

TELEKOM MALAYSIA BERHAD (“TM” OR “COMPANY”)

- PROPOSED JOINT VENTURE BETWEEN TM DC EDUCITY SDN BHD (“TM DC EDUCITY”), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF TM, AND NXERA MY PTE. LTD. (“NXERA MY”), AN INDIRECT SUBSIDIARY OF SINGAPORE TELECOMMUNICATIONS LIMITED (“SINGTEL”), VIA ST DYNAMO DC SDN BHD (“ST DYNAMO DC” OR “JV COMPANY”) (“PROPOSED JOINT VENTURE”); AND
- PROPOSED ACQUISITION BY ST DYNAMO DC OF A FREEHOLD LAND MEASURING APPROXIMATELY 168,959 SQUARE METRES (“SQM”) LOCATED IN MUKIM OF PULAI, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR (“LAND”) IN CONJUNCTION WITH THE PROPOSED JOINT VENTURE (“PROPOSED ACQUISITION”)

(COLLECTIVELY REFERRED TO AS “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of TM (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that:

- (i) TM DC Educity has on 18 June 2024 entered into a conditional joint venture agreement with Nxera MY and ST Dynamo DC to jointly develop, establish and/or operate greenfield data centre facilities in Johor, Malaysia through the JV Company for purposes of the Proposed Joint Venture (“**JVA**”); and
- (ii) ST Dynamo DC had on 15 June 2024 entered into a conditional sale and purchase agreement with River Retreat Sdn Bhd (“**River Retreat**” or “**Vendor**”) for the Proposed Acquisition (“**SPA**”).

2. DETAILS OF THE PROPOSALS

2.1 Proposed Joint Venture

2.1.1 Details of the Proposed Joint Venture

The Proposed Joint Venture is undertaken as part of TM’s long-term data centre strategy to be one of the market leaders in Malaysia’s data centre landscape. Via the Proposed Joint Venture, TM DC Educity and Nxera MY (collectively, “**JV Parties**”) intend to build a platform of greenfield data centre facilities, initially commencing with the development of a data centre facility with a targeted capacity of 64 megawatts (“**MW**”) (“**Proposed Data Centre**”).

Pursuant to the terms of the JVA, the JV Parties will subscribe for new ordinary shares in ST Dynamo DC (“**JV Company Shares**”), which, prior to the completion of the JVA, is a wholly-owned subsidiary of Nxera MY.

Upon the initial funding under the JVA, TM DC Educity and Nxera MY will respectively hold 51% and 49% of the equity interest in the JV Company following the subscription of new JV Company Shares at an issue price of RM1.00 per JV Company Share by the JV Parties, as follows:

- (i) TM DC Educity will subscribe for 1,836,000 new JV Company Shares; and
- (ii) Nxera MY will subscribe for 1,763,000 new JV Company Shares.

(collectively referred to as “**Initial Subscription Amount**”)

The Initial Subscription Amount was arrived at after taking into consideration the initial funding and working capital requirements of the JV Company. The issue price of RM1.00 per JV Company Share was arrived at after taking into consideration the existing issued share capital of the JV Company.

The shareholding structure of the JV Company before and after the completion of the Proposed Joint Venture is as follows:

	Before the completion of the Proposed Joint Venture		After the completion of the Proposed Joint Venture	
	No. of JV Company Shares	%	No. of JV Company Shares	%
TM DC Educuity	-	-	1,836,000	51
Nxera MY	1,000	100	1,764,000	49
Total	1,000	100	3,600,000	100

Any future equity contribution by TM DC Educuity and Nxera MY into the JV Company shall be in proportion to their respective shareholding of 51% and 49% at the relevant material time, subject to the terms of the JVA.

The salient terms of the JVA are set out in **Appendix I** of this Announcement.

2.1.2 Information on the Proposed Data Centre

Strategically located in Johor, the Proposed Data Centre entails the development of a four (4)-storey building to be built on the Land and is expected to be operational in 2026.

The Proposed Data Centre will be built according to the latest standards and will offer one of the widest and largest fibre connectivities in Malaysia. It will be equipped with high power density and feature advanced technologies such as liquid cooling and large computing capabilities to support heavy workloads and operations, and is envisaged to be a cloud-enabled Tier 3 facility. The Proposed Data Centre is expected to be a sustainable, hyper-connected facility that can cater to the needs of hyperscalers, multinationals and enterprises to house their critical applications and data.

