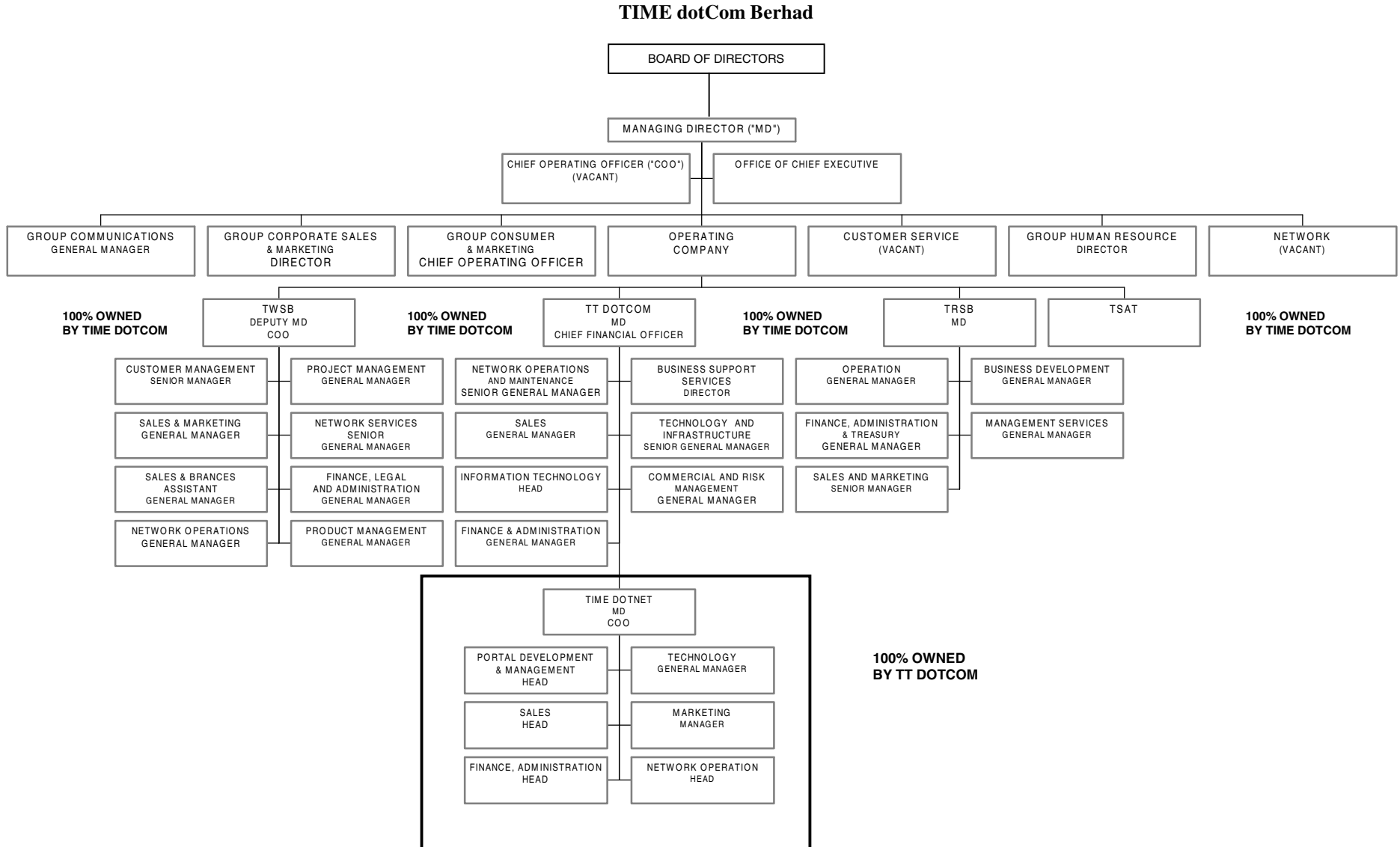


13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)

13.2 Organisational Structure



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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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The main organisation structure of TIME dotCom comprises of 6 divisions at corporate level and 5 operating companies. The 6 divisions are Group Communication Division, Consumer Division, Customer Services Division, Group Human Resource Division, Group Marketing & Sales Division and Network Division. The 5 operating companies are TT dotCom, TWSB, TRSB, TSAT and TIME dotNet.

**Functions and Responsibilities of Group Divisions**
*Group Communication Division*

Responsible towards the integration of the communication activities at the various operating companies within the TIME dotCom Group.

*Consumer Division*

Responsible for the management of retail outlets nationwide. Retail outlets will not only be the profit centre for the Group but also as an 'ambassador' of TIME dotCom in interfacing and positioning its image to the public.

*Customer Services Division*

Customer service is managed by the external consultant (Andersen Consulting) who will be looking into the integration of customer service functions at various operating companies within the TIME dotCom Group as well as developing a standard of service level.

*Group Human Resource Division*

Currently managed by external consultants (PricewaterhouseCoopers) who will be looking into integrating and strategizing the human resource functions of the various operating companies within the TIME dotCom Group at the corporate level.

*Group Marketing and Sales Division*

Responsible for strategizing the marketing and sales activities of the operating companies within the TIME dotCom Group. The Group Marketing & Sales Division is also responsible for establishing the product image and maintaining growth of customer base.

*Network Division*

To plan and maintain the network infrastructure that supports the integrated product of various operating companies within the TIME dotCom Group.

Each operating company has its own marketing, sales, engineering, operations, finance and administration, human resources, business development, customer care, credit risk, legal and procurement. Functions that has been integrated at the Group level are Human Resource, Corporate Communication and Customer Service. The integrated division acts as a strategic advisor and will also be able to provide better and efficient services to their operating units.

**13.3 Construction and Maintenance**

Operational activities of the TIME dotCom Group principally comprise:-

- (a) design, construction and maintenance of a communications network comprising of and fibre-optic trunk, domestic earth stations, microwave links, switching centers and a CAN;
- (b) design, construction and maintenance of a cellular communications network including the base stations; and
- (c) installation and maintenance of payphones.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**

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With its basic fixed line and cellular networks substantially completed, most of the operational activities are now concentrated on the expansion of the CANs, maintenance of existing network lines and enhancement of the network.

The maintenance of TT dotCom's terrestrial network is outsourced to Projek Penyelenggaraan Lebuhraya Berhad and four (4) other panel contractors under an annual fixed price contract. The contract specifies the service levels to which the network must be maintained including definitions of Mean Time To Repair, hence it includes all emergency call outs and other requirements to keep the network running at its correct operating specifications. The maintenance services in respect of the submarine cable network is outsourced to Siemens Nixdorf Sdn. Bhd..

As for the cellular network, only electrical, mechanical and civil works are outsourced while other maintenance works are carried out by TWSB. TWSB has signed technical support and maintenance agreement with major equipment suppliers such as Nokia Networks OY, Motorola Inc. and Tecnomen OY.

TWSB's coverage are provided by the base transceiver stations ("BTS"). As such, the BTS need to be constructed at strategic locations. All strategic planning were done in-house by TWSB's Cell Planning Unit and the BTS sites are then identified and acquired.

TRSB contracts installation of phone booths to approximately 40 contractors but installs the actual telephone itself. Maintenance and repairs are presently conducted by the company's own teams using a combination of routine maintenance scheduling and responding to fault automatically reported by the payphones to Payphone Management System. However, there are plans to subcontract the maintenance of payphones and coin collections to third parties and security companies respectively.

**13.4 Insurance Arrangements**

Bradstock Insurance Brokers Sdn. Bhd. ("Bradstock") has been appointed to review, develop and manage the insurance programmes of the TIME dotCom Group.

TT dotCom has made, or will be making, suitable insurance arrangements to cover insurable risks associated with its operation. Areas of risks that are insured include construction works, technology and operations. Bradstock has confirmed that the insurance programmes provide adequate protection to TT dotCom.

TWSB's insurable assets are also adequately insured. In addition, it holds cover in respect of fire, consequential loss, public liability, employers' liability and various other minor risk categories.

TRSB has been taking All Risk Insurance Policy for its coin phones on the field due to high risks of vandalism. As for the card phones and multi-payment phones (located at Kuala Lumpur International Airport), TRSB does not insure them, as they are not prone to vandalism. The above said policy taken for the coin phones had expired on 5 September 2000.

TRSB had taken preventive measures by installing anti-theft devices to its coin phones to further strengthen the phones from being removed from the phone booths. The installation of anti-theft devices to the payphones (i.e. only for the coin phones located on the open field) started in October 1999 and TRSB plans to complete them by early 2001. The anti-theft device appears to be effective and TRSB hopes to minimise the coin phone losses due to vandalism. Premised on this, TRSB has decided not to insure the coin phones .

