

## profile of the board of directors

TELEKOM MALAYSIA BERHAD

### **Dato' Ir. Muhammad Radzi bin Haji Mansor**

*(61 years of age – Malaysian)*

*Chairman*

*Non-Independent Non-Executive Director*

Dato' Ir. Muhammad Radzi was appointed Chairman and Director of Telekom Malaysia on 12 July 1999. He holds a Diploma in Electrical Engineering from Faraday House Engineering College, London (1962) and a Masters of Science (Technological Economics) from the University of Stirling, Scotland (1975).

A Chartered Professional Engineer registered with the Board of Engineers, Malaysia and The Council of Engineering Institutions, United Kingdom, he is a Corporate member of the Institution of Engineers, Malaysia, the Institution of Electrical Engineers, United Kingdom and the Institute of Management, United Kingdom.

He served in various engineering and management capacities in the former Jabatan Telekom [Telecommunications Department] over a twenty-two year period, including a three-year secondment as Technical Advisor to the Ministry of Energy, Telecommunications and Posts.

Dato' Ir. Muhammad Radzi retired as Director General of Telecommunications upon corporatisation of the Telecommunications Department on 1 January 1987 and was subsequently appointed as Director of Operations of Telekom Malaysia, later as Director of Marketing and Customer Services from 1989 to 1995 and finally as Director of Regulatory Management and External Affairs, before retiring in July 1996.

Upon his retirement, he was retained as a Consultant/Advisor on various flagship application projects of the Multimedia Development Corporation Sdn. Bhd., an agency established by the Malaysian Government to oversee the development and implementation of multimedia projects.

Dato' Ir. Muhammad Radzi currently serves as Chairman of Board Nominating and Remuneration Committee and Board Employees' Share Option Scheme Committee. He is also a Board Member of a number of subsidiaries and associate companies of Telekom Malaysia. He has attended all the twelve (12) Board of Directors' Meetings of the Company held during the financial year. He is an Appointed Director by the Minister of Finance (Inc), the Special Shareholder of Telekom Malaysia and has never been convicted for any offence. He has no family relationship with any other Director or major shareholder of the Company nor any conflict of interest with the Company.



chairman

**Dato' Dr. Md Khir bin Abdul Rahman***(54 years of age – Malaysian)**Chief Executive**Non-Independent Executive Director*

Dato' Dr. Md Khir was appointed Chief Executive and a Board Member on 1 May 2000. Prior to this, he was the Deputy Chief Executive/General Manager of Malaysian Electronics Payment System Sdn. Bhd. (MEPS).

He holds a Bachelor of Science Degree in Mathematics from University Malaya, Masters in Agricultural Development and Doctorate of Science in Computing Statistics, from the State University of Ghent, Belgium, respectively.

Dato' Dr. Md Khir started his career in Malaysian Agricultural Research and Development Institute (MARDI) in 1972, before joining Bank Negara Malaysia in 1993. He served the Central Bank in various senior positions before joining the telecommunications sector in 1996 as the Managing Director of Mejati Technologies Group.

He has depth of experience in information and communication technology, banking and payment system as well as in development of e-commerce applications. He is also a Director of the Multimedia Development Corporation Sdn. Bhd. ("MDC") and the Malaysian Industry Government Group for High Technology ("MIGHT").

Dato' Dr. Md Khir currently is a Member of the Board Tender (Telco) Committee, Board Employees' Share Option Scheme Committee and also a Board Member of a number of subsidiaries and associate companies of Telekom Malaysia. He has attended all the twelve (12) Board of Directors' Meetings of the Company held during the financial year. He is an Appointed Director by the Minister of Finance (Inc), the Special Shareholder of Telekom Malaysia and has never been convicted for any offence. He has no family relationship with any other Director or major shareholder of the Company nor any conflict of interest with the Company.

chief  
executive

## profile of the board of directors

TELEKOM MALAYSIA BERHAD

### **Dato' Dr. Abdul Rahim bin Haji Daud**

*(54 years of age – Malaysian)*

*Deputy Chief Executive/Executive Director*

*Non-Independent Executive Director*

He was appointed as Deputy Chief Executive of the Company effective from 29 May 2001 and has held the position of Executive Director since July 1998. He obtained a Bachelor of Engineering in Electronics, Master in Science (Telecommunications Engineering) and Doctorate in Engineering from the United Kingdom. He also obtained a Masters in Business Administration from the United States. He has attended the Harvard Business School's Advanced Management Program (AMP) and the Senior Executive Development Program at the Wharton School of Business, United States. He is a Fellow of Institute of Engineers, Malaysia.

He joined Jabatan Telekom Malaysia (JTM) as a Telecommunications Engineer in 1973. In 1988 he was appointed General Manager, Information Systems and became the Senior General Manager, National Network Operations in 1993. In July 1995 he was made Senior Vice President, Network Services before his appointment to head Telekom Malaysia's TelCo as its Chief Operating Officer in 1996. Upon his appointment as Executive Director in July 1998, he remained as the Chief Operating Officer TelCo until 1 February 2001 when he assumed the position of Executive Director, Corporate Strategy and Development.

Dato' Dr. Abdul Rahim is currently the Chairman of the Commonwealth Telecommunications Organisation (CTO). He serves as a Member of Board Tender (Telco) Committee, Board Employees' Share Option Scheme Committee and also a Board Member of a number of subsidiaries and associate companies of Telekom Malaysia. He has attended all the twelve (12) Board of Directors' Meetings of the Company held during the financial year. He is an Appointed Director by the Minister of Finance (Inc), the Special Shareholder of Telekom Malaysia and has never been convicted for any offence. He has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.

deputy  
chief  
executive



**Dato' Abdul Majid bin Haji Hussein***(54 years of age – Malaysian)**Non-Independent Non-Executive Director*

Dato' Abdul Majid was appointed Director of Telekom Malaysia on 5 December 2000. He obtained his Masters in Business Management from Asian Institute of Management, Manila and has attended Harvard Advanced Management Program at the Harvard Business School in 2000.

Upon graduating with a Bachelor of Economics majoring in Accountancy, he served the Accountant General's Office for two years and later the National Institute of Public Administration (INTAN) for six years as a lecturer and program coordinator. In 1993 he was seconded to the Federal Agricultural Marketing Authority (FAMA) as the Director of Planning and later served as the Deputy Director General in charge of Administration. From 1990 to 1993, he served as the Senior Assistant Director in the Budget Division of the Ministry of Finance. He continued his public service as the State Financial Officer of Negeri Sembilan, Director of Service in the Public Services Department and the State Secretary of Perak prior to being appointed to his present position as Deputy Secretary General Treasury (Operations) in the Ministry of Finance.

Dato' Abdul Majid currently serves as Chairman of the Board Tender (TelCo) Committee as well as a Member of Board Employees' Share Option Scheme Committee and Board Audit Committee. He has attended ten (10) out of twelve (12) Board of Directors' Meetings of the Company held during the financial year, whilst his Alternate Director attended the two (2) meetings in his absence. He is also a Director of Perusahaan Otomobil Nasional Berhad and Keretapi Tanah Melayu Berhad. He is an Appointed Director nominated by the Minister of Finance (Inc.), the Special Shareholder of Telekom Malaysia and has never been convicted for any offence. He has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.

**Dato' Dr. Halim bin Shafie***(53 years of age – Malaysian)**Non-Independent Non-Executive Director*

Dato' Dr. Halim was first appointed to the Board on 24 November 2000. He obtained a Bachelor of Economics (Hons.) from the University of Malaya (1972), Masters in Public and International Affairs from the University of Pittsburgh, USA (1980) and a Doctorate in Information Transfer from Syracuse University, USA (1988). He also attended the Advanced Management Program, Harvard Business School, USA (2000).

He has held several positions in the Government sector, including Assistant Secretary at the Ministry of Education, Program Co-ordinator for the National Computer Training Center at INTAN, Director of the Information Technology Division of the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) in the Prime Minister's Department and Director of INTAN before becoming Deputy Secretary-General, Communications and Multimedia, Ministry of Energy, Communications and Multimedia. He was appointed as Secretary General of the Ministry from November 2000.

Dato' Dr. Halim is currently a member of the Board Employees' Share Option Scheme Committee and Board Member of a number of subsidiaries of Telekom Malaysia. He has attended ten (10) out of twelve (12) Board of Directors' Meetings of the Company held during the financial year, whilst his Alternate Director attended the two (2) Meetings in his absence. He is also a director of Tenaga Nasional Berhad and Pos Malaysia Berhad. He is an Appointed Director by the Minister of Finance (Inc), the Special Shareholder of Telekom Malaysia and has never been convicted for any offence. He has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.



**Dato' Dr. Mohd Munir bin Abdul Majid***(54 years of age – Malaysian)**Senior Independent Non-Executive Director*

Dato' Dr. Mohd Munir was appointed to the Board on 22 May 2000. He graduated with a B.Sc (Econs) and a Ph.D. in International Relations from the London School of Economics and Political Science (LSE), UK.

He was the First Executive Chairman of the Securities Commission (SC), a position he held for two terms from March 1993 until February 1999.

He has also served as Director and Chairman of several other companies and council member of government agencies during his career. Some of the prominent ones include the Association of Merchant Banks, Kloffie Sdn. Bhd., the Kuala Lumpur Stock Exchange, the Council of Malaysian Industrial Development Authority (MIDA) and the

Foreign Investment Committee of the Prime Minister's Department. He is also a Director for Saujana Resorts (Malaysia) Berhad.

Dato' Dr. Mohd Munir currently serves as the Independent Non-Executive Chairman of Board Audit Committee and Member of Board Nominating and Remuneration Committee. Pursuant to Best Practices Provision AA VII, he has been appointed as the Senior Independent Non-Executive Director, to whom any concerns pertaining to the Group may be conveyed. He is also a Board Member of a number of subsidiaries of Telekom Malaysia. He has attended eleven (11) out of twelve (12) Board of Directors' Meetings of the Company held during the financial year and has never been convicted for any offence. He has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.

**Y.B. Tuan Joseph Salang Gandum***(52 years of age – Malaysian)**Independent Non-Executive Director*

Y.B. Tuan Joseph Salang Gandum was first appointed to the Board on 6 January 1987. He graduated with a Bachelor of Arts (Econs.) in 1974 from Western Maryland College, Maryland, USA and a Masters degree in Business Administration from Iran Center for Management Studies in 1975.