Following completion of the Proposed Data Centre and depending on factors such as market conditions, the JV Parties may decide to progressively scale up the Proposed Data Centre over several phases to achieve a targeted capacity of up to 200 MW in the long term.

2.1.3 Background information on the JV Parties

2.1.3.1 TM DC Educuity

TM DC Educuity was incorporated in Malaysia under the Companies Act 2016 (“**Act**”) as a private limited company on 21 May 2024. TM DC Educuity’s principal activities are investment holding and provision of infrastructure for hosting, data processing services and related activities.

As at 31 May 2024, being the latest practicable date prior to this Announcement (“**LPD**”), TM DC Educuity has an issued share capital of RM2 comprising two (2) ordinary shares.

The directors of TM DC Educity are Ahmad Fairus bin Rahim and Nik Azli bin Abu Zahar. None of the directors of TM DC Educity hold any ordinary shares in TM DC Educity.

As at the LPD, TM DC Educity is wholly-owned by TM DC Holdings Sdn Bhd (*formerly known as* Intelsec Sdn Bhd) which in turn is wholly-owned by TM.

2.1.3.2 Information on Nxera MY

Nxera MY (*formerly known as* ST Dynamo MY Pte. Ltd.) was incorporated in Singapore under the Companies Act 1967 as a private company limited by shares on 24 August 2023. Nxera MY is an investment holding vehicle for data centre development in Malaysia.

As at the LPD, Nxera MY has an issued and paid-up share capital of two (2) Singapore Dollars comprising two (2) ordinary shares.

The directors of Nxera MY are Chang York Chye and Lang Tao Yih, Arthur. None of the directors of Nxera MY hold any ordinary shares in Nxera MY.

As at the LPD, Nxera MY is an indirect wholly-owned subsidiary of Nxera Investment Holdings Pte. Ltd., which is the holding company for Singtel's regional data centre business with Stellar Asia Holdings II Pte. Ltd., an affiliate of global investment firm, Kohlberg Kravis Roberts & Co. L.P.

Singtel is listed on the Singapore Exchange Securities Trading Limited. The principal activities of Singtel consist of, among others, the operation and provision of telecommunications systems and services, and investment holding. Additional information about Singtel can be found at its website: <https://www.singtel.com/>.

2.1.4 Background information on the JV Company, ST Dynamo DC

ST Dynamo DC was incorporated in Malaysia under the Act as a private limited company on 16 October 2023.

The principal activities of ST Dynamo DC include the provision of infrastructure for hosting, data processing services and related activities.

As at the LPD, ST Dynamo DC has an issued share capital of RM1,000 comprising 1,000 ordinary shares.

The directors of ST Dynamo DC are Kevin Wong Ka Vin and Teh Khang Suon @ Teh Sing Hao. None of the directors of ST Dynamo DC hold any ordinary shares in ST Dynamo DC.

As at the LPD, ST Dynamo DC is wholly-owned by Nxera MY.

2.1.5 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, under, pursuant to or in connection with the JVA, there are no other liabilities including contingent liabilities and guarantees, to be assumed by TM pursuant to the Proposed Joint Venture.

2.1.6 Source of funding and additional financial commitment

As part of the Proposed Joint Venture, the JV Parties are required to provide their proportionate equity funding via the subscription of new JV Company Shares, over a period of five (5) years to enable the JV Company to execute its business plan (“**Total Committed Equity Funding**”). Each JV Party has committed to fund their respective shareholding proportions of the Total Committed Equity Funding, which amounts to approximately RM1,152 million. Based on TM’s initial shareholding percentage of 51%, TM will inject approximately RM588 million via TM DC Educuity (“**TM Equity Funding**”). The Total Committed Equity Funding amount is subject to change, depending on the approved business plan of the JV Company at any point in time.

The TM Equity Funding will be funded via the internally generated funds of TM and its subsidiaries (“**TM Group**” or “**Group**”).

Save for the above, the Company does not expect to incur any other material financial commitment for the Proposed Data Centre.

