



RESPONSES TO QUESTIONS FROM MINORITY SHAREHOLDER WATCHDOG GROUP (MSWG)

28th Annual General Meeting

7 May 2013

Background

As stated in the Group CEO's Statement, TM continued to maintain its leadership position in the Broadband market space. In terms of UniFi subscription growth, TM closed 2012 with more than 482,000 customers, a 104% improvement against FY2011. To-date, TM has activated more than 520,000 UniFi customers.

Question 1(a)

What is the UniFi subscriber target for FY2013?

Answer :

- We expect UniFi to grow in line with the telecommunications industry growth.
- IDC forecasts the Malaysian retail fixed line internet segment to grow at 10.7% CAGR for 2012-2016. MCMC's total broadband (fixed and wireless) household penetration rate target for 2013 is 70%, for 2014 is 73% and for 2015, 75%.

Question 1(b)

How would the launching of Maxis' home service in partnership with Astro IPTV impact the growth of TM's fixed broadband and UniFi?

Answer :

- From the retail perspective, we view the partnership as healthy competition.
- As the trusted broadband provider, UniFi's prospect is still positive even with the entry of the new triple play provider.
- An opportunity to increase wholesale revenue and can help recover some of the heavy investment made for the rollout of the network.
- Strengthens TM's position as a neutral wholesale service provider.

Question 1(c)

Are there any plans to enhance the channel offerings in HyppTV? What would be the expected cost to enhance the service?

Answer:

- We have expanded and will continue to expand our premium channels and high-value content offering.
- HyppTV had grown from just 78 channels in 2011 to 107 channels to-date, including new sports content.
- We had recently also launched the HyppTV Mega Pack, Ruby Pack, Sports Pack and an enhanced Platinum Pack.
- Due to the sensitive nature of this information, we are unable to disclose our detailed content cost estimates.

Question 2

Wholesale Business recorded consolidated total revenue of RM1,065.8 million in 2012 with a slight decrease by 0.2% from RM1,067.5 million reported in the corresponding period last year. What is the Board's view on the performance of its wholesale business for FY2013 and what are the key challenges?

Answer:

- We are confident of better performance for 2013.
- Key opportunities:
 - expected increase in demand for higher capacity backhaul transmission services.
 - TM's My1Hub initiatives to support the ETP and industry requirements.
- Key challenges:
 - collaboration by wireless operators and local operators on network deployment
 - new Global Services Providers
 - threat of State Backed Companies (SBC) venturing into infrastructure building business.

Question 3

The Group's Sukuk Ijarah Class A of RM2.0 billion would mature on 30 December 2013. What are the Board's plans on repayment of these borrowings?

Answer :

- **TM believes it has adequate cash and bank balance which will be sufficient to meet the said debt maturity.**
- **TM also has ample unutilized debt facility and debt headroom to meet our business requirements.**

Question 4

While we noted that TM had dismissed a media report on its bid in a stake in Packet One Sdn Bhd (Green Packet Bhd's wireless broadband unit), is TM open to other potential strategic collaborations for future growth?

Answer :

- We will not rule out other collaborations if it will be a value creating exercise.
- TM has always been on the lookout for opportunities to further expand its service offerings to customers and enhance customer experience, either via organic or inorganic growth.
- We will make the necessary disclosures should we enter into any collaboration.

Question 5

We noted that this year the Company had opted not to disclose individual remuneration of directors as was done in the past few years, stating that it did not impact their governance. Instead, the Company opted to disclose the remuneration by bands. Firstly, the mandatory disclosure requirement by the Main Market Listing Requirements in Chapter 9, Appendix 9C, Part A, 11(b) states that disclosures of directors' remuneration must be by band of RM50,000 whereas the Company disclosed by bands of RM100,000 to RM1 million. Secondly, as a Company of your size, it is good practice to disclose remuneration of directors individually, as has been done in your earlier years. This is in line with global best practices. Thus, we would like to seek the Board's explanation on the matter.

Answer :

- Various factors were considered, ie impact of disclosure on the respective directors.
- The Board decided that the best way to address this is to present the remuneration via band disclosures.
- The updated band disclosure pursuant to the Main Market Listing Requirements is as per the following table.

**Answer
(cont) :**

Range of Remuneration	Executive Directors	Non-Executive Directors	Total Directors
Less than RM50,000	—	1	1
RM50,001 to RM100,000	—	1	1
RM200,001 to RM250,000	—	1	1
RM250,001 to RM300,000	—	6	6
RM300,001 to RM350,000	—	1	1
RM350,001 to RM400,000	—	1	1
RM500,001 to RM550,000	—	1	1
RM1,400,000 to RM1,450,000	1	—	1
RM2,350,000 to RM2,400,000	1	—	1
Total:	2	12	14

The table is in the Corporate Governance page in the Company's official website at www.tm.com.my.



THANK YOU