He formerly served as Regional Manager (East Malaysia) with Bank Pembangunan Malaysia Berhad (East Malaysia), Trade Manager of MISC Coastal Services Sdn. Bhd., Corporate Manager and Manager of Location (Kuching) of Standard Chartered Bank Malaysia Berhad. He is also a Director of Tabak Holdings Berhad and its subsidiary Borneo Securities Holdings Berhad.

Y.B. Tuan Joseph Salang Gandum is now a businessman and Member of Parliament for Julau Constituency, Sarawak. He currently serves as an Independent Non-Executive Member of the Board Nominating and Remuneration Committee, Board Audit Committee and Board Tender (TelCo) Committee. He is also a Board Member of a number of subsidiaries of Telekom Malaysia. He has attended eleven (11) out of twelve (12) Board of Directors' Meetings of the Company held during the financial year and has never been convicted for any offence. He has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.

a i r e c

**Ir. Prabahar N.K. Singam**

*(41 years of age – Malaysian)  
Independent Non-Executive Director*

Ir. Prabahar was appointed to the Board on 23 June 2000. He is an engineer by profession and has a Bachelor of Science (Civil Engineering) degree from Portsmouth Polytechnic, United Kingdom in 1985.

A member of the Board of Engineers Malaysia, Institute of Engineers Malaysia and Environment and Research Association, Malaysia (“ENSEARCH”). He is a professional engineer who has wide experience in the civil engineering sector, especially in the areas of consultancy, contracting, project management and project financing. He is also a Director of Modal Ehsan Sdn. Bhd., a subsidiary of ACP Industries Berhad.

Ir. Prabahar currently serves as an Independent Non-Executive Member of the Board Audit Committee and Board Nominating and Remuneration Committee. He is also a Board Member of a number of subsidiaries of Telekom Malaysia. He has attended eleven (11) out of twelve (12) Board of Directors’ Meetings of the Company held during the financial year and has never been convicted for any offence. He has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.



t o r s

**Y.B. Dato’ Ir. Haji Mohd Zin bin Mohamed**

*(48 years of age – Malaysian)  
Independent Non-Executive Director*

Y.B. Dato’ Ir. Haji Mohd Zin was appointed to the Board on 22 May 2000. He is a civil engineer by profession, having obtained his Bachelor and Masters degrees from Bradley University, United States, respectively.

He has served various government bodies and is currently a member on the Board of University Technology Mara (UiTM). He is also a director of Brisdale Holdings Berhad. He is a member of the Malaysian Institute of Engineers (MIEM) and the Board of Engineers of Malaysia.

He is actively involved in politics. Y.B. Dato’ Ir. Haji Mohd Zain currently is a Member of Parliament for Shah Alam Constituency and Deputy Head of the UMNO Shah Alam Division.

Y.B. Dato’ Ir. Haji Mohd Zin is a member of the Board Tender (TelCo) Committee as well as Board Member of a number of subsidiaries of Telekom Malaysia. He has attended all the twelve (12) Board of Directors’ Meetings of the Company held during the financial year and has never been convicted for any offence. He has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.



**Rosli bin Man***(49 years of age – Malaysian)**Non-Independent Non-Executive Directors*

Rosli bin Man was appointed to the Board on 15 July 2000. He has more than 24 years of experience in the telecommunications industry. Rosli holds a Bachelor of Science in Electrical and Electronic Engineering (specialising in Electrical Design and Instrumentation) from University of Glasgow, United Kingdom and a Diploma in Electrical and Electronic Engineering (specialising in Communications) from Technical College, Kuala Lumpur.

He joined Jabatan Telekom Malaysia (JTM) in 1976 as Assistant Controller where he gained wide exposure in telecommunication services including the task to implement the country's first mobile telecommunications service i.e. Atur 450. In 1985, he made a career move to the private sector by joining the Fleet Group as its Group Manager, Technical Services where he was part of the team responsible in overseeing the roll-out and operations of the nation's first privately operated terrestrial television station namely Sistem Television Malaysia Berhad ("TV3"). From 1988 to 1996, he was instrumental in setting up the first privately

owned telecommunications company in Malaysia i.e. Celcom (Malaysia) Sdn. Bhd. ("Celcom"), catering for the cellular mobile telecommunication business. He left Celcom as its President in 1996 to join Prismant Sdn. Bhd. as Managing Director and held the position until November 1998. In July 2000 he joined Natrindo Telpon Sellular ("NTS"), the GSM 1800 cellular operator in East Java, Indonesia. As the Chief Operating Officer, he was responsible for the planning, development, successful roll-out of the network and the day-to-day operations of the business. He was then appointed as deputy Chief Executive Officer of Lippo Telecom to oversee NTS planning, roll-out and operation of NTS National Cellular Operation. He left NTS in January 2002.

Rosli currently serves as a board member on one of Telekom Malaysia's subsidiaries. He has attended ten (10) out of twelve (12) Board of Directors' Meetings of the Company held during the financial year. He is a Non-Independent Non-Executive Director nominated by the Company's Substantial Shareholder, Khazanah Nasional Berhad and has never been convicted for any offence. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.

**Lim Kheng Guan***(60 years of age – Malaysian)**Independent Non-Executive Director*

Lim Kheng Guan was appointed to the Board of Telekom Malaysia on 23 June 2000.

A Chartered Accountant by profession and an Associate Member of the Malaysian Association of Certified Public Accountants, Fellow of Australian Society of Certified Practising Accountants, Associate of the Australian Institute of Bankers and a member of the Malaysian Institute of Management. Attended advanced management programs at Manchester Business School, INSEAD and London Business School.

Has more than 30 years of experience in accounting, management consulting and senior managerial positions in local and multinational public listed companies. Currently an Executive Director of Malaysian Management Consultants Sdn. Bhd. and also an Independent Non-Executive Director of Pacific & Oriental Berhad.

Currently serves as Independent Non-Executive Member of the Board Audit Committee and also a Board Member of a number of subsidiaries of Telekom Malaysia. He has attended all the twelve (12) Board of Directors' Meetings of the Company held during the financial year and has never been convicted for any offence. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.



**Tan Poh Keat**

*(66 years of age – Malaysian)  
Non-Independent Non-Executive Director*

Tan Poh Keat was appointed Director of Telekom Malaysia on 29 August 2000. He graduated with a Bachelor of Engineering (Electrical) degree and Master of Engineering degree from Auckland University, respectively, under the Colombo Plan Scholarship.

He joined Jabatan Telekom Malaysia (JTM) in 1962 as an engineer and has served in various appointments, the last being Deputy Director General. Subsequently he joined Telekom Malaysia as Director, Networks Service and retired at the end of 1991. Currently, he is an independent consultant to a number of local and international companies.

Tan Poh Keat currently serves as a member of the Board Tender (TelCo) Committee and Board Member of a number of subsidiary companies of Telekom Malaysia. He has attended all the twelve (12) Board of Directors' Meetings of the Company held during the financial year. He is an Appointed Director by the Minister of Finance (Inc), the Special Shareholder of Telekom Malaysia. He has never been convicted for any offence. He has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.

**Mohammad Zanudin bin Ahmad Rasidi**

*(48 years of age – Malaysian)  
Alternate Director to  
Dato' Abdul Majid bin Haji Hussein  
Non-Independent Non-Executive Director*

Mohammad Zanudin was appointed as Alternate Director to Dato' Abdul Majid bin Haji Hussein on 12 December 2000. He has a Bachelor of Economics from Universiti Kebangsaan Malaysia and a Master Degree in Public Management from Carnegie-Mellon University, United States. He has also completed the Harvard International Tax Program at the Harvard University in 1992.

He has served the Ministry of Finance for eighteen years, an opportunity that has given him wide corporate and government experiences. He began his career with the Treasury in 1984 as Assistant Secretary in the Economic and International Division. After four years, he was assigned to the Tax Analysis Division where he was directly involved in formulating policies and strategies for budget proposals and was then promoted to be Principal Assistant Secretary in 1998. He was then transferred to the Public Enterprises, Privatisation and Minister of Finance (Inc.) Coordination Division as Principal Assistant Secretary in November 2000, a position he holds until today.

Mohammad Zanudin is also the Alternate Member/Director to Dato' Abdul Majid on the Board Tender (TelCo) Committee, Board Employees' Share Option Scheme Committee and all the subsidiaries of TM, where Dato' Abdul Majid has been appointed as a Director. He has attended two (2) out of twelve (12) Board of Directors' Meetings of the Company held during the financial year in the absence of Dato' Abdul Majid, and has never been convicted for any offence. He has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.





## profile of the board of directors

TELEKOM MALAYSIA BERHAD

# directors

### **Suriah binti Abd Rahman**

*(53 years of age – Malaysian)*

*Alternate Director to Dato' Dr. Halim bin Shafie*

*Non-Independent Non-Executive Director*

Suriah was appointed to the Board on 24 November 2000 as Alternate Director to Dato' Dr. Halim bin Shafie. She holds a Bachelor of Arts (Hon) from University of Malaya and a Master of Arts from the University of Leeds, United Kingdom. She began her career in the public service as an Assistant Secretary in Treasury and rose to the position of Principal Assistant Secretary in the Government Procurement Management Division.

She then served various Ministries and Government Agencies including the Social Economic Research Unit, Prime Minister's Department, Ministry of Housing and Local Government, Malaysian Institute of Maritime Affairs, Public Service Department and Implementation Coordination Unit of the Prime Minister's Department before assuming her current position as Deputy Secretary General 1, Ministry of Energy, Communications and Multimedia on 1 November 2000.

Suriah is also the Alternate Member/Director to Dato' Dr. Halim on the Board Employees' Share Option Scheme Committee and all the subsidiaries of the Company, where Dato' Dr. Halim has been appointed as a Director. She has attended two (2) out of twelve (12) Board of Directors' Meetings of the Company held during the financial year in the absence of Dato' Dr. Halim and has never been convicted for any offence. She has no conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company.



## senior management team

TELEKOM MALAYSIA BERHAD

**Dato' Dr. Md Khir bin Abdul Rahman**  
*Chief Executive*



**Dato' Dr. Abdul Rahim bin Haji Daud**  
*Deputy Chief Executive/Executive Director*



**Dr. Idris bin Ibrahim**  
*Chief Operating Officer, TM TelCo*

Dr. Idris bin Ibrahim holds a B.E. (Hons.) degree in Electrical and Electronics Engineering, an M.E. in Microwave Communication Engineering and a Doctorate in Microwave Engineering from the University of Sheffield, United Kingdom. He started his career with Jabatan Telekom Malaysia (JTM) in 1974 and has held various positions in the areas of engineering, marketing and human resource management. In 1993, he was appointed General Manager Northern Region and later held the post of General Manager, Major Business (Sales) in 1995 and as the Vice President, Integrated Network Planning in 1996 before he was made Vice President, Network Development in August 1997.

