2018 AND 2019

Shareholding Composition 2019



Shareholding Composition 2018



● Bumiputera
 ● Non Bumiputera
 ● GLC
 ● SB & GA
 ● SGOV
 ● Foreign
 ● Others

Note:

Bumiputera-owned - Company that has 51% or more Bumiputera shares

Non Bumiputera-owned - Company that has 51% or more non-Bumiputera shares

GLC - Government-linked company that has a primary commercial objective and in which the Malaysian Government has a direct controlling stake. Controlling stake refers to the Government's ability (not just percentage ownership) to appoint Board of Director members, senior management, make major decisions (e.g. contract awards, strategy, restructuring and financing, acquisitions and divestments etc.) for GLCs either directly or through GLICs (Source: www.khazanah.com.my)

SB & GA - Ownership held directly or indirectly (51% or biggest equity stake) by a Statutory Body or Government Agency

SGOV - Ownership held directly or indirectly (51% or biggest equity stake) by a State Government

Foreign-owned - Company that has 51% or more shares held by foreign entities or individuals

Others - Mixed shareholding, with no particular type of shareholder having a controlling interest in the company

Source: MCMC

Figure 1.3 Individual Licence - Shareholding Composition by Types of Licences 2018 and 2019

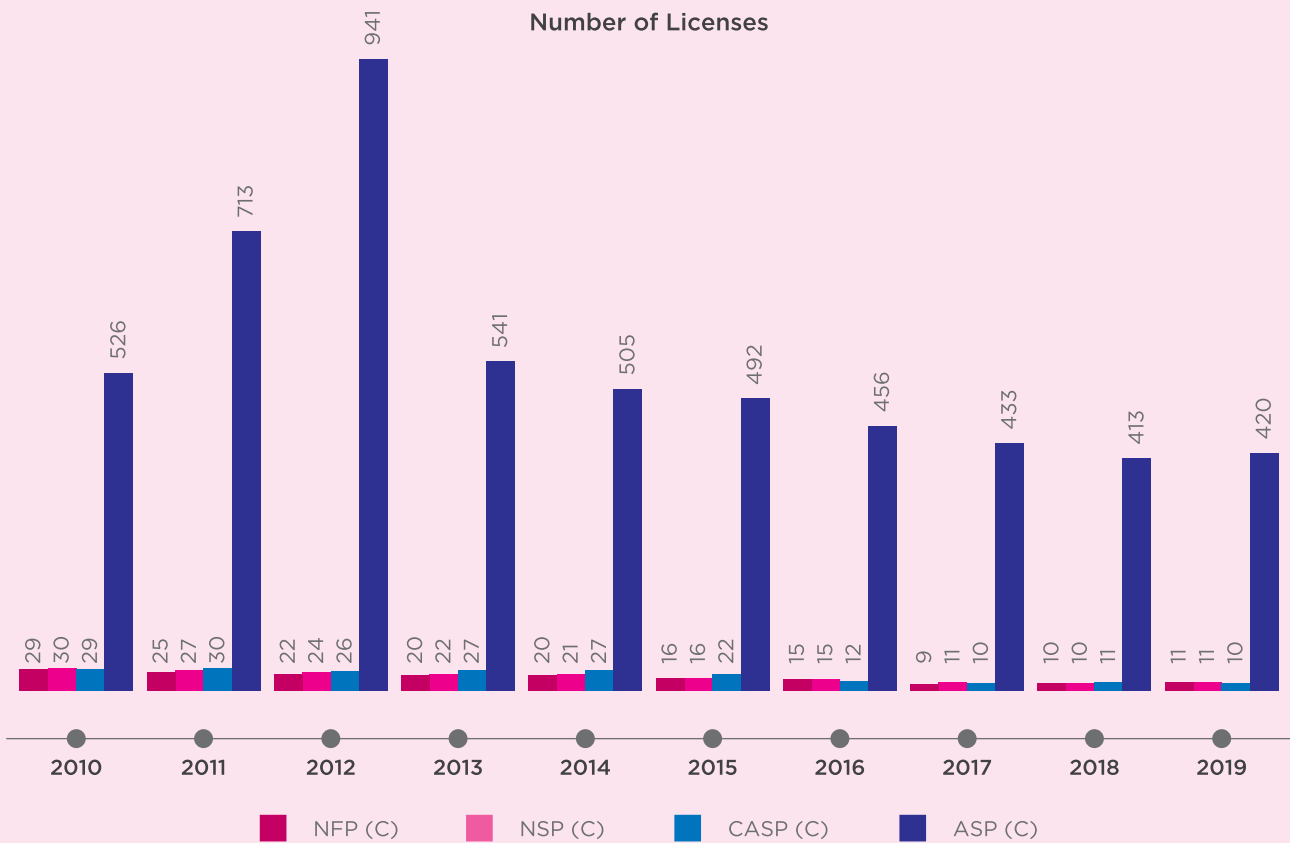
A TOTAL OF 452 CLASS LICENCES WERE REGISTERED BY MCMC FOR 2019

Class licence is a relatively light-handed form of regulation which is designed to promote industry growth and development by providing easier market access.

A total of 452 Class licences were registered by MCMC in 2019, comprising 11 NFP (C), 11 NSP (C), 10 CASP (C) and 420 ASP (C). Overall, there was an increase of eight licences compared to 444 in 2018.



CMA LICENCES (CLASS) 2010 - 2019



Source: MCMC
Figure 1.4 CMA Licences (Class) 2010 - 2019

