



Fastest 4G Mobile Internet with Voice

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YTL Communications Sdn Bhd

Press Statement

Setting the Record Straight

YTL Communications is extremely disappointed that the press statement issued by the Ministry of Education on 5 July 2019 and statements made at the press conference on the same day have made us appear to have taken advantage of the Government.

As a business, we have always sought to resolve matters amicably. Nevertheless, we cannot allow our reputation to be sullied by unfounded claims. Hence, we have to set the record straight.

As a corporate citizen of this country that won an open tender for a major project, we are entitled to rely on fair business dealings.

At the time of the award of the project, broadband infrastructure was in its infancy in the country. To address this, the National Broadband Initiative was launched with the aim of increasing broadband penetration across the population. Bidders were therefore required to invest in building telecommunication towers or lay fibre to rural areas as **more than 70%** of schools in this country were rural and remote schools. The project was recognised by the Ministry as a means of providing broadband services to the schools as well as to the communities around the schools.

The contract entered into between the Ministry and YTL Communications acknowledged the 15 year term of the project but provided that the project would be implemented in rolling phases. The process by which each phase was to be awarded was clearly set out in the project documents; there would be a joint review on performance, changes in technology, basic educational needs and price prior to the expiry of each phase and before parties reach agreement on the next phase.

Notwithstanding the right to a joint review, YTL Communications did not object to the Ministry's announcement that it would call a fresh tender at the beginning of 2019. Price transparency was clearly important to the new Government and YTL Communications was fully supportive of this.

BUT after the announcement, we waited 9 months for the tender to be called and it was only at a meeting on 23 April that we were informed that the Ministry was not ready for the tender.

It was at the Ministry's request that we offered in good faith to provide internet services and the Frog Virtual Learning Environment (Frog VLE) to the Ministry during the interim period of 6 months from 1 July to 31 December (interim period) free of charge. Our offer, contained in our letter of 31 May to the Minister of Education, (disclosed in our press statement of 3 July), was clear, simple and unconditional. **We reiterate strongly that we did not ask for any special preference for providing this free service which was requested by the Ministry in the first place.**

But on 27 June, without even responding to our letter offering free services for the six months period, the Ministry announced the award of the internet services for the interim period to Telekom Malaysia, Celcom Axiata and Maxis.

As no joint review was undertaken as required under the contract and no open tender called, we regard this as a breach of our contract.

At the press conference, the Ministry gave reasons to justify the rejection of our offer. We address each of these in the *Appendix** to this statement.

The justifications proffered are baseless and clearly an afterthought and do not obviate the fact that the Ministry **failed to comply with its obligations** under the contract. No joint review was carried out as required. If a review had been undertaken, it would have identified the areas of improvement for the next phase. Pricing could also have been set against current market prices and there would be clarity as to implementation.

The alternative of an open tender announced by the Ministry for the period from 1 July also did not materialise. An open tender would have established the most competitive prices against a defined specification and would have left little room for speculation. Instead, we are left wondering about a process that was flawed from the outset.

If the Ministry had accepted our offer for the free services during the interim period, the Ministry would have saved millions, prevented disruption to the schools in the middle of the school year, as well as had the time to conduct a tender exercise following which they would have a properly defined solution and price.

As a company that has worked with the Ministry over the past 7 years implementing a world class nationwide learning solution that the country should be proud of, we cannot help but be disappointed. We, however, remain committed to playing our part in improving education in the country.

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* Appendix Attached