Dr. Idris was appointed as the Chief Operating Officer, TM TelCo effective 1 February 2001.

## senior management team

TELEKOM MALAYSIA BERHAD



### **Baharum bin Salleh**

*Chief Operating Officer, TM Multimedia*

Baharum bin Salleh holds a degree in Electronics Engineering from the University of Bath, England and a Masters in Business Administration (MBA) from the University of Leicester, England.

He has been involved in the telecommunications industry for more than 23 years. He started his career in operations management in Malacca. In 1987 he was mainly involved in project management and later in marketing when Telekom Malaysia was corporatised. In 1992 he was Telekom Malaysia's Area Manager for Negeri Sembilan. Later, as General Manager of Corporate Strategy, he was mainly responsible for the corporate business direction and development of Telekom Malaysia.

Baharum was appointed as the Chief Operating Officer, TM Multimedia, effective 1 February 2001.



### **Dato' Dr. Ir. Haji Mohd Khir bin Harun**

*Chief Executive Officer, TM Cellular Sdn. Bhd.  
(formerly known as Telekom Cellular Sdn. Bhd.)*

Dato' Dr. Ir. Haji Mohd Khir bin Harun holds a B.Sc. (Hons.) degree in Electrical Engineering and Electronics; M.Sc. in Communications Engineering and a Doctorate in Electronics Engineering. He started his career with Jabatan Telekom Malaysia (JTM) in 1973 as a Telecommunications Engineer. He was seconded to the Ministry of Energy, Telecommunications and Posts in 1983 for a period of two years as the Technical Adviser. In 1989, he was appointed as the General Manager, Mobile Services Division and in 1993 he took up the post of Senior General Manager, Mobile Services. He was appointed as Senior General Manager, TelCo Strategy in 1995 and later, in June 1996, he was made Senior Vice President, Major Business and Government.

Dato' Dr. Ir. Haji Mohd Khir is currently the Chief Executive Officer of TM Cellular Sdn. Bhd. effective 1 February 2001.



### **Nor Hizam bin Hashim**

*Chief Operating Officer, TM International*

An accountant by profession, Nor Hizam bin Hashim holds a Bachelor degree in Commerce from the University of Western Australia. He joined Telekom Malaysia in April 1988 as Chief Accountant and was subsequently promoted to the position of Senior General Manager of Corporate Finance prior to his appointment as the Chief Operating Officer, ServiceCo.

In 1997, he was assigned to Telkom SA Ltd. in South Africa (TSA) where he assumed the duties of the Executive Director (Chief Financial Officer). At TSA he was involved in transforming the Company into a world class international TelCo. He is also a director of several subsidiary companies of Telekom Malaysia. Prior to joining Telekom Malaysia, he acquired senior management experience in finance, marketing and general management in three multinational companies namely ESSO, Unilever and Raleigh where he was actively involved in turning around an ailing public listed company.

Nor Hizam is currently the Chief Operating Officer, TM International since 1 February 2001.

senior

**Datuk Ibrahim bin Md. Nassir**

*Chief Operating Officer, TM ServiceCo*

Datuk Ibrahim bin Md. Nassir joined Telekom Malaysia in January 1995 as Senior General Manager, Human Resource and Administration and was promoted to Senior Vice President, Corporate Human Resource in July 1995. He has 20 years experience in the private sector prior to joining Telekom Malaysia. While at Guinness (M) Berhad he served as an Assistant Manager Manufacturing and various capacities including General Manager Training and Personnel Manager. Datuk Ibrahim used to serve as the Human Resource Director for Goodyear (M) Berhad.

Datuk Ibrahim was appointed to his current position effective 1 February 2001.

**Mat Rani bin Mohamad**

*Senior Vice President,  
Group Marketing*

Mat Rani bin Mohamad is the Senior Vice President, Group Marketing. He joined Telekom Malaysia in February 2001, bringing with him an extensive marketing and sales experience after spending over 27 years with 3 top multinational companies – Beecham Products (Far East), American Express and Johnson & Johnson. Prior to joining Telekom Malaysia he held the position of Marketing Director for Asean region with Johnson & Johnson.

**Dato' Syed Mustaffa bin Syed Ali**

*Senior Vice President,  
Group Human Resource Management*

Dato' Syed Mustaffa bin Syed Ali holds a Bachelor degree in Electronics Engineering and joined Jabatan Telekom Malaysia (JTM) in 1969 as an Assistant Controller of Telecoms. He was appointed as General Manager, Northern Region in 1988 and held the post of Senior General Manager, Support Services in 1993 before assuming the post of Senior Vice President, Network Services, TelCo in July 1996.

Dato' Syed Mustaffa was appointed to his current position effective 1 February 2001.

## senior management team

TELEKOM MALAYSIA BERHAD

### **Gazali bin Harun** *Acting Chief Financial Officer*

Gazali bin Harun joined Telekom Malaysia in 1990 as an Assistant Manager in the Corporate Finance Division. In 1998 he was promoted to be the General Manager of Corporate Finance. He was previously involved in the floatation of the Company, project financing, treasury management and merger and acquisition activities before assuming his current position.

As the Acting Chief Financial Officer, he is responsible for Telekom Malaysia Group's financial policy, direction and management while carrying out his other functions which includes viewing the treasury operations of Telekom Malaysia, fund raising activities for the Group, investor relations, taxation and monitoring and control of subsidiary operations. He sits on the board and management committee of various subsidiaries of Telekom Malaysia. He also represents the Company as a speaker in international investor road shows for equity and fixed income investors.

Prior to joining Telekom Malaysia, he was attached to a local merchant bank for five years. His exposure in the bank includes corporate banking and corporate finance.

He holds a Bachelor of Science (Finance) from Northern Illinois University in 1982 and obtained an MBA from Governors State University. He also holds a Diploma in Accountancy from MARA Institute of Technology (ITM).



### **Abdul Majid bin Abdullah** *Vice President, Corporate Strategy & Planning*

Abdul Majid bin Abdullah, holds a B.Sc. degree in Electrical Engineering from Universiti Teknologi Malaysia and a Masters degree in Electronics from University of Southampton, United Kingdom.

In his 24 years of service, he has covered most of the key divisions within the Company, including Regulatory Management, Corporate Planning, TelCo Strategy, Research and Development and Training Division.

Before he assumed his current position, he was appointed as Acting Chief Operating Officer (COO), Telekom Multimedia (TMM) since July 1999 to oversee the overall operation and management of TMM. He was in TMM since 1997.

Prior to that, he was seconded to the Multimedia Development Corporation Sdn. Bhd. (MDC) MSC Project from November 1996 to October 1997 where he participated with the MSC Flagship Application development team to coordinate international Web Shapers to formulate and develop the Electronic Government Project, one of the MSC Flagship Applications.

Abdul Majid was appointed Vice President, Corporate Strategy and Planning on 1 February 2001.

senior management team

**Dato' Abdul Halim bin Hussain**

*Head, Change Management Office*

Dato' Abdul Halim bin Hussain holds a B.Sc. (Hons.) degree in Electrical Engineering from Brighton College of Technology, United Kingdom. He joined the Radio Operations and Local Network Division of JTM in 1969 and in 1972 moved to the Transmission Division at Telecom Training College where he managed a number of training programmes. In 1976 he took up the post of Controller of Telecoms Sabah Region and in 1992 he was appointed as the General Manager Southern Region. He was later appointed as the General Manager for Marketing in the Consumer and Business Division, TelCo in 1995 before being promoted to the post of Senior Vice President, Consumer and Business in October 1996.

Dato' Abdul Halim was appointed as Head of the Change Management Office, effective 1 February 2001.

**Haji Romli bin Hussin**

*Vice President, Customer Network Operations*

Haji Romli bin Hussin, is a qualified Accountant with 22 years experience as an Auditor. He holds a Bachelor of Economics (Hons.) Degree and Diploma in Accountancy from University of Malaya, as well as a Masters Degree in Science (Accounting) from University of New Hampshire, United States. He joined Telekom Malaysia in 1987 as the General Manager, Internal Audit and later held the post of Senior General Manager, Internal Audit/Quality Management and Control in 1993 before being promoted to Vice President, Quality Management and Control in 1995.

Haji Romli was appointed as the Vice President, Customer Network Operations effective May 2001.

**Haji Hamis bin Hasan**

*Chief Financial Officer, TM TelCo*

Haji Hamis bin Hasan is the Chief Financial Officer, TM TelCo. He holds a Bachelor degree in Economics Accounting and a Diploma in Accountancy from the University of Malaya in 1976. An Accountant by profession, he joined Jabatan Telekom Malaysia in 1980. Over the years, he has held a number of positions in the Accounts, Finance, Credit Management and Audit Divisions. He has also served as the Chief Executive Officer of two Telekom Malaysia subsidiaries namely Telekom Publications Sdn. Bhd. and Telekom Sales & Services Sdn. Bhd.

Haji Hamis was appointed as the Chief Financial Officer effective 1 June 2001.

## senior management team

TELEKOM MALAYSIA BERHAD



### **Adnan bin Rofiee**

*Senior Vice President, Major Business & Government*

Adnan bin Rofiee graduated with a Bachelor degree in Electronics Engineering from Brighton Polytechnic, United Kingdom. His 25-year career in the telecommunications industry started in Jabatan Telekom Malaysia (JTM) in 1977, as a Planning Engineer, Customer Access Network for Central Region.

After holding several positions in JTM and later Telekom Malaysia, he was appointed as the General Manager of the Sarawak Operation Area in 1994. A year later, Adnan was appointed as Head of Major Business Unit, before being transferred overseas in 1997 as the Managing Director of Ghana Telecommunication Co., one of Telekom Malaysia's associate companies.

In April 2000, he was selected to head TM Cellular Sdn. Bhd. (formerly known as Telekom Cellular Sdn. Bhd.) as its Chief Executive Officer, before assuming his current position in February 2001.



### **Tan Chian Khai**

*Senior Vice President, Consumer and Business, TelCo*

Tan Chian Khai is the Senior Vice President for Consumer and Business, TelCo, effective from 1 February 2001.

He is responsible for the development, marketing and sales of Telekom Malaysia's products and services to the residential and small enterprise customer segments. He is also responsible for the customer assistance service centre.

