

3.2.1 *TT dotCom Sdn. Bhd.*

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. The hugely successful TIME Gold, which was launched in early July 2000, has enabled TT dotCom to aggressively pursue growth opportunities in STD and IDD calls.



TIME GOLD offering 50% discount on all STD and IDD calls

3.2.2 *TIME Wireless Sdn. Bhd.*

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%.

3.2.3 *TIME Reach Sdn. Bhd.*

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.



Extensive public payphone network offers convenience to all.

3.2.4 *TIME dotNet Bhd.*

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.

3.3 Business and Marketing Strategy

3.3.1 Centralise Key Operations

To align the new corporate strategy to become an integrated network and service provider, TIME dotCom has instituted a plan to centralise key activities at TIME dotCom level. This entail centralising the customer service activities, network, product development, marketing and sales, and human resource. This is to ensure consistencies in policies, procedures and synergies between the Telco's activities. For example, the network unit will co-ordinate network planning and operations across all business units. TIME dotCom believes that the benefits include:

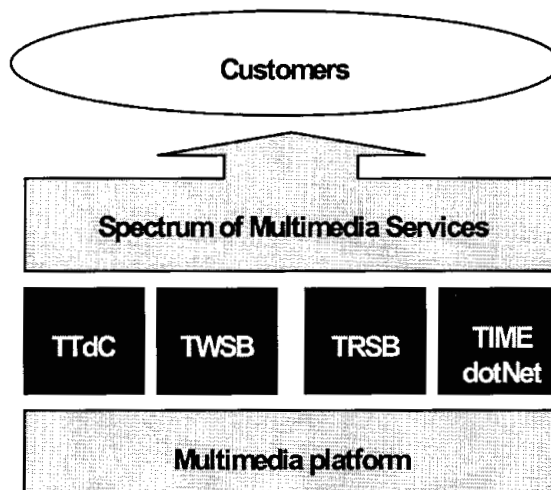
- Centralised Network Operations;
- Shared Common Resources;
- Enhanced Bandwidth Utilisation;
- Harness Marketing Objectives and Product Development Programs;
- Minimise Duplication in Resources and Activities; and
- Increase Effectiveness and Productivity.

3.3.2 Embrace Technology Convergence

Convergence of voice and data is inevitable as the world moves towards a true multimedia market. TIME dotCom has aligned its business strategy to the new industry structure.

TIME dotCom will expand its spectrum of services to provide broadband Internet not only over fixed line, but also through the development of WAP and GPRS. With the development of other Internet applications, TIME dotCom is committed to transform itself to offer a full range of multimedia products to Malaysian consumers.

Figure 3.3



3.3.3 Develop Wholesale Service

Currently, there are only two operators in Malaysia who have the capability and network to offer bandwidth wholesale; namely TIME dotCom and TMB. TIME dotCom's fibre network infrastructure is of a superior quality. TIME dotCom has commenced the bandwidth wholesale business in 2000.

In order to provide wholesale customers with a competitive value proposition as compared to that offered by TMB, the Company will have to compete on price as well as service quality. TIME dotCom intends to attract wholesale customers by emphasising on the high reliability and comprehensive backbone coverage of its fibre optic network.

In order to increase the transmission and switch network capacity utilisation level, TIME dotCom 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, mobile operators and Equal Access operators.

3.3.4 Marketing Focus

To create a corporate brand on quality and lifestyle, TIME dotCom will strengthen its marketing effort in sales and customer services. One of the key elements in service bundling is the ability to create a multi-service sales team who is able to understand the needs of customers and to offer an appropriate basket of products and services to them. The ability to provide a one-stop shop is particularly important for the SME markets, who want to focus on their core businesses. Furthermore, besides resilient network connectivity, a high quality telecommunication service needs full customer service support. We will further enhance the Company's 24-hour call centre service and provide tailored customer services to TIME dotCom's corporate clients.