TIME dotNet has made or will be making suitable insurance arrangements to cover insurable risks associated with its operation. Areas of risks that are insured include technology and operations. Its insurance programme will cover in respect of fire, consequential loss, public liability, employer's liability and various other minor risks categories.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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The TIME dotCom Group spend approximately RM6.2 million per annum on insurance premium for the financial year ended 31 December 2000.

**13.5 Products and services**
**Group Branding**

With the inherent strength of its 100% trunk fibre optic network and the full suite of telecommunications services provided by its telecommunication companies, a branding strategy that weaves the integration of its products and services together has been adopted by TIME dotCom. This strategy entails a group branding that synergises and brings together all the different products and services of the TIME dotCom Group under one "umbrella" identity that is distinctive, easily recognisable and positive, thereby building the brand value for each product/ service and ultimately the brand value of TIME dotCom.



The logo, recently launched, shows a strong forward movement and direction - synonymous of a dynamic company taking the lead in communications solutions. The centre of the logo shows a white 't' form wrapping around the red oval; a representation of TIME dotCom embracing the people of Malaysia, carrying them forward into a better future, where global communications are available to all.

The logo as a whole also represents a convergence of the physical world and the cyber world – a coming together of all the benefits and advantages of the internet and the many new technologies that will soon emerge. The logo also represents integration. It is symbolic of a Company that is able to integrate seamlessly and offer a wide range of products and services in an innovative and supporting environment. More importantly, this identity reflects the new stance of TIME dotCom as a forward thinking, flexible and proactive organisation.

This new group branding will be established at all levels to ultimately create a brand and presence that not only associates TIME dotCom with service and product excellence but brand values that go beyond the hardware and technology, appealing to the emotive needs of each individual customer instead.

At the subsidiary level, each individual company will continue to build their presence and identity, but within the corporate parameters. All subsidiaries follow the same branding format to reinforce the unity of the TIME dotCom Group and its single minded objective.

**Fixed Line Services:**

**Mobile Services:**


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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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**Internet Services:****Public Payphone Services:**

Similarly, within each subsidiary, each product and service will continue to build its presence, but all will follow the same branding format to reinforce the synergy amongst all group products and services, for example:



- Mobile service 017



- Internet Service Provider



- Public payphone services

The ultimate aim of this single group branding strategy is to create ease in recognition, identification and association of the TIME dotCom Group with the desired brand values, and as part of its marketing strategy to build brand loyalties.

This sound group branding strategy will put TIME dotCom in good stead to become the leading telecommunications services provider in Malaysia.

**TT dotCom**

Currently, TT dotCom offers various telecommunications products for voice, data and other value added services.

For voice services (Direct Access), TT dotCom currently offers 4 products i.e. TIME-Tone, TIME PABX-Link, MyPhone and TIME ISDN (PRI). Direct Access services allow TT dotCom to "own" the customer and enable a wider range of services to be provided. TT dotCom has connected approximately 800 buildings to deliver its Direct Access services to its customers.

TIME-Tone is a basic telephone service which enables customer to make and receive telephone calls, fax messages and dial-up data. TIME PABX Link is a basic telephone service which enables customer to make and receive telephone calls, fax messages and dial-up data via direct connection of a single or multiple 2 Mbps link between the PABX and TT dotCom's network. The current principal markets for TIME-Tone and TIME PABX-Link are services-related companies, security companies, banking and financial institutions, hotels, communications companies, insurance and trading companies.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**

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MyPhone is a basic telephony service which is supported by the integration of radio based network with TT dotCom's fixed network. The principal market for MyPhone is residential customers. The business market segment for MyPhone are mainly services, trading and manufacturing companies. TIME ISDN (PRI) is an ISDN which offers a high speed digital network that integrates voice, data and video signals on a single line. It is designed for users with a greater capacity requirements such as corporate customers with ISDN PABX or LAN connectivity to provide subscribers with a public switched digital services for simultaneous use of voice and data applications over the same physical interface. Among of the principal market for TIME ISDN (PRI) service are customers from the following industries: banking and finance, hotel and accommodation, defence/government, manufacturing, computer and communications, services and oil and gas.

In 1999, TT dotCom launched its Equal Access service called TIME Access 183. TIME Access 183 is a service which enables customer to choose TT dotCom to make STD and IDD calls, even if the customer is a Telekom Malaysia's or any other fixed line operator's customer. Since the launch of TIME Access 183 service, the principal markets for this service are services and trading companies, banking and financial institutions, hotels, manufacturing companies and government agencies. TIME Access 183 service is also applicable for residential market. Among all entrants, TT dotCom believes it is best placed to maximize from Equal Access. This is mainly due to its high capacity network infrastructure which can carry calls from all over the nation to its international gateway at a lower cost than the other new entrants.

TIME Gold is the latest product introduced by TT dotCom. It allows national, mobile and international calls to be made through the latest packet technology - VoIP. The calls will be processed in the most cost effective method resulting in cheaper cost per minute. The customers subscribing to this product will enjoy discounts of up to 50%. It has easy access to the system as lines registered with this service allows customers to make calls without having to enter the card and personal identification number. This product can be subscribed free of charge.

TT dotCom currently offers 3 types of products under Data Services namely TIME Leased Line, TIME IPLC and TIME Netlink.

TIME Leased Line is a dedicated (non-switched) digital leased line from point to point or multipoints, which allows telecommunication connections between corporate office within Malaysia. It offers a highly reliable, high bandwidth, high speed transmission, full resiliency leased line service. This service suits business customers' needs for various data transactions, networking and internet applications. TIME IPLC is an evolution of TIME Leased Line, which offers point to point high speed digital services between Malaysia and international destinations. It is a dedicated (non-switched) digital leased line from point to point, which allows telecommunication connections between corporate offices from Malaysia to international destinations.

TIME Leased Line and TIME IPLC customers comprise the following sectors: financial and banking, manufacturing and semiconductors, trading and services, information technology and communications, government agencies, transportation and storage and oil and gas. The said services are provisioned to TT dotCom's connected buildings.

TIME NetLink is a basic dedicated leased line connecting TT dotCom's customers to other ISP nodes for easy access to the internet. The link terminates at ISP node in TT dotCom network. Currently, TT dotCom serves as a Jaring node. TIME NetLink customers hail from sectors similar to customers of TIME Leased Line and TIME IPLC. The said services are provisioned to TT dotCom's connected buildings.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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TT dotCom also currently offers value added services to its directly connected customers (TIME-Tone and TIME PABX-Link customers). Among the value added services offered are TIME FreePhone 1800 and TIME Free Phone International.

TIME FreePhone 1800 is a service which allows a person to call from anywhere in Malaysia free of charge (for fixed line service only, as mobile operator may charge local call). The total call charges will be borne by the FreePhone customer. Among the principal market for TIME FreePhone 1800 are customers from the following industries: transportation/tourism, services, financial and banking institutions, media/communications, petroleum and gas and government.

TIME FreePhone International is a service which allows customers from other countries to call into Malaysia free of charge. Total call charges will be borne by the International FreePhone customer. A customer will be assigned to one or more International FreePhone number. The international coverage for TIME FreePhone International is currently available in over a dozen countries. The principal markets for TIME Freephone International service are customer from the following industries: transportation/tourism, services, financial and banking institutions, media/communication, petroleum and gas and government.

In 1998, TT dotCom launched its first calling card service, TIME Kontakt IDD card, with over 600,000 cards of various denominations sold to date. TIME Kontakt card is a prepaid calling card for making international calls at cheaper rates from any touch-tone phones, TRSB's public payphones and mobile phones from anywhere in Malaysia. The additional services offered on TIME Kontakt cards are calls to STD and mobile. The principal markets for TIME Kontakt card are immigrant workers, international students, inbound tourists, travellers and family. In April 2000, TT dotCom launched its second calling card service called TIME IDD Ekonomi. TIME IDD Ekonomi card allows a customer to make international calls through the latest packet technology, i.e. VoIP. The principal markets for TIME IDD Ekonomi card are the same as TIME Kontakt cards.