An engineer by profession, he graduated with a B.Eng. (Hons.) degree from the University of Liverpool, United Kingdom in 1973. In his 28 years of experience in the telecommunications industry, he has held various positions including telecommunications network planning and development, network implementation, network management and operations, management of Telekom Malaysia's area office as well as marketing and sales.

### **Haji Mohd Yahaya bin Mohd Shariff**

*Senior Vice President, Network Services*

Haji Mohd Yahaya bin Mohd Shariff holds a B.Sc. (Hons.) in Electrical and Electronics Engineering from Brighton Polytechnic and a Masters in Electronics from University of Wales, United Kingdom. He started his career 26 years ago as a Switching Engineer at Jabatan Telekom Malaysia (JTM). Prior to his current position, he was the Chief of National Network Operations and was the driving force in TM National Network Service Quality initiatives.

Haji Mohd Yahaya is the Senior Vice President, Network Services, a position he held since April 2001.





# corporate GOVERNANCE

The Board of Directors is committed to high standards of corporate governance and is accountable to the shareholders for the manner in which it has applied the principles of the Malaysian Code on Corporate Governance (“the Code”).

The Board of Directors is pleased to report to the shareholders on how the Group has applied the principles of the Code and the extent of compliance with best practices of good governance pursuant to recommendations of the Code.

“managing with integrity,  
transparency and accountability  
- intrinsic components in the  
preservation of shareholder value”

## Compliance with the Code

The Board of Directors has assumed the following six specific responsibilities in discharging their stewardship responsibilities pursuant to Best Practices Provision AAI of the Code:

- Reviewing and adopting a strategic plan for the Company through its Strategic Management Committee;
- Overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Whilst assuming the above responsibilities, the Board is of the view that a more structured approach is required to formalise the existing process by which risks are identified, assessed, controlled and reviewed. An enterprise-wide risk management programme is being implemented to strengthen the current internal control system. The Board and the Board Audit Committee continue to keep under review the Group’s whole system of internal control including operational, compliance and risk management as well as financial controls.



## corporate governance statement

TELEKOM MALAYSIA BERHAD

# corporate GOVERNANCE

The on-going initiatives will formalise and strengthen the current internal control system within the Group in compliance with the best practices in the Code throughout the year.

### Board of Directors

An experienced Board consisting of members with a wide range of business, financial, technical and public service background, leads and controls the Group. This brings depth and diversity in expertise and perspectives to the leadership of a highly regulated telecommunication business. Directors' profiles, appearing on pages 22 to 30 demonstrate the range of experiences vital to the management of a telecommunication company.

During the year, twelve Board Meetings were held and the attendance of the Board of Directors are as recorded in their respective profiles.

### Board Composition and Balance

The Board currently comprises two Executive Directors, five Non-Independent Non-Executive Directors and five Independent Non-Executive Directors. Board meetings are presided by a Non-Executive Chairman whose role is clearly separated from the role of the Chief Executive to ensure a balance of power and authority.

The Executive Directors generally are responsible in making and implementing operational decisions whilst the Non-Executive Directors support the skills and experience of the Executive Directors, contributing to the formulation of policy and decision-making through their knowledge and experience of other businesses and sectors.

The Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their independent judgement. Together they play an important role in ensuring that the strategies proposed by the

management are fully deliberated and examined, taking into account the long term interest of the shareholders, employees, customers, and the many communities in which the Group conducts its business.

Pursuant to Best Practices Provision AA VII, Dato' Dr. Mohd Munir bin Abdul Majid has been identified and appointed as the Senior Independent Non-Executive Director, to whom any concerns pertaining to the Group may be conveyed.

### Board Committees

The Board delegates certain responsibilities to Board Committees, namely a Nominating and Remuneration Committee, Audit Committee, Tender (TelCo) Committee and Employee Share Option Scheme Committee. Prior to the establishment of these committees, their functions were assumed by the Board as a whole. All committees have written terms of reference and operating procedures and the Board receives reports of their proceedings and deliberations. The Chairman of the various committees will report to the Board the outcome of the committee meetings and such reports are incorporated in the minutes of the full Board meeting.

### Supply of Information to the Board

Not less than seventy-two hours before each Board meeting, Directors are sent an agenda and a full set of board papers for each agenda item to be discussed. At the same time, dissemination of board papers is expedited via an efficient and secure electronic document management system to facilitate informed decision-making process.

The Board reviews the quarterly performance report which includes a comprehensive review and analysis of major business and financial issues, customer satisfaction indices, market share, key business indicators, product and service quality. Reports from meetings of Board

Committees and major strategic business units and subsidiaries of the Company are also considered at each Board meeting.

Procedures are in place for Directors to seek both independent professional advice at the Company's expense and the advice and services of the Company Secretary in order to fulfil their duties and specific responsibilities as enumerated in Best Practices Provision AAI of the Code.

### Board Appointments Process

Pursuant to the principles of the Code, the Board has established a Board Nominating and Remuneration Committee in November 2000, consisting of four Non-Executive Directors, three of whom are Independent. The Nominating and Remuneration Committee has recommended a formal and transparent procedure for the appointment of new directors to the Board which has been duly adopted by the Board.

### Directors' Training

An induction programme would be arranged for newly appointed Directors to facilitate their understanding of the operations of the Group as well as the products and services offered by the Group. During the year, all the Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia, an affiliate of the Kuala Lumpur Stock Exchange (KLSE).

### Re-Election of Directors

In accordance with the Company's Articles of Association all Directors who are appointed by the Board are subject to election by the shareholders at the Annual General Meeting subsequent to their appointment. The Articles of Association also provides that one third of the Directors are subject to re-election by rotation at each Annual General Meeting. An amendment is being incorporated to the Articles of Association to provide that Executive Directors also rank for re-election by rotation as provided in the KLSE Listing Requirements.

### Nominating and Remuneration Committee Membership

Dato' Ir. Muhammad Radzi bin Haji Mansor  
*Chairman*

*(Non-Independent Non-Executive Director)*

Dato' Dr. Mohd Munir bin Abdul Majid  
*(Senior Independent Non-Executive Director)*

Y.B. Tuan Joseph Salang Gandum  
*(Independent Non-Executive Director)*

\*Rosli bin Man  
*(Non-Independent Non-Executive Director)*

\*Ir. Prabahar N.K. Singam  
*(Independent Non-Executive Director)*

*\* Rosli bin Man was replaced by Ir. Prabahar N.K. Singam with effect from 16 October 2001 after relinquishing his independent status following his nomination as a representative of a substantial shareholder, Khazanah Nasional Berhad on the Board of the Company.*

### The objectives of the Nominating and Remuneration Committee are:

- to ensure that the Directors of the Board bring characteristics to the Board which provide a required mix of responsibilities, skills and experience; and
- to set the policy framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for Executive Directors and other selected top management positions with the aim to attract, retain and motivate individuals of the highest quality.

### Principal Duties and Responsibilities

- Recommend to the Board, candidates for directorship on the Board of the Company and its Group as well as membership of all other Board Committees. In making its recommendations, the Committee considers candidates from the Management for directorship in its Group of companies as proposed by the Chief Executive;
- Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and review its required mix of skills and experience and other qualities;
- Recommend suitable orientation, educational and training programmes to continuously train and equip existing and new Directors;

## corporate governance statement

TELEKOM MALAYSIA BERHAD

# corporate GOVERNANCE

- Set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe benefits and other terms of employment of the Executive Directors having regard to the overall Group policy guidelines and framework;
- Advise the Board on the performance of the Executive Directors and an assessment of their entitlement to performance related pay; and
- Establish and recommend a formal and transparent procedure for developing policy on remuneration of Non-Executive Chairman, Non-Executive Directors and Board Committee members, which recommendation shall be decided by the Board of Directors as a whole.

The Nominating & Remuneration Committee has the authority to examine a particular issue and report back

to the Board with recommendations. The determination of remuneration packages of Directors is a matter for the Board as a whole and individuals are required to abstain from discussion on their own remuneration. The Committee met five times during the year.

### Details of Directors' Remuneration

Executive Directors' remuneration comprised salary, allowances and bonuses. Other customary benefits are also made available as appropriate. Salary reviews take into account market rates and the performance of the individual and the Group.

Details of the nature and amount of each major element of the remuneration of each Director of the Company are as follows:

Directors	Salaries RM	Fees & Allowances RM	Bonuses RM	Benefits- in-kind RM	Total RM
<b>Executive</b>					
Dato' Dr. Md Khir bin Abdul Rahman	264,000	42,000	22,090	17,200	345,290
Dato' Dr. Abdul Rahim bin Haji Daud	240,000	18,885	30,000	8,900	297,785
<b>Non-Executive</b>					
Dato' Ir. Muhammad Radzi bin Hj. Mansor	—	138,375	—	15,000	153,375
Dato' Dr. Halim bin Shafie	—	26,750	—	1,500	28,250
Dato' Abdul Majid bin Haji Hussein	—	26,350	—	1,500	27,850
Y.B. Tuan Joseph Salang Gandum	—	86,789	—	1,500	88,289
Y.B. Dato' Ir. Haji Mohd Zin bin Mohamed	—	58,399	—	1,500	59,899
Dato' Dr. Mohd Munir bin Abdul Majid	—	28,450	—	1,500	29,950
Ir. Prabahar N.K. Singam	—	54,585	—	1,500	56,085
Lim Kheng Guan	—	37,470	—	1,500	38,970
Rosli bin Man	—	26,000	—	1,500	27,500
Tan Poh Keat	—	45,600	—	1,500	47,100
<b>Alternate</b>					
Mohammad Zanudin bin Ahmad Rasidi (Alternate to Dato' Abdul Majid bin Haji Hussein)	—	1,050	—	1,500	2,550
Suriah binti Abd Rahman (Alternate to Dato' Dr. Halim bin Shafie)	—	4,150	—	1,500	5,650
<b>Total</b>	<b>504,000</b>	<b>594,853</b>	<b>52,090</b>	<b>57,600</b>	<b>1,208,543</b>



## Shareholders

The Investor Relations Unit has an active programme of contact with institutions and brokers which involves not only presentations at the time of the announcement of the Group's interim results but also a regular dialogue with major institutional investors. The Group publishes documentation used at the time of these briefings through the Internet. However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder.

A website ([www.telekom.com.my](http://www.telekom.com.my)) has been established for access by shareholders for information. The Group participates actively in investors' conferences overseas, involving presentation on developments within the Group.