ROLL OUT STATUS IN 2019

Licences granted are monitored for compliance with roll out conditions, that is, special licence condition Part B 1.2. Under this special licence condition, the compliance requirements include:

- The licensee to commence the provision of facilities or services within 12 months from the date of licence issued;
- However, the Minister may grant an extension of time to the licensee upon appeal and genuine progress being made towards the provision of facilities or services.

As at end 2018, a total of 23 new network service and network facilities providers were issued with Individual licences (Figure 1.5). This is a significant reduction compared to 44 individual licences issued in 2017.

NEW LICENSEES/SERVICE PROVIDERS				
	Company	NFP (I)	NSP (I)	CASP (I)
1	Euro Masjaya Resources Sdn Bhd	/	/	
2	TP Works Engineering Sdn Bhd	/	/	
3	ITMax System Sdn Bhd		/	
4	Kibaran Pelangi Sdn Bhd	/	/	
5	Shorefield Communications Sdn Bhd	/	/	
6	Meba Holdings Sdn Bhd	/		
7	Mutiara Smart Sdn Bhd	/	/	
8	Online Dynamics (M) Sdn Bhd			/
9	NST Data Consultant Sdn Bhd	/		
10	Ephrata Services Sdn Bhd			/
11	Network Facilities Sdn Bhd	/		
12	ABT Networks Sdn Bhd	/	/	
13	Orient Telecoms Sdn Bhd	/	/	
14	Globalcomm Solutions Sdn Bhd	/		
15	High End Net Sdn Bhd	/	/	
16	Kryton Global Networks (M) Sdn Bhd		/	
17	Jenexus Holding Sdn Bhd	/	/	
18	Sabah Net Sdn Bhd (fka KKIPC Sdn Bhd)	/		
19	Upright Construction Sdn Bhd	/		
20	Redpyne Sdn Bhd		/	
21	Longvision Broadcasting Sdn Bhd			/
22	Selangor Industrial Corporation Sdn Bhd	/		
23	Valsa (Sarawak) Sdn Bhd	/	/	
	TOTAL	17	13	3

Source: MCMC

Figure 1.5 New Licensees/Service Providers



Out of 23 new service providers, 11 have complied with special licence condition to roll out their facilities and services within 12 months from the date of licence issued. The service providers are as follows:

FACILITIES/SERVICES DEPLOYED WITHIN 12 MONTHS OF LICENCE ISSUED		
Company	Type of Licence	Facilities/Services Deployed
1 ITMax System Sdn Bhd	NSP (I)	Bandwidth Services
2 Meba Holdings Sdn Bhd	NFP (I)	Towers/Poles
3 Mutiara Smart Sdn Bhd	NFP (I) & NSP (I)	Towers/Poles & Broadband Services
4 Network Facilities Sdn Bhd	NFP (I)	Towers/Poles
5 ABT Networks Sdn Bhd	NFP (I) & NSP (I)	Dark Fibre (Last Mile) & Bandwidth Services
6 Orient Telecoms Sdn Bhd	NFP (I) & NSP (I)	Dark Fibre (Last Mile) & Broadband Services
7 Globalcomm Solutions Sdn Bhd	NFP (I)	Dark Fibre (Last Mile)
8 Jenexus Holding Sdn Bhd	NFP (I) & NSP (I)	Towers/Poles, Radiocommunication Transmitter Link & Bandwidth Services
9 Sabah Net Sdn Bhd	NFP (I)	Towers/Poles & Radiocommunication Transmitter Link
10 Selangor Industrial Sdn Bhd	NFP (I)	Dark Fibre
11 Valsa (Sarawak) Sdn Bhd	NFP (I)	Towers/Poles

Source: MCMC

Figure 1.6 Facilities/Services Deployed within 12 Months of Licence Issued

As indicated by some network service and network facilities providers, in light of challenging economic environment, they have delayed roll out in 2018 as they have revised their commercial arrangements and business plans accordingly. As a result, nine service providers have applied for extension of time in 2019.

Five out of nine of the service providers are holders of CASP (I) licences for broadcasting services through Digital Terrestrial Television (DTT) platform. All of them have applied for second extension of time.

SERVICE PROVIDERS WHO HAVE REQUESTED FOR EXTENSION OF TIME

Company	Type of Licence
1 Shorefield Communications Sdn Bhd	NFP (I) & NSP (I)
2 JRA Riyyalcomm Sdn Bhd	NFP (I)
3 MSA Resources Sdn Bhd	NSP (I)
4 Ansat Broadcasting Sdn Bhd	NFP (I) & NSP (I)
5 Sky Elite Broadcasting Sdn Bhd	CASP (I)
6 Enjoy TV Holding Sdn Bhd	CASP (I)
7 DNF Group Sdn Bhd	CASP (I)
8 Neo Universe Sdn Bhd	CASP (I)
9 SNR Multi Tech Sdn Bhd	CASP (I)

Source: MCMC

Figure 1.7 Service Providers Who Have Requested for Extension of Time



GUIDELINES ON MERGERS AND ACQUISITIONS AND GUIDELINES ON AUTHORISATION OF CONDUCT

In May 2019, MCMC had issued two guidelines i.e. Guidelines on Mergers and Acquisitions (M&A Guidelines) and Guidelines on Authorisation of Conduct (AoC Guidelines). Both guidelines are aimed to increase transparency and provide clarity to the industry on the approach taken by MCMC when assessing mergers and acquisitions of telecommunications companies as well as authorisation of conduct.

The M&A Guidelines set out procedures for notification of mergers, scope of mergers, assessment that will be carried and decisions of the Commission. Indicative timelines for each stage is also provided. Similarly, the AoC Guidelines set out the procedures that will be followed by MCMC, the analytical framework and indicative timelines.

While MCMC understands that mergers and acquisitions could lead to greater efficiency, there has to be a balance in maintaining the competitive dynamics in the market to ensure long-term benefits of end users are protected. As such, when assessing M&A, the assessment criteria is substantial lessening of competition. On the other hand, when assessing an AoC, the assessment criteria is national interest. The national interest objectives outlined in subsection 3(2) of the CMA will be used as a basis to decide whether a conduct should be authorised.