2.2 Proposed Acquisition

2.2.1 Background information on the Land

A summary of the information on the Land is as follows:

- Registered owner : River Retreat Sdn Bhd
- Title details : H.S.(D) 598990, PTD 213429, Mukim of Pulai, District of Johor Bahru, State of Johor
- Tenure : Freehold interest
- Provisional land area : 168,959 sqm
- Category of land use : “Bangunan” (*Building*)
- Express conditions : (i) “Tanah ini hendaklah digunakan sebagai Bangunan Bertingkat untuk tujuan Perdagangan Bercampur dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan.” (*This land is to be used as a multi-storey building for the purpose of mixed commercial use built according to plans approved by the relevant local authority.*)
- (ii) “Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Tempatan yang berkenaan.” (*All dirt and pollution resulting from this activity shall be channelled to such locations designated by the relevant local authority.*)
- (iii) “Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa berkenaan hendaklah dipatuhi.” (*All policies and conditions set and enforced from time to time by any relevant authority shall be complied with.*)

- Restrictions-in-interest : (i) “Tuan punya tanah tidak dibenarkan menawarkan atau menjual unit-unit (parcels) bangunan yang akan dibina di atas tanah ini melainkan bangunan telah mula dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan.” *(The registered proprietor of the land is not allowed to offer or sell the units (parcels) of the building to be built on the land unless the building is constructed according to plans approved by the relevant local authority.)*
- (ii) “Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apa cara sekalipun kepada orang Bukan Bumiputera/Syarikat Bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri.” *(Once the parcels of the building erected on the land are owned by a Bumiputera individual/Bumiputera company, the said parcels shall not thereafter be sold, leased or transferred in any manner whatsoever to a non Bumiputera individual/non Bumiputera company without the approval of the State Authority.)*
- (iii) “Petak-petak bangunan yang didirikan di atas tanah ini tidak boleh dijual atau dipindahmilik dengan apa cara sekalipun kepada Bukan Warganegara/Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri.” *(The parcels of the building erected on the land shall not be sold or transferred in any manner whatsoever to a non-citizen/foreign company without the approval of the State Authority.)*

Encumbrance	:	Nil
Caveat	:	Nil
Independent registered valuer	:	Rahim & Co International Sdn Bhd (“ Valuer ”)
Date of valuation	:	24 May 2024
Valuation approach	:	Comparison approach
Market value	:	RM229,150,000 (on the basis of use as a data centre)
Audited net book value	:	Not available as TM is not privy to such information

For information purposes only, the Valuer has determined the valuation of the Land on an as-is basis for mixed commercial use to be RM136,400,000.

The Land is situated off Jalan Kampung Lalang and adjacent due south of Taman Eko Botani, EduCity, Iskandar Puteri, Johor. It is situated approximately four (4) kilometres (“**km**”) by road due north-west of Kota Iskandar, seven (7) km by road due south-east of Gelang Patah town and 22 km by road due south-west of Johor Bahru city centre.

2.2.2 Original cost and date of investment

The original cost and date of investment of the Land by River Retreat are not known to TM as it is not privy to such information from the Vendor.

2.2.3 Basis and justification for the purchase consideration

The purchase consideration for the Proposed Acquisition of RM178,230,118.25 (“**Purchase Consideration**”) was arrived at on a willing-buyer, willing-seller basis after taking into consideration the market value of the Land as appraised by the Valuer via its valuation certificate dated 18 June 2024 (“**Valuation Certificate**”).

The Valuer has adopted the comparison approach, which entails analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences, as the only approach of valuation in arriving at its assessment of the market value of the Land considering that the Land is a plot of vacant commercial land and there are no details of any approved development. Furthermore, there are adequate sale comparables in the vicinity of the Land which can be relied upon.

2.2.4 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by TM arising from the Proposed Acquisition.

2.2.5 Source of funding and additional financial commitment

The Purchase Consideration is to be fully satisfied by the JV Company using internal funds and/or external funding, if required, including from the Total Committed Equity Funding to be injected into the JV Company.

Save for the above, the Company does not expect to incur any other material financial commitment for the Proposed Acquisition.

2.2.6 Information on the Vendor, River Retreat

River Retreat was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 6 April 2007 and is deemed registered under the Act.

The principal activities of River Retreat include property investment and property development.

As at the LPD, River Retreat has an issued share capital of RM2 comprising two (2) ordinary shares.