### **TWSB**

Beside providing the convenience and mobility of making and receiving domestic and international calls, TWSB's cellular services includes the following value added services, which have become widely accepted by customers:-

- |                      |   |  |
|----------------------|---|--|
| Call Waiting/Holding | : | If a second caller tries to call you while you are on the line with another caller, you can place the first call on hold, answer the second call and return to the first call, with a touch of a button.   |
| Call Divert          | : | You can divert incoming calls to another phone number when you do not want to be disturbed, or when your phone is busy, switched off or unreachable. There are 4 call divert options:- <ul style="list-style-type: none"> <li>• Divert All</li> <li>• Divert On Busy</li> <li>• Divert On No Reply</li> <li>• Divert If Not Reachable</li> </ul> |

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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- Call Barring : Allows barring of incoming and outgoing calls (local or international) at your discretion. There are 4 call barring options:
- Bar All Outgoing Calls (except emergency calls)
  - Bar All Incoming Calls
  - Bar All Outgoing International Calls
  - Bar All Incoming Calls When Abroad
- Caller Identification : All incoming calls will have the caller telephone number displayed on your handphone screen. With certain handset model (provided the caller numbers is prestored in the handphone memory), the name of the caller will be displayed on the screen.
- Multicall Conferencing : Enable you to simultaneously speak with up to 5 parties over your mobile phone. You may also choose to terminate your conversation with any party and still remain on line with the rest.
- Short Message Service : Allows you to receive and send text messages to another subscriber and vice-versa. These messages are stored in your SIM card and you can retrieve it at your convenience.
- Voice Message Service : Callers who are not able to reach you can leave voice messages in your voice mail box. You can then retrieve the messages at your convenience.
- Mobilestock : This is an interactive voice service that provides useful information about KLSE stock performances such as:-
- Top Ten Active Stocks
  - Top Ten Gainers
  - Top Ten Losers
  - KLSE Indices
  - Real time KLSE prices
- 600 Number Services : This is an interactive voice service where you can access useful information by dialling 600 numbers. 600 number services available currently are Golf Connection Hotline, Smartstock, Market Watch, Chatter Box, Chinese Horoscope, Talian Nikah, Borak Borak and other services.
- Picture Messages : With this service, you can send and receive picture messages. You can send picture or picture with text message using Nokia 3210, 8210 and 8850 models.
- Chinese SMS : This service allows you to compose, send and receive messages in Chinese characters using phones that support Chinese characters.
- SmartInfo Service : SmartInfo is an exciting range of information services using SMS. The services are classified into Classic and Premium. The Classic service consists of information relating to travel, leisure, emergency, solat times, special functions, setting, receiving and sending e-mails. The Premium service consists of information relating to stock price and alerts, and paging services.



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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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|                  |   |   |
|------------------|---|---|
| WebInfo          | : | This service allows you to retrieve information from predetermined internet websites via mobile phone using SMS. WebInfo service provides information about weather, local and world news, NTV7 schedules, currency exchanges, lottery results, soccer results, etc.  |
| TIME WAP Service | : | This service enables you to get access to WAP-enabled internet sites using WAP-enabled phones. TIME WAP currently includes more than 200 contents in 15 menu selections. You can access into the latest updates in local and world news, finance, entertainment, business, travel, transport, directory services, sports, send and receive e-mails, and many more. Soon, mobile commerce and other interactive applications will be made available in TIME WAP service. |
| Fax & Data       | : | Fax and Data facilities allow you to transmit and receive faxes and e-mail, gain access to your office computers, and surf the internet where there is coverage.  |
| Itemised Billing | : | Allows you to keep track of all calls made on your handphone. This service gives you the details of all chargeable numbers dialled, complete with date, time, call duration and charge rate.  |

In a bid to facilitate TWSB's corporate and individual customers who travel, TWSB has increased its international roaming partnership with over 80 overseas network operators in over 50 countries. In this regard, TWSB is in comparable position with its competitors. TWSB's current roaming facilities covered most of the developed countries adopting the GSM standard. The increase in the popularity and use of dual band mobile phones will also make roaming between GSM 900 and GSM 1800 networks seamless and easier.

TWSB, through its membership with the GSM Association, is keeping itself abreast with the development of the widespread adoption of the GSM standards. More operators and countries will be added to its existing list of roaming facilities; this will include additional networks in existing roaming countries of high traffic to increase roaming revenue.

With the increase in mobile population and internet penetration, the Malaysian mobile market is getting more mature and sophisticated with an increased appetite for new innovative products and services. This is especially true in the case of the needs for mobile internet services. TWSB adopts a strategy to collaborate with application service providers to meet the needs of the mobile market in a speedy and cost effective way. This collaborative strategy has resulted in a number of service providers to team up with TWSB in developing products and services to offer to its customers base. It has created a win-win situation for TWSB and its partners whereby core competency of respective party is utilised in network provision and applications development. Tying up with these service providers has resulted in TWSB having a stable of new services and enhancements to its existing line of value added services.

TWSB will soon be adding new services to its existing line of value added services. These services include:-

- Downloading of ringing tones into mobile phones;
- Creation and downloading of personalised and preset logos;
- Sending of greeting cards in both voice and text forms;
- Mobile commerce and other interactive applications (e.g. stock trading, banking services, ticket bookings, personalisation services, etc) using WAP platform; and

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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- WAP e-mail service which is synchronised with the office e-mail and schedule manager. The inclusion of text to voice email services is also being evaluated.

In anticipation for a growing demand for mobile data services, TWSB has commercially launched its GPRS on 19 December 2000. GPRS is an enhancement to its mobile network that requires only a modest incremental capital expenditure. It supports packet data transmission, which increases the data speed and provides an "always on" feature thereby enabling and augmenting the possibility of introducing new applications and services to TWSB's customers. With GPRS technology (commonly termed as 2.5G technology), TWSB will leverage the potential of its cellular network to provide mobile data services that is personalised, localised and immediate.

The characteristics of GPRS in providing packet based transmission and "always on" feature present an opportunity for TWSB to charge usage based on volume rather than the conventional duration-based charging. The potential is good for advanced services to drive up penetration and usage, surpassing the limited range of voice and the slow data services currently available on 2G network. Increase in penetration and usage will in turn encourage more aspiring service providers to develop arrays of applications and services that will benefit not just the telecommunications industry but other industries as well. With a GPRS-enabled network, TWSB's products and services will not be confined to just communication between people but, it is equally likely to encompass communication between people and machines; and even between machines in the areas of remote surveillance. In collaboration with its strategic partners, TWSB will be looking into packaging applications and services in the following areas:-

- Enhancements on the existing TIME WAP service;
- Remote Local Area Network access to corporate databases;
- Internet browsing, e-mail services;
- Document sharing; file transfer;
- Job despatch;
- Chat; and
- Telemetry applications

#### **TRSB**

TRSB is committed towards providing quality public payphone services which are easily accessible and convenient. As part of the initiative, Uniphone payphones are now being re-branded as TIME.

##### *Multi-payment payphones*

The multi-payment payphones are currently installed at the Kuala Lumpur International Airport ("KLIA"). Multipayment payphones have been designed to accept coins, major credit cards and smartcards.

##### *Coin and card payphones*

Serving the general public, both the coin payphones and card payphones can be found at major cities, suburbs and towns in Malaysia.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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*UniphoneKad*

Customer can use this easily-available prepaid phone cards to make local, STD and mobile calls. The available denominations are in "RM10", "RM20", "RM30" and "RM50" (in card value).

*SmartCard*

This prepaid phone card is exclusive for use at KLIA and carry the range of denominations of "RM20" and "RM30" (in card value).

*Booth Space Advertisement*

An effective advertising medium for products, as most phone booths are strategically located at high frequency areas (e.g. major roads, side-walks, shopping malls and bus stations).

*Phonecard Advertisement*

With repeated visibility and instant global coverage, phonecard advertisement is a cost effective way to advertise products and services.

**TIME dotNet**

The main services being offered by TIME dotNet are as follows:-

- Dial-up Access;
- Dedicated Broadband Access/Leased Lines Access;
- Facilities Management; and
- Web-portal services

Dial up Access : TIME dotNet offers quality and reliable internet access at speeds of up to 56Kbps ordinary phone line. The registration for this dial up internet access is instant via TIME dotNet website. There are no prescribed internet usage charges. However, local call charges are still payable to the local telecommunications provider.

Dedicated Broadband Access/Leased Lines Access : TIME dotNet offers business connection to the internet through the use of a dedicated leased line with connection speeds ranging from 64Kbps to 2Mbps. The leased line is an efficient way to provide 24 hours internet access to all users on the customer's Local Area Network. In addition to that, TIME dotNet also offers transimmission data at higher speed i.e. above 2Mbps point to point.

In addition to that, TIME dotNet offers a full range of Facilities Management i.e. virtual hosting that rides on the fully digital fibre optic network systems such as :-

- Web Hosting : TIME dotNet can create a home for the customer's website on the internet. This is called "hosting" a web site. Hosting a web site involves registering a new internet "domain" name (or internet address) as well as setting up the space and access rights for the customer to build and maintain their website over the internet;
- Virtual Private Server puts the customer's presence onto the internet as if the customer is managing and controlling its own web server. The Virtual Private Server behaves like a dedicated server that combines flexibility and safety on an economical cost of shared-server hosting. Administrators are able to have control over the server configuration and add dynamic modules, multimedia streaming and others;
- Server Co-Location is where the customer has its own server, duly configured and the server is delivered to TIME dotNet's Data Centre. TIME dotNet then place it on its core internet backbone and will ensure it is up and running 24 hours a day, 7 days a week;

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**

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- Dedicated Server is a server co-location with server provided. TIME dotNet offers a dedicated server that enable the customer to lease a full server without having to worry on the technology performance, hardware support, liability of equipment and the reliability of internet connection;
- Corporate Email : TIME dotNet email hosting enable the small and medium corporate customers to present a professional image with their own corporate email; and
- Domain Name Parking : TIME dotNet will register the customer's company name to enable the customer to have its own internet domain name . An internet domain name is an organisation's unique name combined with a top level domain name.