Full use is made of the Annual General Meeting to inform shareholders of current developments with an opportunity for shareholders to raise questions when the Directors are available to respond to their questions. A press conference is held immediately after the Annual General Meeting where the media is advised on the status of resolutions that were considered. The Chairman, the Executive Directors and the Chief Financial Officer are present at the press conference to clarify and explain issues raised by the press media.

## Accountability and Audit

### Directors' Responsibility Statement in respect of the Preparation of the Audited Financial Statements

The Directors are required by the Companies Act 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flow of the Group for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors have a general responsibility for ensuring that the Company and the Group keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Company and the Group. Efforts are made to ensure that such financial statements comply with the Companies Act 1965, approved accounting standards in Malaysia and other regulatory provisions.

### State of Internal Controls

The Statement on Internal Control is set out in pages 46 and 47 of the annual report which provides an overview of the state of internal controls within the Group.

### Relationship with the Auditors

An appropriate relationship is maintained with the Company's Auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors.

A full Audit Committee report enumerating its role in relation to the Auditors is set out in pages 43 to 45.

### Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's Financial Performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcements of the results to shareholders as well as the Chairman's Statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

## additional compliance information

TELEKOM MALAYSIA BERHAD

The following information is provided in compliance with the Kuala Lumpur Stock Exchange (KLSE) Listing Requirements:-

### 1. Non-audit fees

The amount of non-audit fees paid and payable to the external auditors and their affiliated companies by the Group for the financial year ended 31 December 2001 is as follows:-

	<b>RM</b>
PricewaterhouseCoopers	575,700
PricewaterhouseCoopers Taxation Services Sdn. Bhd.	640,800
PricewaterhouseCoopers Consulting Sdn. Bhd.	933,000
	<u>2,149,500</u>

### 2. Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) that have been entered by the Company or its subsidiaries involving directors and substantial shareholders in the past two (2) years preceding the date of this annual report.

### 3. Recurrent Related Party Transactions of revenue nature (RRPT)

The KLSE has, vide its letter dated 8 November 2001, granted extension of time for the Company to obtain shareholders' mandate to enter into RRPT, from 31 January 2001 until the date of the Company's Annual General Meeting in May 2002.

KLSE has also, vide its letter dated 13 December 2001, approved the Company's application for a waiver from paragraphs 10.08 and 10.09 of the KLSE Listing Requirements for:-

- a) the provision of telecommunication, multimedia and data services;
- b) the receipt of other utility services i.e. electricity, water supplies and public transport; and

- c) consumption of fuel on retail basis.

(collectively referred to as "Excluded Transactions")

subject to the following:-

- (i) The provision of the services of such Excluded Transactions by the related parties are based on fixed price or graduated scale which is published or publicly quoted to all customers or classes of customers.
- (ii) The price of charges applicable to the Company are:-
  - In the case of provision of the such Excluded Transactions by the Company, no lower than the prevailing market price; and
  - In the case of receipt of such Excluded Transactions by the Company, no higher than the prevailing market price.
- (iii) The material terms of such Excluded Transactions are applied consistently to all customers or classes of customers in respect of such Excluded Transactions i.e. there is no preferred treatment accorded to the related parties.

In addition to the above, the KLSE has granted exemption to the Company from the requirements to make announcement and obtain shareholders' approval pursuant to paragraphs 10.08 and 10.09 of the KLSE Listing Requirements in respect of RRPTs involving Employees Provident Fund Board, Bank Negara Malaysia, Permodalan Nasional Berhad (PNB) and funds managed by PNB provided that the aforesaid are passive investors.

### 4. Sanctions/Penalties

There were no sanctions and/or penalties (that were made public) imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.



## audit committee report

TELEKOM MALAYSIA BERHAD



**Dato' Dr. Mohd Munir bin Abdul Majid**

*Chairman  
Independent  
Non-Executive Director*



**Dato' Abdul Majid bin Haji Hussein**

*Non-Independent  
Non-Executive Director*



**Y.B. Tuan Joseph Salang Gandum**

*Independent  
Non-Executive Director*



**Ir. Prabahar N.K. Singam**

*Independent  
Non-Executive Director*



**Lim Kheng Guan**

*Independent  
Non-Executive Director*



**Haji Khairuddin bin Jamaluddin**

*Group Chief Auditor/  
Secretary to Audit Committee*

### 1. Terms of Reference

The Audit Committee was established since September 1988 to act as a committee of the Board of Directors and its terms of reference are as set out in page 45.

### 2. Membership and Meetings

The Audit Committee comprises four Independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows:-

Dato' Dr. Mohd Munir bin Abdul Majid  
(Chairman)  
*Independent Non-Executive Director*

Dato' Abdul Majid bin Haji Hussein  
*Non-Independent Non-Executive Director*

Y.B. Tuan Joseph Salang Gandum  
*Independent Non-Executive Director*

Lim Kheng Guan  
*Independent Non-Executive Director*

Ir. Prabahar N.K. Singam  
*Independent Non-Executive Director*

Members of the Audit Committee shall not have a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee. Members of the Audit Committee shall possess sound judgement, objectivity, independent attitude, management experience and knowledge of the industry.

## audit committee report

T E L E K O M M A L A Y S I A B E R H A D

### 3. Meetings

The committee had six meetings in the period. Dato' Dr. Mohd Munir bin Abdul Majid and Lim Kheng Guan attended all six meetings, whilst Ir. Prabahar N.K. Singam attended five meetings and Dato' Abdul Majid bin Hj Hussein and Y.B. Tuan Joseph Salang Gandum attended four out of the six meetings.

Group Chief Financial Officer, other senior management members and the Group external auditors attended these meetings upon invitation by the Chairman of the Committee.

### 4. Summary of Activities

Apart from its duties as set out in its terms of reference, the Audit Committee also carried out the following activities during the period:

- i) The establishment of:
  - The Task Force for Best Practices to assist the Audit Committee on best practices, Governance and compliance requirements. The Task Force consistently submitted their reports in every Audit Committee Meeting; and
  - The Risk Management Committee to assist the Audit Committee in establishing an enterprise-wide risk management programme to identify principal risks of the Group and to mitigate those risks.
- ii) Update on statutory and regulatory requirements including the implementation of the accounting standards applicable in the preparation of financial statements.
- iii) Review and update on the Policy Statement on Internal Control and Internal Audit Charter.
- iv) The Audit Committee reviews the effectiveness of the Group's system of internal control, which is subsequently endorsed by the Board.

### 5. Internal Audit Function

The Group has a well established Internal Audit Division which reports to the Audit Committee.

The Audit Committee approves the Internal Audit Plan that is developed on risk analysis approach at the beginning of each year. The scope of Internal Audit covers the audits of all financial and operational matters including those of subsidiaries. Other main activities include auditing of:

- Revenue assurance;
- Financial management and operations;
- Marketing and sales activities;
- Security, controls, operations and development information system;
- Network availability, serviceability and quality;
- Human resource operations;
- Support service operations; and
- Local subsidiaries and international ventures.

The Audit Committee receives regular reports from the Group Chief Auditor of the Internal Audit on audit works and activities prior to the Committee meetings. The Internal Audit reports are submitted to Audit Committee based on quarterly audit plan as well as additional reports based on special requests by the Management.

Additionally, the Internal Audit Division works closely with the external auditors to resolve the accounting and control issues of the organisation as raised by them to ensure that significant issues are appropriately and effectively addressed by the management personnel concerned.



## TERMS OF REFERENCE OF AUDIT COMMITTEE

### 1. Composition of the Audit Committee

The committee and the Chairman shall be appointed by the Board of Directors and shall consist of at least three (3) Non-Executive Directors a majority of whom are independent.

The Audit Committee shall be appointed by the Directors from amongst their members and the members of the Audit Committee shall elect a Chairman from among themselves who shall be an Independent Director. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. The Board of Directors must review the term of office and performance of an Audit Committee and each of its members at least once every three years to determine whether such Audit Committee has carried out their duties in accordance with their terms of reference.

### 2. Meetings

The Committee shall meet not less than four (4) times a year and report to the Board of Directors. The quorum of the Committee meetings, shall consist at least two thirds of the members with Independent Non-Executive Directors forming the majority.

### 3. Authority

The Audit Committee has unrestricted access to information, records, properties and personnel of the Group. It also has direct communication channels with the external and internal auditors. The Committee is also authorised by the Board to obtain external independent professional advice as necessary.

### 4. Duties and Responsibilities

The following are the main duties and responsibilities of the Committee collectively:

- i) To approve the Internal Audit Charter, which defines the independent purposes, authority, scope and responsibility of the internal audit function in the Company and Group;
- ii) Consider the appointment of a suitable accounting firm to act as external auditors and amongst the factors to be considered for the appointment are the adequacy of the experience and resources of the firm and the persons assigned to the audit, to consider any question of resignation or dismissal and to recommend the audit fee payable thereof;

- iii) Discuss with the external auditor before the audit commences, the nature, approach and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- iv) Review the quarterly interim results, half-year and annual financial statements of the Board;
- v) Review with the external auditors the financial statements for the purpose of approval before the audited financial statements are presented to the Board for adoption;
- vi) Discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss in the absence of the management where necessary;
- vii) Review the follow-up actions by management on the weaknesses of internal accounting procedures and controls as highlighted by the external and internal auditors per management letters;
- viii) Review the assistance and co-operation given by the Company and its officers to the external and internal auditors;
- ix) Review the Internal Audit Programme and results of the internal audit process;
- x) Review and appraise the performance and remuneration of the Head of Internal Audit (Group Chief Auditor) and be consulted on his appointment and removal;
- xi) Review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines;
- xii) Propose best practices on disclosure in financial results and annual reports of the Company in line with the principles set out in the Malaysian Code of Corporate Governance, other applicable laws, rules, directives and guidelines;
- xiii) Propose an adequate system of risk management for Management to safeguard the Group's assets;
- xiv) Consider and review any significant transaction which are not within the normal course of business and any related party transactions that may arise within the Company and the Group; and
- xv) Consider other topics as defined by the Board.



## statement on internal control

TELEKOM MALAYSIA BERHAD

### 1. Introduction

The Malaysian Code on Corporate Governance stipulates that the Board of listed companies should maintain a sound system of internal control to safeguard shareholders' investments and Group assets. The Board is taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of operations.

### 2. Responsibility for Risk and Internal Control

The Board recognises the importance of ensuring that a sound system of internal control and effective risk management practices are in place in the organisation. The Board is therefore committed to give due attention to improving the effectiveness of internal control, risk management and governance processes of the organisation. However, it should be noted that any system can only provide reasonable and not absolute assurance against material misstatement of loss.