The directors of River Retreat are Fu Yueh Yee and Mohd Azarull Ahadi bin Abdullah. None of the directors of River Retreat hold any ordinary shares in River Retreat.

As at the LPD, River Retreat is wholly-owned by Iskandar Coast Sdn Bhd which in turn is an 80%-owned subsidiary of Iskandar Investment Berhad (“**IIB**”). The shareholders of IIB are Khazanah Nasional Berhad (“**Khazanah**”), Employees Provident Fund Board (“**EPF**”) and Kumpulan Prasarana Rakyat Johor Sdn Bhd with 60%, 20% and 20% shareholding, respectively.

3. RATIONALE AND BENEFITS OF THE PROPOSALS

3.1 Proposed Joint Venture

Embarking on the Proposed Joint Venture enhances TM's long-term data centre strategy, strengthens TM's position as one of the market leaders in Malaysia's data centre landscape and is in line with TM's aspiration of Pioneer, Win and Revitalise 2030 to become a digital powerhouse by 2030. The Proposed Data Centre will be an addition to TM's existing seven (7) data centres across Malaysia, including keystone locations in the Klang Valley and Iskandar Puteri, Johor.

The execution of the JVA between the leading integrated telecommunication and digital technology companies of Malaysia and Singapore enables both TM and Singtel to leverage on each other's strengths and proven track record in the data centre business, fostering technological advancement and infrastructure development for greater innovation, entrepreneurship and business excellence across borders.

Nxera, Singtel's regional data centre platform, is one of the largest data centre operators in Singapore and is currently constructing its largest data centre to date in Tuas, Singapore with a capacity of 58 MW. This new data centre will be based on Singtel's fourth generation design with high power density, yet sustainable and hyper-connected, and is optimised to manage graphics processing unit clusters for artificial intelligence ("AI") workloads. Nxera has also formed partnerships to develop state-of-the-art AI-ready data centres in Indonesia and Thailand which will boost its total pipeline capacity to more than 200 MW from its current operational capacity of 62 MW in Singapore.

The Proposed Data Centre will lay a robust foundation for TM to capture the rising demand and opportunities from the next generation of AI application providers, hyperscalers, over-the-top service providers, multinationals and enterprises.

3.2 Proposed Acquisition

As the Land is intended to be developed for the Proposed Data Centre, the Proposed Acquisition will pave the way towards realising the Proposed Joint Venture's objective of developing, establishing and operating a sustainable data centre to serve the growing needs of hyperscalers, multinationals and enterprises as well as supporting AI deployment in the region.

4. PROSPECTS OF THE PROPOSED JOINT VENTURE AND LAND

4.1 JV Company

The Proposed Joint Venture brings together two (2) leading telecommunication and digital technology companies in Southeast Asia with the aim of tapping into the high demand for data centre services which is propelled by, among others, rapid digitalisation and increased adoption of emerging technologies such as cloud computing, AI and e-commerce.

Working with a partner with a proven track record and capabilities such as Singtel to develop the Proposed Data Centre serves as an important milestone for TM in achieving its long-term data centre strategy as it will help strengthen TM's foothold in the data centre landscape in Malaysia. Additionally, the Proposed Joint Venture allows TM to enjoy synergistic benefits and provide greater value to its customers while growing its data centre business via various initiatives such as partnerships with strategic investors.

With supportive government policies and readily available infrastructure coupled with the comparative advantages of the Land, the Proposed Data Centre is well-positioned to fulfill the requirements of customers and capture spillover opportunities from (i) the region, in light of capacity constraints particularly in Singapore where stringent conditions have been imposed for the construction of data centres; and (ii) global players as a result of, among others, the ongoing geopolitical conflicts and uncertainties.

The Proposed Joint Venture serves as a mutually beneficial partnership for TM and Singtel in navigating the fast-developing digital landscape in Malaysia. Notably, the Proposed Joint Venture is expected to yield a positive outcome and long-term financial benefits for the Group.

4.2 The Land

The Land has been identified as an ideal location for the development of the Proposed Data Centre due to the following reasons:

- (i) the Land is located in close proximity to subsea cable links between Malaysia and Singapore which makes it well-positioned to support the demand from both countries' ongoing digitalisation development initiatives and would offer the best local and international connectivity;
- (ii) the strategic location of the Land to Singapore will serve as an alternative availability zone to hyperscalers in the same region and enable it to capture the spillover data centre demand from Singapore's capacity constraints and moratorium on data centre developments; and
- (iii) the Land is adjacent to Tenaga Nasional Berhad's new high voltage transmission line facility, thus ensuring a reliable and consistent power supply.