In all cases, the customer benefits from the existing management facilities at TIME dotNet and receives a high speed network, full time connection to the internet, use of TIME dotNet uninterrupted power supply, network monitoring system, daily back up; a secure climate controlled environment and 24 hours-a-day , seven-days-a-week technical support.

Web Portal Services is where TIME dotNet hosts information coupled with application with web user interface allowing user to among other things, chat, advertise on classified, perform search and email. It may also include the design, consultancy and creation of web portal.

TIME dotNet, which launched its services on 25 August 2000, plans to introduce electronic mail hosting, virtual office, security for virtual private network and wholesale bandwidth in future. Details of TIME dotNet's future plan is set out in Section 5, page 34 of this Prospectus.

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### 13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)

#### 13.6 Pricing of Products and Services

##### TT dotCom's Standard Tariff

| Product   | Type of calls          | Tariff   |  |   |  |                  |
|---|------------------------|--|--|---|--|------------------|
| TIME-Tone<br>TIME PABX<br>Link<br>TIME ISDN<br>MyPhone<br>TIME Access 183<br>(STD & IDD)<br>TIME World<br>Access (STD,<br>IDD, Call to<br>mobile)<br>TIME Gold<br>(STD, IDD, Call<br>to mobile) | Local calls            | Based on MCMC's regulated PSTN tariff but charge on per second basis   |  |   |  |                  |
|   | IDD calls              | Based on Telekom Malaysia's IDD rate and charged on per second charging  |  |   |  |                  |
|   | STD calls              | Based on MCMC's regulated PSTN tariff but charge on per second basis<br>Minimum charge RM 0.13   |  |   |  |                  |
|   |                        |  | <b>Normal rate<br/>(7am - 7pm)</b>                     |   | <b>Off-peak<br/>(7pm - 7am)</b>                        |                  |
|   |                        |  | <b>Per second<br/>charging<br/>commences<br/>after</b> |   | <b>Per second<br/>charging<br/>commences<br/>after</b> |                  |
|   |                        | <b>Distance (km)</b>   | <b>Sen/sec</b>   | <b>(seconds)</b>  | <b>Sen/sec</b>   | <b>(seconds)</b> |
|   |                        | Not exceeding 50   | 0.217  | 60  | 0.144  | 90               |
|   |                        | 50-150   | 0.650  | 20  | 0.325  | 40               |
|   |                        | 150-550  | 1.733  | 8   | 0.867  | 15               |
|   |                        | more than 550  | 3.250  | 4   | 1.625  | 8                |
| <b>Calls to Singapore<br/>from:</b>   |                        |  |  |   |  |                  |
| Charge District Johor<br>Bahru  | 0.217                  | 60   | 0.144  | 90  |  |                  |
| Peninsular Malaysia<br>(except Charge District<br>Johor Bahru)  | 3.250                  | 4  | 1.625  | 8   |  |                  |
| Sabah/Sarawak   | 4.333                  | 3  | 2.167  | 6   |  |                  |
| <b>Call to Brunei from:</b>   |                        |  |  |   |  |                  |
| Border Areas  | 0.217                  | 60   | 0.144  | 90  |  |                  |
| Sabah/Sarawak   | 6.500                  | 2  | 3.250  | 4   |  |                  |
|   | Call to mobile         | Based on ATUR's regulations and charged on per second charging   |  | <b>Tariff</b>   |  |                  |
|   |                        | <b>Call description</b><br>Call within the same regions<br>Call between adjacent regions<br>Call between non-adjacent regions<br>Calls to Singapore from Sabah and Sarawak   |  | 10 sen per unit<br><i>Nomal rate</i> <b>Off-peak rate</b><br><b>7 am-7 pm</b> <b>7 pm-7am</b><br>20 sec/unit      40 sec/ unit<br>7.5 sec/ unit      15 sec/ unit<br>4 sec/ unit      8 sec/ unit<br>2 sec/ unit      4 sec/ unit |  |                  |
| TIME Kontakt Card   | STD and call to mobile | Flat rate for both STD and call to mobile<br><b>Distance (km)</b> <b>Rate/minute</b><br>Less than 550      RM0.90 sen/minute<br>More than 550      RM1.60 sen/minute   |  |   |  |                  |
| TIME Kontakt Card<br>IDD Ekonomi Card   | IDD                    | Based on MCMC's regulated rate   |  |   |  |                  |
| Leased services<br>TIME Leased line<br>TIME IPLC<br>TIME Netlink  |                        | Competitive annual pricing based on the required bandwidth and distance<br>Competitive annual pricing based on the required bandwidth and zones<br>Competitive annual pricing based on the required bandwidth (distance independent) |  |   |  |                  |

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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**TIMECel's Standard Tariff**

| <b>Product</b>                               | <b>Tariff</b>                          |  |
|--|--|--|
| <b>Retail rates (Postpaid)</b>               | 10 sen per unit                        |  |
|  | <b>Normal rate<br/>7 a.m. - 7 p.m.</b> | <b>Off peak rate<br/>7 p.m. - 7 a.m.</b> |
| Calls within the same region                 | 20 seconds/unit                        | 40 seconds/unit                          |
| Calls between adjacent regions               | 7.5 seconds/unit                       | 15 seconds/unit                          |
| Calls between non-adjacent regions           | 4 seconds/unit                         | 8 seconds/unit                           |
| Calls to Singapore from Sabah and Sarawak    | 2 seconds/unit                         | 4 seconds/unit                           |
| <b>Retail rates (Prepaid)</b>                | <b>10 a.m. - 12 midnight</b>           | <b>12 midnight - 10 a.m.</b>             |
| <b>Calls made in Peninsular Malaysia</b>     |  |  |
| - Calls within the same region               | RM0.50/min                             | RM0.30/min                               |
| - Calls between adjacent regions             | RM1.10/min                             | RM0.80/min                               |
| - Calls between non-adjacent regions         | RM2.10/min                             | RM1.50/min                               |
| <b>Calls made in East Malaysia</b>           |  |  |
| - Calls made within same region              | RM0.60/min                             | RM0.60/min                               |
| - Calls made between Sabah & Sarawak         | RM2.10/min                             | RM2.10/min                               |
| - Calls made to Brunei from East Malaysia    | RM2.10/min                             | RM2.10/min                               |
| - Calls made to Singapore from East Malaysia | RM3.60/min                             | RM3.60/min                               |
| Calls are charged in block of 20 seconds     |  |  |

**TRSB's Tariff**

|                                     |                                      |   |
|-------------------------------------|--------------------------------------|---|
| <b>Local Call</b>                   | 10 sen per 3 minutes                 |   |
| <b>National Call (STD)</b>          | Unit charge at 10 sen                |   |
|                                     | <b>Full Rate<br/>7 a.m. - 7 p.m.</b> | <b>Reduced Rate<br/>7 p.m. - 7 a.m.</b> |
| Band A (< 50 km)                    | 60 seconds                           | 90 seconds                              |
| Band B (50 - 150 km)                | 20 seconds                           | 40 seconds                              |
| Band C (150 - 550 km)               | 7.5 seconds                          | 15 seconds                              |
| Band D (> 550 km)                   | 4 seconds                            | 8 seconds                               |
| Band E (Sabah/Sarawak to Singapore) | 3 seconds                            | 6 seconds                               |
| International Calls                 | PSTN Rate                            | PSTN Rate                               |

**Internet Tariff**

TIME dotNet employs various pricing structures for its various internet access packages which include the following:-

Dial-up Access – At present, there are no prescribed internet usage charges (i.e. no registration and internet access charge). However, local call charges of 3 sen per minute is payable by the subscribers to the local telecommunications provider. A TIME dotCom subscriber (TIME-Tone, TIMECel and TIME Gold or any other products as may be introduced by the companies within the Group) will enjoy a rebate of 0.5 sen/min.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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Dedicated Broadband Access – this service enable optimum business connection to the internet through the use of a dedicated leased line with connection speeds ranging from 64 Kbps to 2 Mbps. The charge for the access which is exclusive of the telecommunication lines' rental, ranging from RM24,000 to RM128,000 per year, depending on the connection speeds.

As for other services such as the Facilities Management, Wholesale Bandwidth and Web-portal services (e-commerce), the pricing packages varies depending on the customers' requirements and specifications.

TIME dotNet intends to continually monitor the pricing strategies of its competitors and to re-evaluate its own pricing strategies.