### 3. Risk Management Framework

In ensuring its ongoing review of significant risks affecting the organisation, the internal control procedures with clear lines of accountability and delegated authority were established through a series of standard operating practice manuals.

During the year the Audit Committee strengthened efforts to improve and monitor the effectiveness of internal control and risk management implementation with regular updates to the Board through the following committees:

- i) The Task Force for Best Practices headed by Group Chief Financial Officer whose membership include Group Chief Internal Auditor, Telco Chief Financial Officer and the Company Secretary. The terms of reference of the Task Force are as follows:
  - To ensure the Group's compliance with relevant statutory and regulatory provisions;
  - To recommend best practices for the Group in terms of disclosures, in respect of the Malaysian Code on Corporate Governance, in quarterly financial results and annual reports;
  - To update the Audit Committee on regulatory and statutory changes; and
  - To discuss and review any other matters as directed by the Audit Committee from time to time.

Since its formation in October 2000, the Task Force had, inter alia, considered the Guidance for statement on Internal Control and initiated the establishment of a Risk Management Committee.

- ii) The Risk Management Committee (RMC) was established in August 2001 to coordinate implementation of an enterprise-wide risk management programme for the Group. RMC's terms of reference are as follows:
  - Coordinate with relevant business units to identify key risk exposures of the Group;



- Compile key risk profile and ensure the risk control systems are in place to manage such risks; and
- Prepare Group risk management reports with recommendations to improve the current risk control system to further strengthen the integrity of the internal control mechanism.

The implementation of the enterprise-wide risk management program will ensure a more coordinated and consistent approach in managing the Group's significant risk exposures.

#### 4. Other key elements of Internal Control

The following are other key elements of the Group's internal control systems:-

- i) The Board has put in place an organisation structure, which formally define lines of responsibilities and delegation of authority. These include:-
  - The establishment of five independent and focused operating units headed by Chief Operating Officers/Chief Executive Officer(s) with calibre to fulfill their respective responsibilities;
  - A Corporate Centre which is focused on key areas of strategy and corporate development, marketing and human resource development and corporate finance to guide the five operating units;
  - The establishment of a Change Management Office to manage the organisation's restructuring process.
- ii) Internal control procedures are set out in a series of standard operating practice manuals and business process manuals with clearly established procedures for planning, capital expenditure, safeguarding of assets against unauthorised use or disposition, financial and accounting records, reporting system and monitoring of the Group's businesses and performances;
- iii) The Corporate Centre coordinates the process for the Group for the coming year wherein the budgets are approved at operating unit level and ultimately by the Board;
- iv) Monthly performance reports provide Management and the Board with comprehensive information on financial performance, key business indicators including level of service quality; and
- v) The Management Committee monitors the monthly results of the Group against budget and in the event of major variances, Management will take appropriate action.

# Reaching Out, With A Plan

You want to keep in touch.

**Locally** and **globally**.

You want the best value.

You want real **benefits**.

Which is why we're always one step ahead.

Anticipating your needs, wherever you may be.

With services to enhance your **communications**.

With call plans to save you **time** and **money**.

With **rewards** programmes to enhance your life.

All you have to do is to reach out



We never forget that  
each and every customer is  
a special individual.

With individual needs.



## chairman's statement

TELEKOM MALAYSIA BERHAD



**Dato' Ir. Muhammad Radzi bin Haji Mansor**  
*Chairman*





We have come through an extraordinary twelve months of 2001 on which it now behoves me to comment. In my previous year's message, the theme was 'Change', alerting us to the prospect of change being more rapid and profound than ever before, to a degree of uncertainty, and to a future it had become hard to predict. Nothing, however, could have prepared us for the devastating effects of September 11. There was simply no precedent we could follow as a whole new dimension of political and economic risks confronted us. It was a test of our stamina and our resilience in difficult and challenging times.

I am happy to report that your Company had not only emerged relatively unscathed but remained steadfast in its resolve to continue to create shareholder value at every opportunity. At the same time, we maintained a healthy scepticism of the status quo, undeterred in the quest for constant improvement, new initiatives and new directions to enhance your Company. The process of regeneration is going forward as, over the years, the Company entered a period of transformation designed to reinvent itself and better position itself for the challenges which lie ahead. By a perverse irony, the shock of Ground Zero facilitated the process of change. Crisis often has the effect of galvanizing truly strategic change. We were forced to redefine our focus, review our positioning and rethink our strategy.

Above all, 2001 was for us a good, if somewhat inconsistent year, in terms of profitability. We are comfortably geared, with a strong balance sheet, thanks to our good anticipation and timing on the sale of our venture in Thailand. Apart from this, the picture was mixed. The fixed line business remained the mainstay of revenues and profitability. Cellular, on the other hand continues to show progress. The contribution from our overseas investments continues to improve, but we need to be reminded of our exposure to externalities with changes in government and regulatory regimes.

# STATEMENT



## chairman's statement

TELEKOM MALAYSIA BERHAD



The extraordinary item in this year's Account was the sale of our 49.99% stake in Digital Phone Company Ltd. – DPC, our joint venture in Thailand. Your Company is to be congratulated both on the deal and the timeliness of execution, being completed just a week ahead of the infamous September 11, and helped crucially to cushion the adverse economic fall out. We need, however, to see this in perspective as a one off boon that cannot expect to be repeated. A realistic appraisal reveals, as a top priority, the need to grow our cellular revenue stream. The fixed line sector, long regarded as the core business, continues to ensure a stable income stream but cannot be depended upon as an engine of growth. The rapid consumer migration from fixed to mobile necessitates the need to refocus on this other side of our business. Cellular revenue at present is only 17% of the Company's total income. One hopeful sign came at year-end when after declining from June to September, cellular income began to show surprising strength. This does not obviate the need for an overall growth strategy.

The year also saw our major restructuring exercise advancing whereby we have disaggregated the old structure to allow the Divisions to function freely and flexibly. The five independent and separately focused business operating units are now firmly in place. However, they are not functioning fast enough. More momentum is needed. But soon there may be a new impetus that will serve to energize our whole existence. The Government has signaled its desire for further consolidation of the industry. This is nothing new, as we began with eight licensed operators, reduced to the present five, and now contemplate a further pruning to three. It is therefore part of a progressive ongoing process of rationalization. Telekom Malaysia believes that three players in the market is more realistic and more manageable. Too many contenders lead to a wasteful duplication of networks. Downsizing will involve cost savings that can be passed on to the consumer. The present still overcrowded market, moreover and most pertinently, encourages a tendency to compete on promotions rather than network quality and innovative services. Telekom Malaysia, as the country's first and pre-eminent telecommunications provider, would like to play a leadership role in the new industry landscape.

Our leadership role is one we value and further efforts were made last year to sustain and enhance it, in more than just a business sense. What distinguishes Telekom Malaysia – what makes us different, is a culture of innovation and our unremitting dedication to our corporate citizenship obligations. Innovations that stood out last year included our contribution to the nation's Wild Life project as part of our commitment to environmental conservation. In human resource development there was a new proactive emphasis on leadership specifically to empower our top management for the more strategic challenges ahead. So often company training focuses exclusively on technical skills and re-skilling programs to meet the relentless demands of technology – but leadership skills are taken for granted. We continued our commitment to education and playing our part in the knowledge economy. Our wholly-owned subsidiary Universiti Telekom Sdn. Bhd.



manages the Multimedia University which is the first private university to be licensed and remains the biggest in the field with 12,000 students currently. As an industry related institution, it offers hi-tech education duly accredited to keep pace with advancing technologies.

It follows that your Company is forward looking as we enter another year of uncertainty. There will be unforeseen challenges and new issues. One that we may anticipate are concerns about the long overdue tariff re-balancing exercise. While some tariff changes were made in 1996 the current structure of charges has been in place since 1982 when they were formulated to meet the circumstances then prevailing in Malaysia. Technology innovation which has fundamentally rewritten the economics of our business justifies a revamp of our tariffs to reflect the underlying costs of service provisioning. Unfortunately, there will be winners and losers but let me emphasise that for the majority of our local consumers the new charges will not be punitive.

Meanwhile Telekom Malaysia's aspirations are high. We mean to build greater subscriber loyalty. We seek re-branding in the wake of our new identity. We recognize the need to appeal to the younger population especially in the prepaid sector. We continue to expand our horizons and are looking to achieve a stronger regional footprint, to which end we will be considering new strategic partnerships.

The final message is one of confidence. The Year of the Horse encourages us to build pace and gallop forward with a new momentum. We have at last opened the doors to our staff to start occupying our new Headquarters, Menara Telekom. The new office is a tangible expression of our faith in the future. But most of all our next home is a new landmark in this fair city. When the sceptics and reluctant foreign investors express their doubts about Malaysia there is one recipe that never fails to convince. They should look at the landscape. Telekom Malaysia has taken its place with pride in the country's showcase.

Finally it is all down to people. We are building our human asset base and applaud our loyal staff. May I thank my fellow Board of Directors, the Chief Executive and his Deputy, the Chief Executives of subsidiaries and associate companies, the management and staff who are the mainstay of us all, for their resilience, their dedication and their hard work even through the difficult times. We are truly indebted. Our appreciation also goes to the relevant authorities, business partners and most valued customers.