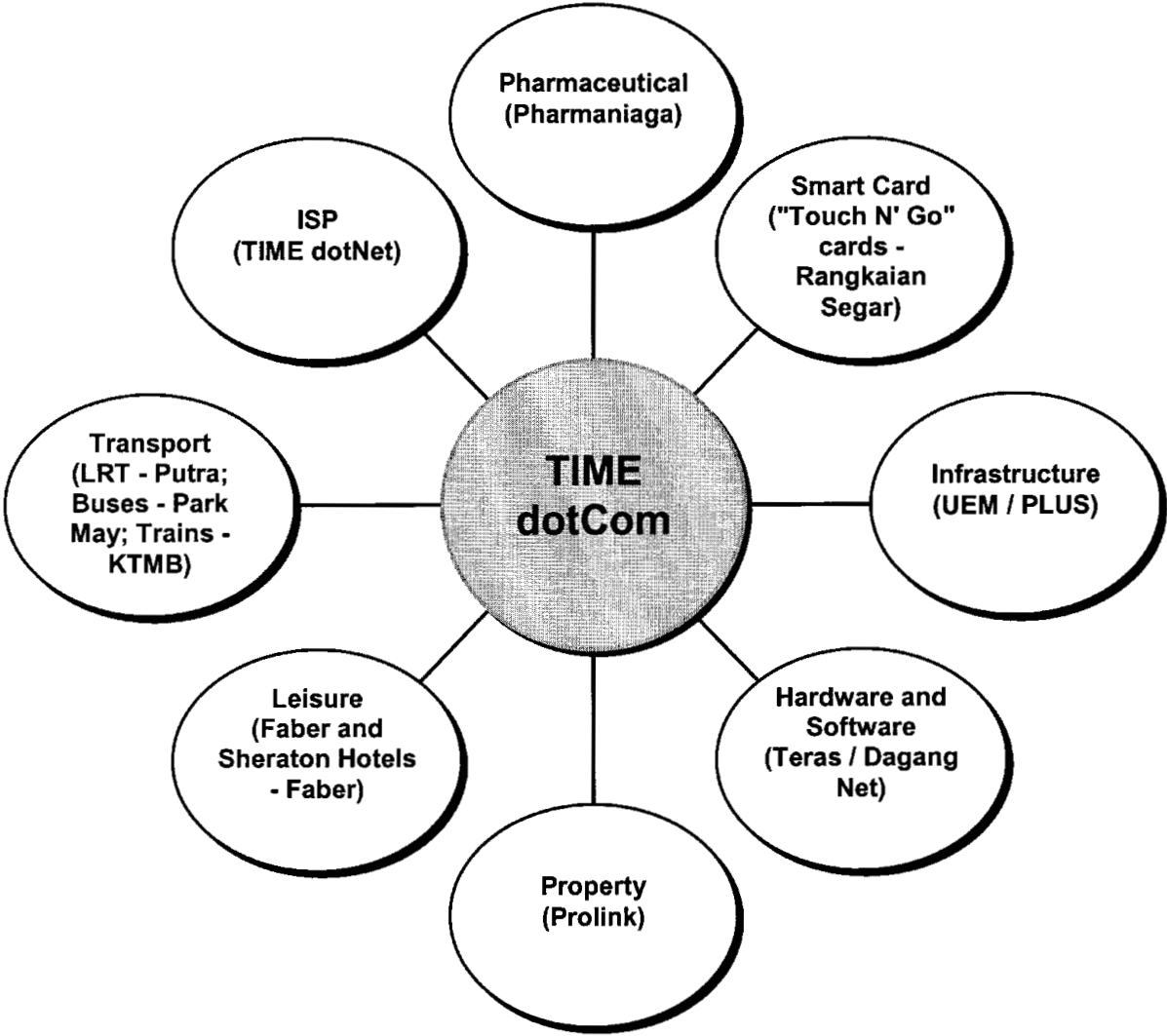
3.3.5 Build on Renong Group of Companies' Relationships

As a conglomerate in Malaysia, Renong provides TIME dotCom with unique competitive advantages, which have not been fully utilised in the past. The Company will institute a policy to maximise the inherent synergies provided on both the marketing and cost minimisation side. Specifically:-

- More than 20,000 staff strength in the Renong Group of Companies' and their families and relatives;
- Infrastructure (average daily PLUS traffic in 1999 is approximately 730,000 vehicles and there are currently over 600,000 Touch N' Go users in the database) (Source: Management's estimate); and
- Other major corporate and government relationships.

[The remainder of this page is intentionally left blank]

This relationship is even more apparent in the Internet business. This is best described in the following diagram:-



TIME dotCom is ready to draw upon the Group's proven products and ready customers who will become users of yet another highway in the Renong Group of Companies'- THE TECHNOLOGY AND INFORMATION SUPERHIGHWAY

4 TT DOTCOM SDN. BHD.

4.1 Overall Strategy

As an integrated telecommunication network and service provider, TT dotCom will continue to focus on connecting commercial buildings and hotels in the Klang Valley to its network to capture high revenue corporate customers and increasing usage and penetration within connected buildings.