**13.7 Subscriber Base**
***TT dotCom***

In year 2000, TT dotCom has acquired approximately 45,000 Direct Access lines (PSTN, Data and MyPhone excluding Paytone and Payphone in the Local Loop) and over 700,000 of Indirect Access lines. The Direct Access services has shown an encouraging growth in 2000 compared to 1999. Similarly, with an aggressive and effective marketing campaigns such as smart partnerships with Touch N' Go cardholders and Renong's staff acquisition campaign, the Indirect Access service has also shown encouraging growth this year compared to last year.

The churn rate for TT dotCom's services is at an acceptable rate for telecommunications industry. The average monthly churn rate for Direct Access service for the year 2000 is only 1.2% while for Indirect Access service, the churn rate is only 1.6%. The churn rate for Direct Access is mainly due to relocation of subscribers.

TT dotCom has also successfully connected over 800 buildings throughout Peninsular Malaysia including over 90 hotels. TT dotCom has also provided services to condominiums in the Klang Valley, Ipoh, Penang, Malacca and in Johor Baru in a bid to make services available to the residential sector.

***TWSB***

In 1999, TWSB acquired approximately 157,000 subscribers. For year 2000, TWSB acquired approximately 414,000 subscribers, which represent a growth exceeding 100% as compared to 1999. The monthly acquisition of subscriber is averaging approximately 34,500 subscribers. The churn rate for TWSB's services is approximately 25%.

***TRSB***

TRSB has approximately 45,000 payphones located throughout Malaysia.

TRSB was the company of choice appointed to provide public payphones at Kuala Lumpur International Airport, Sepang and all Projek Usahasama Transit Ringan Automatik Sdn. Bhd.'s Light Rail Transit stations. TRSB's payphones coverage also includes public areas such as major transport terminals, i.e., airports, railway stations, main bus and taxi terminals nationwide. TRSB's payphones are also strategically located in most public and private higher learning centres nationwide, e.g. Universiti Malaya, Universiti Teknologi Malaysia, International Islamic University of Malaysia, Universiti Teknologi MARA, Sunway College, Taylor's College, etc.

In addition to the above, TRSB's payphones are strategically located at major shopping complexes and medical centres. For example, TRSB was granted right of entry by Mid-Valley Megamall to install public payphones in the largest shopping mall in Malaysia. TRSB also have the exclusive rights to install payphones at Suria KLCC Retail Centre.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**

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***TIME dotNet***

Since the launch of TIME dotNet's ISP launch on 25 August 2000, the mass market dial up subscriber acquisition rate has steadily increased and surpassed 1,000 registrations daily. These subscribers are mainly current internet users who are the existing ISP subscribers. TIME dotNet's customers also include the corporate market. As at 31 December 2000, TIME dotNet has acquired over 137,000 dial-up subscribers and over 150 leased line corporate customers.

**13.8 Conflicts of Interest and Dependence on Suppliers**

The Directors are not aware of any material conflicts of interest on the part of the Directors not already disclosed in this Prospectus that should be considered by potential investors when considering an investment in TIME dotCom.

Both TT dotCom and TWSB have invested and will continue to invest large sums on establishing and enhancing their networks. The majority of this expenditure is incurred on telecommunications equipment and subsequent service contracts with some of the world's leading suppliers in this industry, notably Nokia Networks OY, Finland and Nokia (Malaysia) Sdn. Bhd.. for switching equipment and Motorola Inc. and Motorola South Asia Pte. Ltd. for base transceiver stations for TWSB, whilst TT dotCom currently utilizes the switching technology which is proprietary to Nokia Networks OY, NEC through their sole agent, Pernec Corporation Berhad, and Lucent Technologies Sdn. Bhd.. In addition, Tecnomen OY supplies the prepaid system to TWSB, whilst Kenan Systems Corporation supplies the billing system to TT dotCom and TWSB.

TRSB purchases its new payphones and major components of payphones directly from two major foreign suppliers, i.e. GPT Payphone Systems Ltd. and Mitsui & Co. Ltd.. GPT Payphone Systems Ltd. supplies magnetic cards and smart cards to TRSB. TRSB obtains its supply of coin boxes, booths and handsets from a number of local and overseas vendors. Approximately 30% of its equipment are sourced locally with the remaining from overseas.

TIME dotNet works closely with its suppliers and is not overly dependent on any of them individually.

**13.9 Marketing and Distribution****TIME dotCom Group**

In aiming to improve customer satisfaction in all levels and generate customer loyalty, the Group has come up with several marketing strategies in the industry. The major marketing strategies are broken down into:-

***Branding***

The Group recognises the importance of putting forth a strategic Group identity to the market in order to introduce to them to the product and service diversity within the Group. It is a forward movement and direction to illustrate a dynamic company taking the lead in telecommunication solutions. At the same time, it provides an opportunity for customers to reduce their search costs for individual products and services associated with its quality. The Group sees corporate branding as a long-term commitment to increase core and singular identification whilst adding value to the Company.



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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**

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*Cross Bundling*

Corporate branding enables the Group to market a full range of its products and services more effectively and efficiently through service bundling and cross-selling. The Group is able to capture group synergy through the existing and potential customers in the Renong group of companies to provide a variety of telecommunication solutions, for example internet business to business and business to consumer applications. Service bundling has been fruitful through the successful launch of the Equal Access promotional programme with Renong's Touch N' Go operator. The other products and services bundling plans of the Group are forthcoming through the wireless and payphone business.

*One-Stop Shop*

In an effort to promote convenience and accessibility to the Group's products and services, the Group is in the midst of setting up one-stop shops. The Group recognises the importance of a one-stop shop to tailor customer services and offer an appropriate basket of products and service, for example the small and medium enterprise market who can then focus on their core business. The one-stop shops will station multi-service sales teams who understand the needs of customers and offers service bundling in service delivery and product pricing. These one-stop shops promise high quality telecommunications services and will be backed up by a full 'before and after sale' customer service support.

*Distribution Channels*

The Group realises the importance of the distribution channels and thus aims to improve all dealer/agent relationships to maximise "product push" factor. Attractive sales incentive schemes will be implemented to reward performing dealers and agents. Non-traditional channels will also be explored to market the Group's products and services.

*Wholesale Service - Data*

TIME dotCom Group with its extensive capability and network offers nationwide bandwidth on a wholesale basis to wholesale customers. In order to increase the transmission and switch network capacity utilisation level, the Group has formulated a set of strategies, both near term and medium term, targeting at wholesaling the network bandwidth to service providers including international traffic carriers, cellular operators and Equal Access operators.

**TT dotCom**

TT dotCom adopts six (6) sales channel of distribution for its acquisition of new customers via: Direct Sales, Dealers, Business Partners, Telemarketing, Direct Mail and Retail.

*Direct Sales*

In order to cover the 5 regions (North, South, East, Central and Labuan) effectively, the direct sales team are located in Kuala Lumpur, Penang, Ipoh, Melaka, Johor Bahru, Kuantan and Labuan.

Direct sales team comprises account managers and sales executives. The main responsibility of account managers is to acquire and manage large corporate customers. Sales executives are responsible mainly to acquire new customers only. The major customers will be subsequently managed by these account managers.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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*Dealers*

Currently, TT dotCom has over 100 dealers and plans to secure more dealers by the end of 2001. Dealers are important sales channels especially for TIME Access 183 and TIME Gold and prepaid calling cards, i.e. TIME Kontact and IDD Ekonomi cards. They will also represent TT dotCom in areas where TT dotCom are not present i.e. Kelantan, Sabah and Sarawak. Dealers target the following segments: medium and small scale industries, retail outlets and residential/mass market.

Key Telephone System/PABX vendors will also be appointed to increase sales of Direct Access products such as TIME-Tone, PABX Link and ISDN. TT dotCom will also appoint building managers of existing buildings to help promote TT dotCom's products. TT dotCom has appointed TWSB and TRSB as dealers to sell the company's products and services. At present, TWSB has been appointed to sell TIME Gold and TRSB has been similarly appointed to sell TIME Gold and other card services such as TIME Kontact and IDD Ekonomi cards.

The dealers network coverage are as follows:-

| Area          | <-----Number of dealers----->     |           |
|---------------|-----------------------------------|-----------|
|               | Prepaid cards/<br>TIME Access 183 | TIME Gold |
| Northern      | 21                                | 8         |
| Central       | 33                                | 18        |
| Southern      | 16                                | 7         |
| Eastern       | 14                                | 6         |
| East Malaysia | <u>5</u>                          | <u>4</u>  |
| Total         | <u>89</u>                         | <u>43</u> |

*Business Partners*

Business partners strategy involves collaboration with various companies to co-sell their products and TIME Access 183 services. TT dotCom has launched a scheme with Rangkaian Segar Sdn. Bhd. to sell Equal Access service and Touch N' Go cards. TT dotCom has also launched a scheme involving staff in the Renong group of companies to sell TIME Access 183 service and TIME Gold. TT dotCom also has a working relationship with MasterCard to promote TIME Gold to existing MasterCard holders.