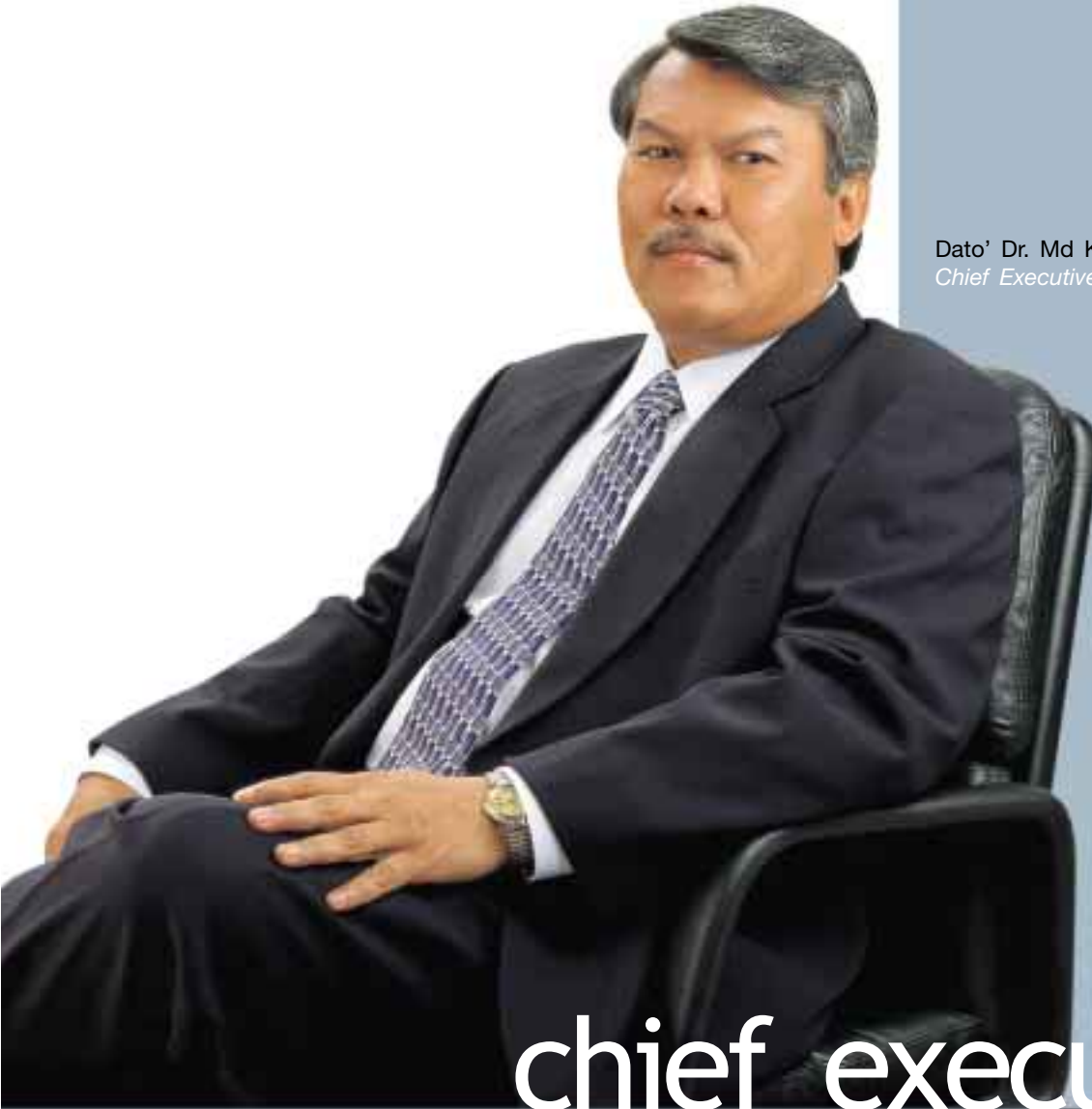
To our Shareholders I pledge our undiminished, indeed our renewed commitment to make Telekom Malaysia a world class company by the target year 2005.

**Dato' Ir. Muhammad Radzi bin Haji Mansor**  
*Chairman*



## chief executive's statement

TELEKOM MALAYSIA BERHAD



Dato' Dr. Md Khir bin Abdul Rahman  
*Chief Executive*

# chief executive's

“Our corporate vision to be a customer centric world class communications company dictates that customers’ needs will drive the technology and services we deploy and not the other way around.”





The year 2001 has been both challenging and eventful for most industries. Even before September 11, the global economy was tottering in uncertainty between economic slowdown and recession, and the extent the fateful event did was merely to hasten the process. Arguably, the ICT industry contributed largely to the upheavals in the global economy with notable casualties among the over-valued dot-coms, mostly with flaky business models.

The impact spared few. The financial prospects of the telecommunications industry, buoyant and exuberant for so long, have also received as much knocks than anybody can remember. The shockwaves hit many established incumbents in Europe as it similarly did to several new entrants in the industry. The mobile industry endured most of the misery.

For many incumbent European operators, the 3G licensing process took a very high toll on their balance sheets with successful bidders now nursing painful debts. The 3G business case is still uncertain and what has become clear is that in practice, 3G would deliver less to the customers than the early promises had suggested.

All this happened in the wake of the industry undergoing deregulation and liberalisation. For incumbents, competitive pressures will definitely build up especially in the core fixed line business as well as in the data business. Near-monopoly will soon dissipate.

Still there are hopes and encouraging signs in the form of new businesses. While telecommunication companies have yet to become proficient in

generating revenues especially out of content and advertising, customers have shown some willingness to pay for efficient fast access and innovative value-added services. These are the challenges over the next few years.

Despite the global turbulence, the impact of which was felt equally in the domestic market, Telekom Malaysia still managed to ride the waves and excel, striking a graceful and successful balance between carrying out a national responsibility, and slowly emerging as a progressive and innovative next generation communications provider.

We have continued to maintain our leadership in traditional services. Our market share of the fixed line and Internet services stand at 95% and 70% respectively. At the same time, we are aggressively growing the subscriber base to contribute to levels of national penetration equivalent to other developing countries around the world. I am particularly proud of the major strides that we made in the mobile market space. Given where we started off, we have managed to grow by leaps and bounds to secure the third largest market share in the local mobile market. Our TMTOUCH subscriber numbers grew by 67.1% to 1.21 million and today our total presence stands at 1.36 million subscribers including those from our Mobikom and ATUR 450 services.

Our group revenue rose 9.7% to RM9.67 billion from RM8.81 billion last year. Our commendable performance in 2001 also significantly boosted our group pretax profit to RM2.44 billion, with our net profit increasing by more

# STATEMENT



## chief executive's statement

TELEKOM MALAYSIA BERHAD

than one and a half times from the previous year to RM1.81 billion. Group EBITDA for 2001 is RM4,272.3 million while our earnings per share rose 156% to 58.6 sen from 22.9 sen last year.

We, however, cannot afford to feel contented with current achievements. We have to strive and reach out to attain higher goals, as much work needs to be done to ensure that we stay ahead of the competition. The coming year will bring new challenges and the organisational restructuring that we have undertaken will be put to the test. Our robustness and commercial viability will be tested as the industry introduces new changes. Changes such as the liberalisation of the last mile and the demand for next generation of mobile services will only encourage us to be more resolved in our commitment to succeed in the long term. We will be required to take tough decisions. The decisions we take today on how we position ourselves in this environment will determine our success and how well placed we are to face the times ahead.

The achievements of Telekom Malaysia were made possible through the unfailing support and tireless efforts of the Board of Directors, management team and all the staff. It is due to their unified resolve in achieving the goals of our corporate vision that I am able to present to you, the highlights and results of our performance for 2001.

**2001 Group Performance** | A new chapter unfolds in the development of Malaysia's telecommunications industry. The evolutionary trend of communications markets around the world is one where customer centricity is quickly becoming a key influence in all things regulatory and services related.

Telecommunications is an industry that has its own unique challenges. Technology has become increasingly sophisticated and expensive, but users on the other hand expect to pay less for these technology-enabled high-speed and high value-add services. To be a next generation operator, we will therefore need to focus on total customer satisfaction, deriving our revenues from market share captured and compelling services offered. Operators can no longer run a business on the assumption that customers will readily pay more for more advanced technology. Our Total Customer Care initiative is one of the key components in our corporate vision, and testament of our commitment to reaching out to our customers and providing quality service to all Malaysians.

Already we are reaping the results. Much of the substantial growth in Telekom Malaysia's TMTOUCH service can be attributed to service initiatives designed to enhance customer experience and provide substantial savings





in the process. We have also managed to offer various new product offerings resulting in our ability to cap losses in our mobile businesses from the previous year of RM586 million to RM400 million. Judging by the strong growth we have experienced in our mobile subscriber base over the year, we are confident that the downtrend is over and look set to post a profit in 2002.

2001 has also seen strong growth in our mobile data services particularly through the deployment of SMS. With the promise of WAP failing to jump-start the mobile data services market, other operators too have looked to the ever-robust and familiar SMS platform as the vehicle for the delivery of such services.

The spirit of innovation and our focus on customer needs and satisfaction have always been the driving force behind the way we create services and select and improve our technologies. By delivering value-added and compelling data services over our GSM 1800 network, we have created a new and growing source of revenue for our mobile business. At the same time we have been able to differentiate ourselves from the competition whilst delivering value to our customers. These have created an appetite for data services among our users today, which is a sign of acceptance towards the migration into future GPRS (2.5G) and 3G services.

Similarly, the enhancement of customer services through eCRM (Customer Relationship Management) by our TMnet service has seen our Internet subscriber base double over the past year, giving us the majority share of the market with 1.27 million subscribers. e-CRM also contributed to the improvement of sales, the enhancement of integration between sales and marketing, the overall efficiency of back-end services and the customer call center. These customer centric initiatives have enabled the TMnet service to emerge as the nation's preferred ISP.

Whilst we remain proud and optimistic of our achievements, we must also look back at some of the challenges we faced in order to seek opportunities for improvements. The fixed line business has gone through some upheavals with the introduction of tariff rebalancing measures which increase the price of local calls and reduce the price of outstation and

IDD calls. Our dominance in the Malaysian fixed line market has inevitably put us in the spotlight in respect of the cost impact of this to users. As with all pricing adjustments, a reaction from the user market can be expected. However we anticipate that this will not have a significant impact on revenues of our fixed line business or any major change in fixed line user habits in the longer term. Even as the impending liberalisation of the last mile for fixed lines places us on a new competitive plane, we remain confident that with our clear, customer centric vision and approach to business, we will continue to deliver and remain as the preferred service provider.

The year also saw Telekom Malaysia taking a bold step in broadening telecommunication coverage across the nation whilst at the same time fulfilling our responsibility as an incumbent under the guidelines of the Universal Service Obligation (USO). By employing the Code Division Multiple Access (CDMA), Telekom Malaysia delivered the long-awaited telephony services to rural Malaysia, reaching out to our customers through technology where it previously proved to be almost impossible due to high cost and technical difficulties. CDMA is an effective wireless connectivity solution that offers both enhanced voice and data services. The gradual increase in rural footprint using CDMA is another step in Telekom Malaysia's efforts towards realising the government's aspiration of narrowing the digital divide.

In line with the increasing bandwidth demand from both corporate and private users, Telekom Malaysia has prioritised the rollout of our high speed broadband services to reach the most valuable customers and the high density areas all over the country. It is clear to us that with the increasing emphasis for high speed Internet, interactive multimedia and on-line services, the demand for broadband local access is set for exponential growth in the next few years. I am confident that we are well positioned to be an active player in meeting Malaysia's growing thirst for higher bandwidth. As owner of the largest telecommunications network, we will continue to deploy the right mix of best-of-breed technologies to fulfill the needs of our customers in this area.