5. RISKS OF THE PROPOSALS

5.1 Risks relating to the Proposed Joint Venture

(i) Investment risk

The Proposed Joint Venture involves a sizable investment amount from TM via the TM Equity Funding. There can be no assurance that the anticipated benefits from the Proposed Joint Venture will be realised or that TM may be able to generate sufficient returns to offset its investment costs. This can be attributed to several factors during the development and operation of the Proposed Data Centre, such as the increasing competition from other data centre players. Notwithstanding, TM will prioritise close monitoring of the project costs and securing anchor tenants based on the targeted timeline to ensure that the realisation of the benefits via the Proposed Joint Venture can be achieved.

(ii) Delay in project delivery

The construction of the Proposed Data Centre may take a longer time to complete as compared to the expected timeline due to various factors which are beyond the control of TM, such as delay in obtaining the approvals of the relevant authorities, which may have an impact towards revenue realisation. There can be no assurance that the JV Company will not experience significant delays during the course of the development of the Proposed Data Centre. Nevertheless, TM will proactively engage with the relevant third parties to obtain all the necessary approvals and consents required within the scheduled timeframe.

(iii) Financing risk

The JV Company will be seeking external funding to part finance the development of the Proposed Data Centre. However, there can be no assurance that the JV Company would be able to secure sufficient external funding in a timely manner.

In the event there is a delay in securing sufficient external funding for the Proposed Data Centre, the JV Company may not be able to honour the payments for services performed by its contractors and/or sub-contractors, which may result in a delay to the completion of the Proposed Data Centre within the scheduled timeframe.

Even though TM's source of funding for the Proposed Joint Venture is limited to its equity participation which is intended to be funded via internally generated funds, TM will be, to a certain extent, exposed to the risk that the Proposed Data Centre is delayed, halted or potentially terminated as a result of the financing risk faced by the JV Company.

Nevertheless, the JV Parties will endeavour to work together to obtain the necessary financing and should there be shortcomings or potential financing issues identified, the JV Parties will take appropriate steps to resolve them.

5.2 Risks relating to the Proposed Acquisition

(i) Delay or non-completion of the Proposed Acquisition

The Proposed Acquisition is subject to the fulfillment of the conditions precedent set out in the SPA ("**SPA Conditions Precedent**"), details of which are set out in item 1 of **Appendix II** of this Announcement. There can be no assurance that the SPA Conditions Precedent will be obtained or fulfilled. There can also be no assurance that the Proposed Acquisition can be completed within the timeframe stipulated under the SPA.

(ii) Return on investment on the Land

The Proposed Data Centre which is to be built on the Land is expected to contribute positively to the earnings of the Group. There can be no assurance that the Proposed Data Centre will generate the expected return on investment and the duration required for the JV Parties to recoup their investments in the Land could be longer than anticipated. The success and profitability of the Proposed Data Centre depend on various factors, which include, among others, risks inherent to the construction and operations of a data centre such as timely completion of the development, price of construction materials, availability and cost of funds, market demand for data centres, and changes in applicable laws and regulations as well as other risks outside of TM's control (such as natural disasters). In the event of the occurrence of one or more of such risks, the Group's results of operations and financial condition could be affected.

Notwithstanding, TM will continue to exercise due care in its evaluation of the Land including its development potential. TM will also be monitoring and adjusting its development and marketing strategies in response to changing economic conditions and market demand as well as conducting continuous review on the progress of the Proposed Data Centre.

6. EFFECTS OF THE PROPOSALS

6.1 Share capital and substantial shareholders' shareholding

The Proposals will not have any effect on the share capital of the Company and the shareholding of the substantial shareholders of TM as the Proposals do not entail the issuance of new ordinary shares in TM ("**TM Shares**").

6.2 Net assets ("NA") per TM Share and gearing

As the TM Equity Funding will be funded via the internally generated funds of the Group, the Proposals will not have any material effect on the consolidated NA attributable to the equity holders of the Company and gearing as at 31 December 2024.