*Telemarketing*

The function of the telemarketing team involves engaging the mass market and the small and medium size industry businesses where the direct sales force are not able to sell due to remote geographical locations. In addition, they are also the point-of-contact for all in-bound sales enquiries and inbound calls during all national marketing campaigns by TIME dotCom.

*Direct Mail*

The direct mail program is a niche-marketing program to reach out to high income residents. The direct mail program involves acquiring new high income residential customers and joint promotion with credit card companies.

*Retail Outlets*

TT dotCom, through TIME dotCom, plans to set up 20 retail outlets/shops to promote all TIME dotCom products. The outlet not only promotes products and services but serves also as a place for enquiries and payment. The first flagship TIME dotCom outlet is located at Bangsar, Kuala Lumpur. In the retail outlet, TT dotCom will largely promote MyPhone, TIME Access 183, TIME Gold and prepaid cards i.e. TIME Kontact card and IDD Ekonomi card.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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The sales channel by product can be summarised in the following chart:-

| Product                      | Channel      |        |                  |                               |               |
|------------------------------|--------------|--------|------------------|-------------------------------|---------------|
|                              | Direct sales | Dealer | Business Partner | Telemarketing/<br>Direct Mail | Retail Outlet |
| TIME Kontakt cards           |              | ✓      |                  |                               | ✓             |
| TIME IDD Ekonomi Cards       |              | ✓      |                  |                               | ✓             |
| Fixed Wire (TIME Tone /PABX) | ✓            | ✓      |                  |                               | ✓             |
| Fixed Wireless (MyPhone)     | ✓            | ✓      |                  | ✓                             | ✓             |
| Leased Line/Netlink/IPLC     | ✓            |        |                  |                               | ✓             |
| TIME Access 183              | ✓            | ✓      | ✓                | ✓                             | ✓             |
| TIME World Access            | ✓            |        |                  |                               | ✓             |
| TIME Gold                    |              | ✓      | ✓                | ✓                             | ✓             |

### Retention Strategy

In order to retain the existing customers, TT dotCom will ensure the services offered is always competitive and high quality. Immediate steps are taken for service restoration, with the customer informed in advance of any planned event.

TT dotCom plans to continue its existing personalized account management strategy. This strategy differentiates TT dotCom from other fixed line operators and has enabled it to build close relationships with its customers. TT dotCom also plans to enhance its existing Customers Service Centre where excellent customer service plays an important role in retaining existing customers in the telecommunications industry.

There is a planned introduction of a loyalty discount plan and incentive for customers who have been using TT dotCom's services for more than 3 years. The loyalty discount plan/incentive will ensure that the existing customers will stay and continue subscribing to its services.

Apart from the above strategies, other focus in the retention programs are:-

- Appreciation trips for top valued customers;
- Special pricing package; and
- Product bundling

### TWSB

TWSB focuses on the following marketing strategies:-

#### *Wide Sales and Distribution Network*

The current dealer sales and distribution network covers over 90% of the population. TWSB will continue to leverage on this channel to market its products. TWSB will further strengthen the dealer relationship to maximise "product push" factor. Attractive sales incentive schemes will be implemented to reward performing dealers. To gain access to new markets, there are also opportunities to appoint distributors/sales agents who are currently servicing the following non-traditional channels:-

- (i) Consumer Retail Channel, for example, photo and camera shops, convenience shops, medicine shops/pharmacies and bookshops;

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**

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- (ii) Community Marketing Channel, for example, insurance groups, direct selling groups, multi-level marketing groups and associations/membership clubs; and
- (iii) Corporate Sales Team

TWSB has formed a dedicated corporate sales team to focus on tailoring packages and servicing the corporate segments. The sales team works closely with TT dotCom existing sales force and lever from their accumulated customer database in the business segment.

*Nationwide Sales Roadshows*

Sales roadshows are organised continuously nationwide at major shopping complexes, office buildings, universities, colleges, PLUS's rest areas, offering special discounts and attractive packages to attract more subscribers.

*Competitive Pricing and Value-for-Money Packages*

Innovative subscription packages giving value for money to the consumers will be introduced. This includes cross product bundling of fixed line, payphone and internet services, and joint promotions with Renong group of companies such as Projek Usahasama Transit Ringan Automatik Sdn. Bhd.'s Light Rail Transit and Rangkaian Segar Sdn. Bhd.'s Touch N' Go cards.

*New Products, Services and Technologies*

Innovative products such as attractive tariff plans and new value-added-services (e.g. voice mail, WAP service, SMS/SIM Toolkit based services, etc) for both postpaid and prepaid mobile services has been/will be introduced to retain existing subscribers and to attract potential subscribers. More international roaming countries and partner operators will be introduced to ensure subscribers are contactable anytime, anywhere. New technology that will capture the attention of potential subscribers will also be introduced. To this end, TWSB will have introduced its high speed wireless data access services by launching GPRS technology in December 2000. GPRS technology allows wireless data access speeds of up to 115 Kbps. Subscribers can then enjoy wireless internet access speeds comparable to fixed line internet access.

*Customer Retention and Loyalty Programmes*

Customer retention and loyalty programmes will continuously be implemented to reward high value and loyal customers. These programmes will also add value to the overall service proposition of TWSB's cellular services akin to the airlines' frequent flyer programmes.

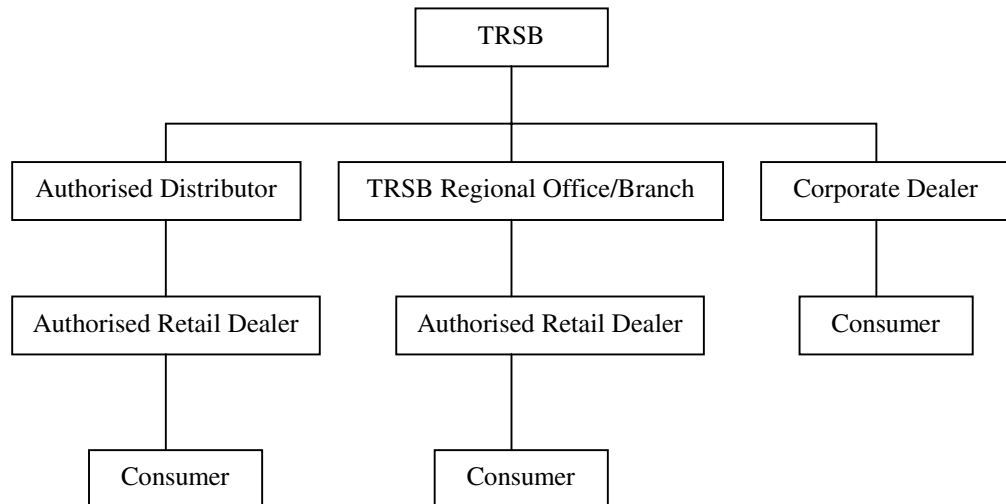
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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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*Nationwide and Aggressive Advertising and Promotional Campaigns*

All major events, introduction of new products and services or launch of sales programmes will be supported by aggressive advertising campaigns. Radio and press advertisements will dominate presence in these campaigns and supported by billboards, point of sales materials (eg. brochures, flaglines, banners, buntings, etc), communication messages in subscriber monthly statement, billing inserts and text message broadcasting via SMS.

**TRSB****Phonecard Distribution Channel Hierarchy**

TRSB is the principal of UniphoneKad and main distributor for TIME Kontakt, an IDD calling card. TRSB has approximately 40 authorised distributors nationwide. These distributors purchase Uniphonekads and TIME Kontakt cards from TRSB for its distribution to over 6,000 retail outlets nationwide who are mainly convenience stores, sundry shops, eatery outlets, news stands, stationery stores and other small business entities.

Corporate dealers enjoy credit facility from TRSB. Corporate dealers are mainly establishments that are financially strong and have their own distribution strength via their chain stores.

**TIME dotNet**

TIME dotNet has a marketing approach that separately targets consumers and corporate customers and is designed to penetrate rapidly a given market to acquire a critical mass of customers to support profitable operations by achieving economies of scale. TIME dotNet's approach combines brand building advertising with multi-channel marketing. TIME dotNet continually evaluates the effectiveness of its marketing methods, primarily by analyzing sales statistics such as call volumes, sales volumes, media mix and incentive offer response, so that it can refine its marketing campaigns. TIME dotNet also uses input from focus groups and other customers' contacts to determine which marketing methods and incentives will be most effective.