With the growing usage of the Internet and the rapid development in the equipment and transmission technology, more sophisticated services can be bundled under integrated equipment. The trend of future services is progressing towards total communications solutions that rely heavily on broadband infrastructure. Large corporates especially those with multiple branches are demanding broadband services to create a private broadband network and integrate intra communications services like voice, data, local area network and information or data servers. TT dotCom's ready 100% fibre optic broadband network is in a strategic position to capture and exploit the growing need for broadband services.

In addition, TT dotCom will expand its Indirect Access customer base through innovative pricing, service bundling and utilisation of Renong's relationship such as the introduction of TIME GOLD. With its resilient fibre backbone network, TT dotCom intends to become a leading provider of network facilities, particularly for the business and corporate segments.

The key elements of the TT dotCom's strategy include the following:-

- Product bundling with voice, mobile, data and internet services;
- Acquire customers in the business and high density residential markets;
- Offer customers competitive pricing and attractive product packages;
- Leverage on the quality and security of the company's fibre optic network as a key selling point;
- Establish strategic partnerships to bundle TT dotCom's products;
- Personalised account management to facilitate incremental sales of new services to existing customers, whilst maximising customer retention; and
- Prepare network capacity and infrastructure for bandwidth wholesaling.

With the emergence of 3G technology, systems will require high bandwidth to support broadband wireless data transmissions. TT dotCom is ready and has begun to offer wholesale broadband leasing to ISPs and other telecommunications operators.

4.2 Consumer Trends

TT dotCom's business plan has been formulated to take into account significant consumer trends that will shape the future market.

Firstly, the management expects demand for data to grow exponentially and voice to become correspondingly less significant. Therefore, Telcos with the ability to provide broadband and have significant capacity and bandwidth spectrum will have significant competitive advantage. We believe that voice revenues will be fairly stagnant but offset by increasing revenues from mobile, data and international traffic:-

Secondly, wireless access technology offering Internet services are already available in the developed countries such as USA. This will push demand for "landed" capacity from wireless operators.

Thirdly, the market is undergoing a process of liberalisation, and tariffs for STD and IDD calls are expected to fall.

Lastly, sophisticated content on the Internet will be available. SME businesses will use the Internet to support its transactions and record keeping functions. TT dotCom is also well positioned to be the provider of "bandwidth on demand".

4.3 Market Position by Product

Direct Access

TMB, as the incumbent, continues to dominate the fixed line market. Although TMB's coverage is the most extensive, their network is predominantly copper. TT dotCom will specifically take advantage of this and target customers that require service quality coupled with competitive pricing.

Currently, TT dotCom is connected to over 800 buildings, mainly in the Klang Valley and major cities in Malaysia. Such connectivity provides TIME dotCom the opportunity to provide bundled and broadband services ahead of its competitors.

The strategic network rollout results in 93% of TT dotCom's fixed-line connections being business lines and only 7% of the lines are residential. Since fixed-line services were launched in December 1995, the Company has concentrated its network expansion plans into commercial buildings comprising an equal mix of single and multi-tenanted buildings and has successfully captured a significant portion of the quality business sector which generates a higher ARPL.

With the most Point-of-Interconnection (POI) amongst the new entrants, TT dotCom enjoys a lower interconnectivity cost as compared to other competitors. TT dotCom will leverage on this advantage to offer bandwidth wholesaling and extract a margin from its competitors.

Indirect Access Service

Five operators, TMB, TT dotCom, Celcom, Maxis and Digi, have been given licences to offer the Equal Access service.

In 1999, TT dotCom concentrated its sales efforts for Equal Access in the business sector where the ARPL is higher compared to residential. Since February 2000, TT dotCom has embarked on an aggressive campaign to penetrate the Equal Access market and increase customer base. TT dotCom has also formed a smart partnership with Rangkaian Segar to jointly organize TIME Access 183 customer acquisition campaign with Touch N' Go card customer base. In future, TT dotCom will embark on more partnership with database companies to increase its market share. TT dotCom also uses a mix of direct sales personnel and dealers to market its Equal Access service.

In early July 2000, TIME dotCom launched TIME GOLD VoIP service. Users who subscribe to this service will benefit from the ability to use TIME GOLD from any telephone, fixed or mobile, regardless of the service provider, and receive savings of up to 50% on international and outstation calls from anywhere in Malaysia. Since its introduction, TIME GOLD has registered more than 500,000 users throughout the country.

Data services

As for data services, TT dotCom currently offers 3 types of products namely TIME Leased Line, TIME IPLC and TIME Netlink.

