

## **TELEKOM MALAYSIA BERHAD (“TM”)**

### **SERVICE AGREEMENT FOR THE PROVISION OF DIGITAL TERRESTRIAL TELEVISION BROADCASTING INFRASTRUCTURE, NETWORK FACILITIES AND RELATED SERVICES**

#### **1. INTRODUCTION**

We refer to our earlier announcement dated 18 November 2014 whereby TM entered into a Framework Agreement for the Provision of Digital Terrestrial Television Infrastructure, Network Facilities and Related Services with MYTV Broadcasting Sdn Bhd (“MYTV”).

We now wish to announce that TM has today entered into a Service Agreement for the Provision of Digital Terrestrial Television Broadcasting Infrastructure, Network Facilities and Related Services (“Service Agreement”) with MYTV.

#### **2. SALIENT TERMS OF THE SERVICE AGREEMENT**

The Service Agreement lays down TM and MYTV’s rights and obligations in relation to the provision and subscription of the following services:

- a) Terrestrial distribution network
- b) Satellite distribution network
- c) Broadcast contribution network
- d) Station facilities and infrastructure
- e) Operation and maintenance
- f) Satellite Transponder
- g) Business Process Outsourcing (“BPO”) Contact Centre
- h) TM Direct Internet Connectivity
- i) Managed IP Telephony

(shall hereinafter collectively be referred to as “Services”).

The Services shall be accorded to MYTV for a period of fifteen (15) years which shall commence from 1 January 2016 until 31 December 2030 (“Agreement Period”) with an option to extend for a term to be mutually agreed upon subject to the conditions and procedures as set forth in the Service Agreement.

Both TM and MYTV may mutually review the provisions of the Service Agreement every Five (5) years with the first review to take place in the year 2019 and any determination from such reviews shall be mutually agreed between the parties and shall not affect the Agreement Period.

In consideration of TM providing the Services to MYTV and complying with all of its obligations under the Service Agreement, MYTV shall pay to TM a total sum of Ringgit Malaysia Nine Hundred Sixteen Million One Hundred Two Thousand Three Hundred Ninety Five (RM916,102,395.00) Only (“Agreement Value”).

#### **3. RATIONALE OF THE SERVICE AGREEMENT**

The subscription of the Services from TM shall allow MYTV which has been awarded the license by the Government to operate the infrastructure and network facilities for Digital Terrestrial Television in Malaysia, to realize the migration of analogue terrestrial broadcasting to digital throughout the country. The initiative is under the purview of the Ministry of Communications and Multimedia.

The Service Agreement enables TM to take part in the transformation in the broadcasting industry in Malaysia with the aim creating a dynamic broadcasting sector that offers more choices in entertainment, interactive TV as well as high-quality informative programs. The

collaboration with MYTV also gives TM the opportunity to be part of MYTV's growth, in line with TM's commitment of 'Business Made Easier' for its valued business partners.

#### **4. BRIEF INFORMATION ON THE PARTIES**

##### **4.1 TM**

TM, a public listed company duly incorporated in Malaysia on 12 October 1984, with an authorised share capital of RM3,528,003,015 divided into 5,040,000,020 ordinary shares of RM0.70 each, 1 Special Rights Redeemable Preference Share of RM1.00, 2,000 Class C Non-Convertible Redeemable Preference Shares ("NCRPS") of RM1.00 each and 1,000 Class D NCRPS of RM1.00 each. The issued and paid-up share capital of the Company is RM2,630,555,302.10 comprising 3,757,934,823 ordinary shares of RM0.70 each, 1 Special Rights Redeemable Preference Share of RM1.00 and 925 Class D NCRPS of RM1.00 each.

The principal activities of TM are the establishment, maintenance and provision of telecommunications and related services.

##### **4.2 MYTV**

MYTV is a private company duly incorporated in Malaysia on 7 April 2010, with an authorised share capital of RM5,000,000.00 divided into 2,000,000 ordinary shares of RM1.00 each of which all has been duly issued and fully paid-up.

MYTV is a wholly owned subsidiary of Altel Holdings Sdn Bhd and is established to build and operate the infrastructure and network facilities for Digital Terrestrial Television services in Malaysia.

#### **5. FINANCIAL EFFECT**

##### **5.1 Share capital and substantial shareholders' shareholdings**

The Service Agreement will not have any effect on the issued and paid-up share capital as well as the substantial shareholders' shareholdings of TM.

##### **5.2 Earnings and Net Assets**

The Service Agreement is not expected to have any material effect to the earnings and net assets of TM Group for the financial year ending 31 December 2016. However, it is expected to contribute positively to future earnings of TM.

#### **6. RISKS IN RELATION TO THE SERVICE AGREEMENT**

TM does not foresee any exceptional risks apart from the operational and business risks associated with the Service Agreement.

#### **7. APPROVALS REQUIRED**

The Service Agreement is not subject to shareholders' or any government authorities' approval.

#### **8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the Directors and other major shareholders of TM and/or persons connected to them has any interest, whether direct or indirect, in the Service Agreement.

**9. BOARD OF DIRECTORS' STATEMENT**

The Board of Directors of TM having taken into consideration of all aspect of the Service Agreement is of the opinion that the Service Agreement is in the best interest of TM.

**10. HIGHEST PERCENTAGE RATIO APPLICABLE PURSUANT TO PARAGRAPH 10.02(g) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("MAIN LR")**

Pursuant to paragraph 10.02(g) of the Main LR, the highest percentage ratio applicable to the Service Agreement is 11.8%.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

The Service Agreement shall be available for inspection at the registered office of TM at Level 51, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur during office hours on Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 14 November 2016.