TIME dotNet's advertising and marketing campaigns focus (i) within the consumer sector, on young, middle aged and upper income families that are seeking the best route to the information highway and access to the web's increasingly diverse information, entertainment, educational, product and service resources, and (ii) within the corporate sector, on small-to medium-sized enterprises that require hands-on technical support and customized internet services to meet their business needs.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**

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**13.10 Product Development**

In the telecommunication business, market requirement and customer demand will dictate or expedite the roll out of any new services. This is no different with TIME dotCom. Customer requirement and market demand will be evaluated against cost of provision. Collaboration from strategic partners and vendors are usually enrolled in new product development to achieve maximum results with minimum capital outlay. If the return on investment is sufficient, services will be put under product development pipeline. Once the decision to go ahead with the development of a new service, a product development team comprising core members from the various departments will be mobilized to produce the service specification, user requirement, technical specification, charging and billing specification and marketing support details. A leader will supervise the project timeline and implementation. Before a service is ready for market, in-house and selected customer trial may be conducted. These will take anytime between 2 months to 8 months depending on the level of sophistication of the service to be implemented.

On the internet side, product development involves the planning, creation and rollout of TIME dotNet Portal, IP and WAP services, strategic corporate ventures and promotions with third parties, and continuously evaluating new technologies and applications for possible introduction.

**13.11 Quality Control**

There are 4 main areas of quality control and they are: (i) credit and fraud control; (ii) service activation; (iii) network service maintenance and (iv) internal procedure and training.

**(i) Credit and Fraud Control**

Both TT dotCom and TWSB adopt similar procedures to control credit and fraud with regards to pre-activation and post-activation of services. These procedures include:-

## Pre-activation

- identity verification;
- credit risk assessment; and
- quality validation of data for accurate service and billing.

## Post-activation

- constant monitoring of call usage traffic; and
- analysis of call details based on pre-set thresholds which can be configured to react quickly to changing fraud pattern.

TRSB relies substantially on its Payphone Management System, a computerised system which collects data from payphones on the field, to detect fraud.

**(ii) Service Activation**

A stringent end-to-end work procedures and control measures are adopted to ensure conformance of work processes, minimum rework and efficient delivery of services.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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**(iii) Network Service Maintenance**

To ensure high network service performance, TT dotCom observes the following procedures:-

- Regular preventive maintenance is conducted on network elements to ensure performances within the specification set and in its operational mode. The network is managed 24 hours, 7 days a week as part of its proactive measures to handle any potential problem in the network and to react promptly to any failure minimal service interruption. The Network Management System monitors and reports faults, grade of service and network performance;
- Performance gauging is carried out to ensure conformance to work quality to the key performance indicator measurements set for the contractors;
- All test gears are consistently sent for calibration to ensure accuracy and reliability of measurement; and
- Planned event management process has been established to ensure all activities carried out on live network adhered to the requirements and authorization granted before executing the task.

TWSB's network is managed 24 hours, 7 days a week via network control centres managed by staff working on shift. The Network Management System monitors and reports faults, grade of service and network performance. This is required to keep the network operational and the data collected therefrom is also used for planning purposes. Regular maintenance are conducted for TWSB's sites and network elements such as mobile switching centres and base transceiver stations. Optimisation exercises are conducted from time to time to further improve the cellular network. Optimisation works include physical works like adjusting of antennas and parameter settings to improve call handover process.

On the payphone side, regular maintenance is conducted by the maintenance team. In addition, the Payphone Management System will detect any payphone fault, which speeds up the efficiency of fault clearance.

**(iv) Internal Procedure and Training**

Quality management/assurance department has been/will be set up in each operating company to standardise internal operational processes to ensure efficiency of processes and adherence of quality system.

In addition, in-house training to familiarise new recruits, quarterly familiarisation and refresher program as well as ad-hoc training are provided.

**13.12 Competition****TT dotCom**

In the fixed line market, there are six (6) operators licensed to offer these services and they are Telekom Malaysia, TT dotCom, Celcom, Maxis, DiGi and Prismanet Sdn. Bhd.. In the international services market, the licensed operators are Telekom Malaysia, TT dotCom, Celcom, Maxis and DiGi. Fiberail Sdn. Bhd. is a licensed network facilities provider.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**

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Competitive advantages of TT dotCom in the fixed line business are as follows:-

(i) ***Fibre trunk network***

TT dotCom's trunk network is already established connecting the major commercial cities in the Peninsular Malaysia. As such, bandwidth expansion is not an issue and the network should not face any traffic congestion with the amount of fibre infrastructure that has been developed. The trunk network is ready to support huge domestic bandwidth requirement for both switched services and leased services and to provide ISPs and/or Multimedia Service Providers with their backbone requirements. The trunk network is also fully managed and resilient with the ring designed topology.

(ii) ***Last mile***

TT dotCom's last mile implementation in most cases is fibre to the building. With this implementation, apart from the traditional plain old telephone system (POTS) services, provision of bandwidth applications to cater for increasing demand is no longer a problem. With the advents of new applications for big bandwidth such as video streaming, etc., TT dotCom will be ready to serve these customers.

(iii) ***The convergence of fixed and wireless network technology product***

One of the key advantages for TT dotCom's product strategy is the ability to market products that are implemented by using the fixed (TT dotCom) and wireless (TWSB) network technology such as MyPhone. The convergence of fixed and wireless network technology product assures fast and easy installation and will enable TT dotCom to increase its market share within a short period of time.

(iv) ***Wide range of products offered***

Wide range and variety of products currently offered by TT dotCom that includes Direct Access telephony, Indirect Access, leased line services and wholesale bandwidth allows TT dotCom to increase its revenue stream. The large variety of products offered also allows TT dotCom to:-

- Package of traditional services to create new, exciting and innovative products;
- Re-package the existing products to facilitate accurate targeting of attractive market niche segments; and
- To create products and services that will enable third parties to resell, thus increasing TT dotCom's usage.

(v) ***Effective and innovative distribution channel strategy***

The key strength of TT dotCom's strategy is the extensive use of external competencies to complement its existing capabilities. These external competencies are a combination of:-

- Partnership with existing business with a ready customer database;
- Creation of new enterprises based on TIME dotCom's format to achieve its business objectives; and
- Outsourcing of functions to businesses whose core competencies are those functions being outsourced.



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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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**TWSB**

In the cellular sector, there are six (6) operators and they are Telekom Malaysia, Celcom, DiGi, TWSB, Maxis and Mobikom Sdn. Bhd..

TWSB has the following competitive advantages in the cellular sector:-

**(i) TT dotCom's fibre trunk network**

As TWSB's cellular network is supported by TT dotCom's fibre optic network and with only one other operator has its own trunk network, TWSB has a cost advantage to compete with the other cellular operators as the cost of maintaining a trunk network represents a major component of the fixed overheads. This will also give TWSB a shorter lead time to wire-up new coverage sites in its expansion plans.

**(ii) TT dotCom's network access to corporate buildings**

As TT dotCom has wired up more than 800 commercial buildings nationwide and has acquired customers in these buildings, TWSB would be able to mobilize its sales force to approach the corporate market with a portfolio of products from fixed line, mobile services and internet services.

**(iii) Cross-bundling of products and services**

Being part of an integrated service provider, TWSB will also be in a position to seize opportunities in cross-bundling products and services within the TIME dotCom Group to increase its value proposition to consumers.

**(iv) Innovative products, services and latest technologies**

TWSB has adopted new technologies like WAP and GPRS to seize new opportunities in mobile internet. These services provide TWSB access to new market segments and capture new revenue streams to its business.

TWSB will be jointly collaborating with TIME dotNet to develop a common internet portal for fixed and wireless access to seize opportunities in providing seamless fixed, wireless and internet services.

The Group has also registered its expression of interest with the MECM and MCMC to acquire a license for 3G mobile network in order to position itself to be a leading mobile service provider.

**(v) Marketing and distribution channel**

The Group would be able to quickly consolidate the distribution channels of the 3 businesses in order to gain access into new market without having to incur high cost. The Group presently have ready access to TWSB's nationwide mobile phone dealership channel which covers over 90% of population, and over 6,000 nationwide payphone card outlets to sell its new products and services.

**(vi) Coverage on NSE**

TWSB has secured exclusive right of way to PLUS's NSE. Accordingly, it is the only cellular service provider with a comprehensive coverage along the NSE.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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**TRSB**

In the payphone sector, there are two (2) operators and they are Telekom Malaysia and TRSB.

TRSB has the following competitive advantages in the payphone sector:-

**(i) Payphone maintenance is self-managed**

TRSB's payphones are fully managed via the Payphone Management System, which provide on-line real time reporting. Any payphone defect will be detected immediately and remedial action can be taken immediately. This reduces the time a payphone is not operating, which in turn translate into increased consumers' confidence and hence, revenue.

**(ii) Extensive nationwide service network**

Operational offices are widely distributed nationwide covering 5 regions and 30 branches.