TIME Leased Line is a reliable, high bandwidth, high speed transmission, full resiliency point to point leased line service within Malaysia. This service enables customers to manage voice, data and image effectively. Currently, the principal markets for TIME Leased Line are communication companies, banking and finance, and securities companies. TIME IPLC is an evolution of TIME Leased Line, which offers point to point, high-speed broadband and digital services between Malaysia and international destinations. The principal market for TIME IPLC service are communication companies, banking and finance, manufacturing and services companies. TIME Netlink is a dedicated link connecting customers to the service-provider nodes for easy access to the Internet. The principal markets of TIME Netlink service are service related companies, securities houses, communication companies, insurance and government agencies.

Prepaid and Credit Card Services

In 1998, TT dotCom launched its first prepaid card service, TIME Kontakt IDD card. TIME Kontakt IDD card is a card for making international calls at cheaper rates from any touch-tone phone in Malaysia as well as from selected countries to Malaysia.



TIME Kontakt – Pre-paid Calling Card Service



IDD Ekonomi – Pre-paid Card Service, VOIP platform

In 1999, TT dotCom commanded 42.8% of the total market share by revenue (*Source: Management's estimate*), closely matching that of TMB. TT dotCom is targeted to close the gap and increase the market share towards 50% in the future.

In April 2000, TT dotCom launched its second prepaid card service called TIME IDD Ekonomi. TIME IDD Ekonomi card allows customer to make international calls through the latest packet technology.

4.4 Business Strategy and Implementation Plan

4.4.1 Network Upgrades

TT dotCom has made various plans to upgrade its network so as to offer the latest technology and product to its customers. Among the many improvements that will be made are:-

- New remote access equipment to supplement existing CAN equipment will be deployed at the customers' sites. This "all-in-one-box" access equipment will be able to extend services such as POTS, Payphones, Leased Lines, ISDN, Frame Relay and HSDL / ADSL to the customer's premises. This equipment will be available in 2001;
- The Advance Intelligent Network (AIN) platform will be implemented to improve capability of existing services such as Prepaid Calling Card, Freephone and Equal Access which are currently available on switch based configuration;
- TT dotCom will continue to expand the offering of VoIP services. High demand for VoIP services is anticipated especially from SMEs; and

- Wireless broadband technologies will be deployed for last mile solution to access to customers. Wireless broadband is more cost competitive and is able to maximise the fibre optic broadband network already in place. Services such as video streaming, Internet television and video conferencing can be brought to the homes via this type of last mile network deployment.

4.4.2 *Network expansion*

TT dotCom's trunk fibre network is sufficient for requirements over the next 10 years. However, upgrading of bandwidth is necessary to support the forecasted growth in traffic, resiliency improvement and network coverage. In 2001, TT dotCom will be building a physical resiliency profile for Digital Trunk Switch (DTS) within Peninsular Malaysia to achieve 99.98% network availability.

Network expansion will mainly focus on customer access networks (CAN) and metropolitan area networks (MAN). During the last two years, changes in the business and regulatory environment have highlighted the need for an effective approach to customer access. TT dotCom's approach to network architecture is to design CANs that are inexpensive, fast to deploy, support a wide variety of network services, and allow the introduction of new services in the future.

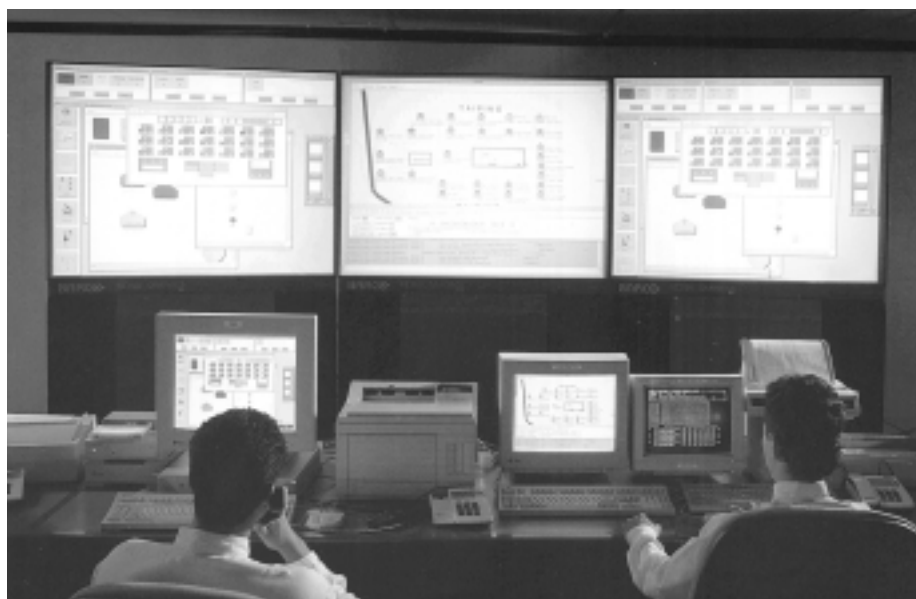
The MAN rollout programme is driven by the demand for CAN. The subsequent rollout of MAN construction will provide connectivity to smaller towns and regional customers for the purposes of expanding network coverage. Additional MANs is required for the implementation of Point of Interconnections (POIs) and resiliency of POIs. MAN rollout will include the need to integrate wireless and payphones in the overall TT dotCom's network.