## chief executive's statement

TELEKOM MALAYSIA BERHAD

We have also taken steps over the last years to strengthen and enhance our positioning in the global industry space by carrying out necessary network infrastructure expansion and enhancements in tandem with global market demands. December 2001 marked a milestone in Telekom Malaysia history with the introduction of the new state-of-the-art fiber-optic Asia Pacific Cable Network 2 (APCN2). The 19,000 km long APCN2 cable system will connect Malaysia to seven territories namely Japan, Korea, China, Taiwan, Hong Kong, Philippines, and Singapore as well as provide seamless interconnection with other parts of the world. The APCN2, along with other existing global connections that we have implemented, is directly fulfilling our government's vision to establish Malaysia as a 'Telecommunications Hub' in the region.

It is our intention to continue rolling out more sophisticated value added services to our customers and also optimise our network efficiency and capabilities. High on our priority is the need to integrate all the various systems that have been developed to support our operations and services to the customers. Early last year, we have embarked on a comprehensive effort to implement an integrated Network Management System which eventually will allow us to effectively manage and monitor the various networks to improve our services. This major initiative will bring us closer to accomplishing our vision of becoming a cost effective, efficient and seamless total communications service provider to our valued customers.

**Contribution from Overseas Operations and Local Subsidiaries** | Internationally, the year under review constitutes a year of strategic consolidation of the company's international or offshore investments which resulted in strengthening the core businesses. The strategic consolidation allowed for economic expansion of network and focused on key drivers of economic return from each investment. As at the end of 2001, the net earnings from the international investments contributed approximately 8% of the group's net profit after tax. In this regard, while we have, during the year, profitably divested our interest in DPC, a cellular company in Thailand, we are still on track in our objective of extending our international footprint by shifting our focus on the regional markets and at the same time not precluding opportunities in other viable and profitable markets. Our thrust is to create operational values for Telekom Malaysia and the host country while at the same time looking at the right strategy to maximize capital value for our investments. It is anticipated that net earnings from offshore investments will provide a significant contribution to the group's earnings in the near future.

On the local front, I am glad to note that the local subsidiaries and associate companies have begun to contribute positively towards the earnings of the group. The subsidiaries in total and inclusive of cellular operation, have managed to cap their losses from RM840 million in the year 2000 to RM251 million last year. Though some of the subsidiaries still have yet to register good profit figures, their operations are important to the group as a whole to the extent that they provide synergistic value to the company through cross-bundling of products and services. Notably the group has entered into the potentially lucrative e-payment business through our subsidiary, Telekom Technology Sdn. Bhd. This is an area of service that will enable Telekom Malaysia to leverage on its efficient and comprehensive network infrastructure to provide electronic and mobile payment services and to generate new revenue streams for the company. Among the early services introduced are the bill presentment and payment services, mobile prepaid card uploading and on-line ticket purchasing.

**Managing Change** | The ambitions we have set ourselves for the next fiscal year and the years ahead, are indeed very challenging ones. Telekom Malaysia has undergone a corporate restructuring exercise that splits Telekom Malaysia into five new independent and focused operating units concentrating on fixed line, cellular, multimedia, international ventures and facility management and support services. Each strategic business unit functions independently, each with their own financials and strategy, and aligned to the vision of Telekom Malaysia. Efforts are being made to streamline the processes, right-size resources and putting in the necessary governance to achieve operational excellence.





On our people change strategy, we have in 2001 implemented various initiatives with the objective of focussing our human resource within a highly competitive environment in support of business goals. Ranked highly in our list of priorities were the adoption of a new compensation structure to put the executive salary level comparatively closer to the industry, the reformulation of our executive development program which put emphasis on knowledge management and increasing intellectual capital and an intensive program to manage our top talents in the company to prepare them as future leaders. We have also during the year entered into a new 3-year collective agreement, with our three in-house unions in recognition of the vast contribution made by the non-executives. With these and other human resource initiatives already in place, we believe we have begun to put the right foundation for the company to adopt a performance based culture in driving its business.

**Positioning for the Future** | The fast paced evolution and sophistication of communications have broken down barriers between continents and countries, creating seamless paths to transact, share information and quite simply – communicate. The liberalisation of Malaysia’s telecommunications industry is a result of this global trend and it has necessitated that everything Telekom Malaysia does from now on, evolves along with it.

The upcoming third generation (3G) licensing awards process will see further consolidation in the industry with only three licensed 3G operators in the future. Telekom Malaysia is actively and prudently participating in this licensing process to fulfill our mission in acquiring one of three licensed spectrum bands to offer value-added 3G services to our subscriber base. The immediate challenge however, would be for Telekom Malaysia to manage the mindset evolution of our subscribers and the market, in preparation for 3G.

Scepticism and limited success in commercial 3G rollouts elsewhere in the world have cautioned us to exercise prudence and practicality when rolling

out our 3G services. The real challenge will come in the form of effective planning and rollout of this technology for optimum impact. In two years, 3G will be commercially available in Malaysia and Telekom Malaysia intends to take the lead by embarking on an initiative to educate the majority of voice centric users on the possibilities of 3G. We hope to give our subscribers a first taste of the mobile Internet and facilitate their migration onto 3G services. Our corporate vision to be a customer centric world-class communications company dictates that customers’ needs will drive the technology and services we deploy and not the other way around.

Our pioneering involvement in high-technology digital communications doesn’t just end with 3G, we are also creating new values from the fixed line business by creating new value added services and position Telekom Malaysia to be the main provider of broadband and Internet services. These services will serve as the platform for the development of new multimedia applications and content for our customers. The future of Telekom Malaysia’s business will be a tightly integrated fixed line, multimedia and mobile service provider.

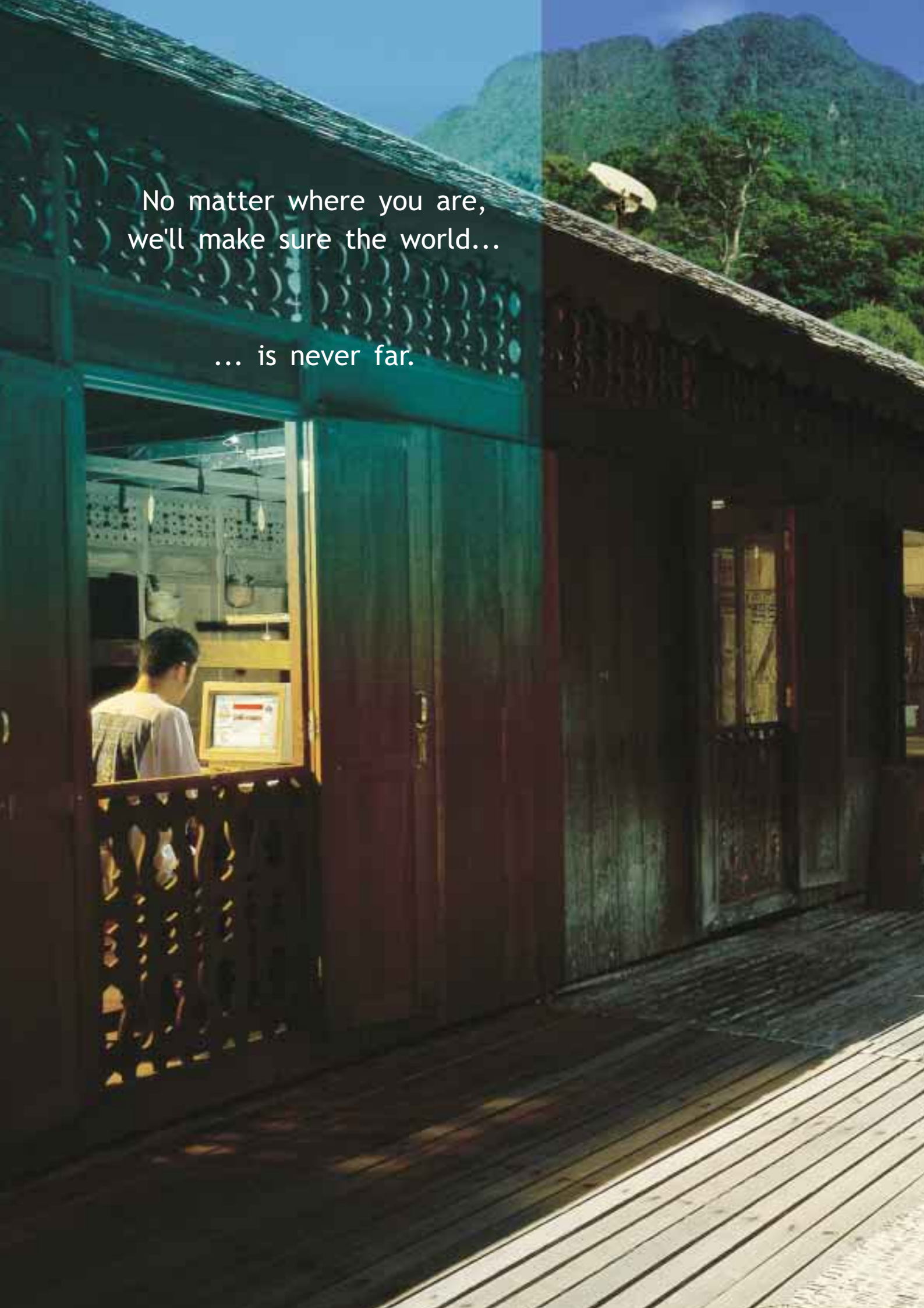
The new millennium has seen the introduction of many new technologies in the telecommunications market. Users have been quick to embrace them because they deliver value, convenience, savings and provide an overall richer experience to their everyday lives. As the nation’s premier communications provider, Telekom Malaysia will continue to drive towards being the catalyst and medium that binds all these technologies together for Malaysians into one seamless and acceptable solution. A convergence of these technologies is inevitable.

Our challenge is in meeting these changes head on by positioning ourselves to be faster, more creative and innovative than the competition. Only then can we hope to not only maintain our foothold in the present telecommunications industry landscape but also to reach out and offer new services for the future digital economy.

**Dato’ Dr. Md Khir bin Abdul Rahman**  
*Chief Executive*

No matter where you are,  
we'll make sure the world...

... is never far.



# Reaching Out, Everywhere

No one else has our infrastructure nationwide.

Indeed, **no one** has even come close

From the **digital networks** that criss-cross the nation  
to the **broadband** infrastructure that links the continents.

From the country's most extensive **fibre optic network**  
to the latest **wireless solutions**.

We're reaching out for you.

So you can reach out

Wherever you want to.