**(iii) Extensive dealer network**

TRSB has approximately 40 authorised distributors nationwide. These distributors purchase Uniphonekads and TIME Kontakt cards from TRSB for its distribution to over 6,000 retail outlets nationwide who are mainly convenience stores, sundry shops, eatery outlets, news stands, stationery stores and other small business entities.

**TIME dotNet**

Currently, there are six (6) companies operating as ISP in Malaysia which include Telekom Malaysia, TIME dotNet, Celcom, Maxis, DiGi and Prismanet Sdn. Bhd.. TIME dotNet believes that the primary competitive factors determining success in the internet access market are reliability and service (including access speed), effective customer support, pricing and the quality and range of products and services offered.

Competitive advantages of TIME dotNet in the ISP business are as follows :-

- (a) it is backed by TTdotCom's extensive 100% digital network which enable the subscribers to have fast and reliable access to the internet;
- (b) with MegaPoPs links in Kuala Lumpur, Ipoh, Penang, Kuantan, Johor Bharu and Melaka, TIME dotNet subscribers are assured of an extensive IP infrastructure nationwide. TIME dotNet's dialup access services covers 80% of populated areas in Malaysia and is accessible via telephone line;
- (c) the collaboration that TIME dotNet has with its technological partners such as Orblynx will enable better and high speed access to international sites via Orblynx's satellite caching technology; and
- (d) TIME dotNet's Data Centre, which is already in operations and located at Glenmarie, Shah Alam, will enable TIME dotNet to give value added service to the subscribers and customers to house all necessary system hardware and networking equipment that forms the ISP backbone and provides access to TIME dotNet's services.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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**13.13 New Licensing Regime**

The telecommunications licences currently held by the TIME dotCom Group were granted pursuant to the Telecommunications Act, 1950 (now repealed). The term of the licences granted is twenty (20) years, save for the Payphone Licence held by TRSB and the Data Communications Licence held by TSAT, which are each for a period of fifteen (15) years, and the Internet Service Provider Licence held by TT dotCom, which is for a period of ten (10) years. In 1998, the CMA 1998 (which repealed the Telecommunications Act, 1950) introduced a new licensing regime for the telecommunications and broadcasting industries. The new licences are not technology specific but based on activity. The licences under the new regime are divided into two (2) broad categories i.e. individual and class licences.

These categories are further subdivided into the following four (4) specific categories:-

- (a) network facilities;
- (b) network services;
- (c) application services; and
- (d) content application services.

The MCMC has indicated that it will recommend to the MECM to grant the following new licences to each of the following companies of the TIME dotCom Group currently providing telecommunications services:-

**1. TT dotCom**

- (a) Individual Network Facilities Licence for earth stations, fixed links and cables, radiocommunication transmitters and links, satellite hubs, and towers, poles, ducts and pits used in conjunction with other network facilities.
- (b) Individual Network Services Licence for bandwidth services and customer access services.
- (c) Individual Application Services Licence for public switched telephone network telephony, internet protocol telephony and public switched data service.
- (d) Class Application Services Licence for Internet access services.

With respect to 1(a) and 1(b), the licences are proposed by the MCMC to be for a period from 1 July 2000 to 30 November 2014. The latter date is the date of expiry of TT dotCom's existing International Gateway Licence dated 1 December 1994. The licence under 1(c) is only for a five (5) year period and the licence under 1(d) is for a one (1) year period, renewable annually.

**2. TWSB**

- (a) Individual Network Facilities Licence for radiocommunication transmitters and links, and towers, poles, ducts and pits used in conjunction with other network facilities.
- (b) Individual Network Services Licence for cellular mobile services and customer access services.
- (c) Individual Application Services Licence for cellular telephony services.

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**13. INFORMATION ON THE TELECOMMUNICATIONS BUSINESS (Cont'd)**


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- (d) Class Application Services Licence for audiotext hosting services provided on an opt-in basis, Internet access services, messaging services, directory services, telegram services and private payphone services.

The term of the above licences in 2(a) and 2(b) is proposed by the MCMC to be from 1 July 2000 to 23 December 2013. The latter date is the date of expiry of TWSB's existing PCN 1800 Telecommunications Licence dated 24 December 1993. The licence period for Individual Application Services Licence and Class Application Services Licence is five (5) years and one (1) year respectively. The Class Application Services Licence is renewable annually.

**3. TRSB**

- (a) Individual Network Facilities Licence for public payphone facilities, and towers, poles, ducts and pits used in conjunction with other network facilities.
- (b) Individual Application Services Licence for public payphone service.

The Individual Network Facilities Licence under 3(a) is proposed by the MCMC to be for a period ten (10) years and the Application Services Licence under 3(b) is proposed to be for a period of five (5) years.

**4. TSAT**

- (a) Individual Network Facilities Licence for earth stations, satellite hubs, and towers, poles, ducts and pits used in conjunction with other network facilities.
- (b) Individual Network Services Licence for bandwidth services and customer access services.
- (c) Individual Application Services Licence for public switched data services.

The term of the licences under 4(a) and 4(b) is for a period of ten (10) years. The terms of the licence under 4(c) is for a period of five (5) years.

**5. TIME dotNet**

On 11 August 2000, TIME dotNet was granted an Internet Application Service Provider (Class Licence) for a tenure of one (1) year from 4 August 2000, renewable annually.

The term of the Individual Network Facilities and Network Services Licences recognise the current latest unexpired term of the licences held by TT dotCom and TWSB which is longer than the ten (10) year period provided under the CMA 1998. Once the proposed licences to be issued by the CMC (when issued) expire, the new Individual Network Facilities and Network Services Licences will be for the maximum period specified under the said legislation, which is ten (10) years. The term of Individual Application Licences and Class Application Licences are in accordance with the maximum period specified in the CMA 1998, which is five (5) years and one (1) year respectively.

It should be noted that the Individual Application Services Licence of TRSB is proposed to be for a period of five (5) years. This is longer than the current unexpired term of the payphone licence which will expire on 31 December 2003.

The new licence period proposed by the Government of Malaysia is reflective of its policy to liberalise the telecommunications sector in line with its obligations in international trade treaties and not to curtail economic activity of the existing operators.

## 14. FINANCING FOR THE TELECOMMUNICATIONS NETWORK

### Project Cost and Financing

The telecommunications network of the TIME dotCom Group is substantially completed, with most of the operational activities now concentrated on the maintenance of the existing network and thereafter, the extension and enhancement of the network. The table below sets out the projected capital expenditure to be invested by TIME dotCom Group over the licence period:-

| Financial years ending 31<br>December | <-----Projected requirements-----> |                |                |                |                |                |                |                          |                          |  |
|---------------------------------------|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------------|--------------------------|--|
|                                       | 2001<br>RM'mil                     | 2002<br>RM'mil | 2003<br>RM'mil | 2004<br>RM'mil | 2005<br>RM'mil | 2006<br>RM'mil | 2007<br>RM'mil | 2001 -<br>2007<br>RM'mil | 2008 -<br>2014<br>RM'mil |  |
| Mobile                                | 272.8                              | 196.1          | 197.9          | 177.7          | 252.9          | 264.1          | 275.0          | 1,636.5                  | 1,848.5                  |  |
| Fixed line network                    | 398.9                              | 322.1          | 332.3          | 338.8          | 332.9          | 311.3          | 317.3          | 2,353.6                  | 2,346.5                  |  |
| Payphone                              | 27.8                               | 24.5           | 24.5           | 24.5           | 24.5           | 24.5           | 24.5           | 174.8                    | 171.5                    |  |
| Internet                              | 29.8                               | 8.8            | 10.0           | 8.4            | 50.1           | 29.8           | 8.8            | 145.7                    | 125.1                    |  |
| Total project capital expenditure     | 729.3                              | 551.5          | 564.7          | 549.4          | 660.4          | 629.7          | 625.6          | 4,310.6                  | 4,491.6                  |  |

The telecommunications project will be financed through funds from the Public Issue, internally generated funds and if necessary, external borrowings. However, as set out in page 175 of this Prospectus, no external borrowings are currently envisaged as the TIME dotCom Group is projected to have a significant cash surplus upon the listing of TIME dotCom and thereafter.

However, prospective investors should note the comment made by Arthur D. Little in its Independent Feasibility Report as set out in Section 20 in page 231 of this Prospectus with regards to capital expenditure program of the TIME dotCom Group. In particular, Arthur D. Little is of the view that the capital expenditure planned for the fixed line operations is reasonable for voice-only operations. In the event that there is a shift in TT dotCom's strategy to focus on data, there will be significant additional capital expenditure needed. As for the cellular network, Arthur D. Little believes that the network will be faced with the competitive need to enhance its platform to achieve lower cost and IP-based multi-service flexibility.

Notwithstanding the above, the actual capital expenditure programme of the TIME dotCom Group will depend on market conditions. The Directors of TIME dotCom may invest more in internet-related, data and/or 3G services and less in voice-services should market demand for such services require additional capital expenditure.