4.4.3 *Service maintenance*

TT dotCom's commitments in delivering a reliable network and high quality service have been the utmost priority to ensure that performance and integrity meets the committed availability of 99.98%.

TT dotCom has 350 staff deployed at 5 regional centres, namely in Glenmarie, Prai, Johor Bahru, Kuantan, Labuan and 2 sub centres, Melaka and Ipoh, to provide on-site network support. Network management is centralised through the 24 hours National Network Operation Centre ("NNOC") in Glenmarie, with the NNOC in Wisma TIME acting as a backup centre.

In line with the anticipated growing demand of TT dotCom's services, TT dotCom will review the necessity of establishing more support centres in Peninsular Malaysia and East Malaysia to serve new areas.



We have a dedicated team of professional managing an advance Network Operation Centre for uninterrupted service to all our customers.

4.4.4 Product development

Market competition and customer demand will dictate or expedite the roll out of any new services by TT dotCom. After a review to assess whether the product meets the Company's return on investment criteria, services will be put into the product development pipeline. Once the decision is made to go ahead with the development of a new service, a product development team comprising core members from various departments will be mobilised to produce the service specification, user requirement, technical specification, charging and billing specification, customer management specification and marketing support details.

With the new AIN, TT dotCom is able to deliver more customised value-added service to consumers, in particular smaller corporates. Services including "personal number", universal access service and virtual private network can be offered.

TT dotCom is in discussion with a number of global ATM acriers and has to date, signed agreements with MCI Worldcom and Global One Communications L.L.C to transfer international traffic coming into Malaysia to TT dotCom. TT dotCom will work toward these partnership arrangement to offer International Frame Relay service for large corporates.

Other new services include Internet-based service on TIME dotNet's platform where customers may carry out transactions through TIME dotCom's network e.g. billing enquiries, payments, etc.

4.4.5 Marketing

TT dotCom plans to acquire customers with aggressive marketing and sales programmes. The proven sales model, which has allowed TT dotCom to gain and retain higher-end quality business customers, will continue to be used.

- Aggressive sales quota to TT dotCom's direct sales team;
- Expand TT dotCom's distribution network to achieve wider market reach;
- Implement auto-billing service to offer convenience to customers;
- Implement loyalty programmes to TT dotCom's valued customers and dealers; and

- Implement bundled packages of high speed access and Internet services at competitive pricing.

TT dotCom has utilised a consultative sales approach whereby experienced Account Managers work with new and existing customers to analyse their telecommunication needs. This personalised approach enables us to optimally configure service delivery according to each customer's requirements and deliver superior customer care.

With this approach, TT dotCom has established close relationships with large customers in the hospitality, financial and manufacturing industries.

4.4.6 *Customer Service*

To be the "provider of choice", TT dotCom will engage itself in product differentiation by offering quality service. The strategies and tactical approach are designed based on the fundamental principle, "Once acquired, customers should be retained".



24-hours Customer Service providing specialise and personalised service.

4.4.7 *Strategic Business Partnership*

To maximise market penetration, TT dotCom plans to implement business partnership alliances with established vendors and organisations. This programme is a collaboration with various companies to co-sell their products with TT dotCom's products. Potential business partners include foreign carriers, equipment vendors, and service establishments.

4.4.8 *Cost control strategy*

TT dotCom has implemented a number of cost saving measures to make the organisation more efficient. As part of these measures, full deployment and optimisation of the existing equipment were carried out.

Operating costs were reduced via termination of non-critical services, excess leased lines, unutilised base station site lease, reduction in base station site rentals, price reduction from contractors for repairs and maintenance, and reduction on generator sets rental.

For further cost saving, equipment installation work was done in-house. The in-house technical staff undertook splicing and facilities work.