6.3 Earnings and earnings per TM Share (“EPS”)

The Proposals are not expected to have any material effect on the consolidated earnings of the TM Group and EPS for the financial year ending 31 December 2024.

Barring any unforeseen circumstances, the Proposals are expected to contribute positively to the future earnings of the TM Group and EPS arising from the future development of the Proposed Data Centre.

7. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Joint Venture pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) is approximately 6.4%, calculated based on the TM Equity Funding of approximately RM588 million compared with the audited consolidated NA attributable to the equity holders of the Company as at 31 December 2023 of RM9,163 million.

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 1.0%, calculated based on the aggregate value of the Purchase Consideration attributable to TM of approximately RM91 million compared with the audited consolidated NA attributable to the equity holders of the Company as at 31 December 2023 of RM9,163 million.

8. APPROVALS / CONSENTS REQUIRED

The Proposals are subject to the following being obtained:

- (i) approval of the non-interested shareholders of TM at an extraordinary general meeting (“**EGM**”) to be convened; and
- (ii) where required, the approval, waiver and/or consent of any other relevant authority and/or party.

The Proposed Acquisition is also subject to the following being obtained:

- (i) approval from the governmental authority of the State of Johor, Malaysia (“**State Authority**”) to vary the express condition of the Land to permit the Land for data centre use;
- (ii) approval from the Equity Development Division within the Ministry of Economy of Malaysia (*formerly known as* the Economic Planning Unit within the Prime Minister’s Department) (“**EPU**”) for the Proposed Acquisition and such approval from the EPU shall provide that the JV Company is exempted from complying with the 30% Bumiputera interest shareholding condition and/or the paid-up capital of at least RM250,000 condition as required under the Guideline on the Acquisition of Properties (effective 1 March 2014) issued by the EPU (“**EPU Guideline**”);
- (iii) approval from the State Authority for the Proposed Acquisition pursuant to Section 433B of the National Land Code (Revised 2020) (“**NLC**”); and
- (iv) where required, the approval, waiver and/or consent of any other relevant authority and/or party.

9. CONDITIONALITY OF THE PROPOSALS

The completion of the JVA is not conditional upon the completion of the SPA and vice versa.

The Proposals are not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by TM.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the following, none of the directors, major shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposals:

- (i) Khazanah, a direct major shareholder of TM and also an indirect major shareholder of the Vendor via its interest in IIB. Khazanah has non-executive representatives on the boards of both TM and IIB;
- (ii) EPF, a direct major shareholder of TM and also an indirect major shareholder of the Vendor via its interest in IIB. EPF has non-executive representatives on the boards of both TM and IIB;
- (iii) Minister of Finance (Incorporated) (“**MoF Inc.**”), a person connected to Khazanah by virtue of it being the ultimate holding body of Khazanah and its holding of a Special Rights Redeemable Preference Share in TM;
- (iv) Dato’ Zainal Abidin Putih, Non-Independent Non-Executive Chairman of TM who is also the nominee director of MoF Inc. in TM;
- (v) Amar Huzaimi Md Deris, Non-Independent Executive Director and Managing Director/Group Chief Executive Officer of TM who is also the nominee director of MoF Inc. in TM;
- (vi) Datuk Dr Shahrazat Haji Ahmad, Non-Independent Non-Executive Director of TM who is also the nominee director of MoF Inc. in TM;
- (vii) Dato’ Mohamed Nasri Sallehuddin, Non-Independent Non-Executive Director of TM who is also the nominee director of Khazanah in TM;
- (viii) Muhammad Afhzal Abdul Rahman, Non-Independent Non-Executive Director of TM who is also the nominee director of EPF in TM; and
- (ix) Iszad Jeffri Ismail is the alternate director to Datuk Dr Shahrazat Haji Ahmad.

(Khazanah and EPF are collectively referred to as “**Interested Major Shareholders**” while Dato’ Zainal Abidin Putih, Amar Huzaimi Md Deris, Datuk Dr Shahrazat Haji Ahmad, Dato’ Mohamed Nasri Sallehuddin, Muhammad Afhzal Abdul Rahman and Iszad Jeffri Ismail are collectively referred to as “**Interested Directors**”).

The Interested Directors have abstained and will continue to abstain from all deliberations and voting on the Proposals at the relevant meetings of the Board and will not make any recommendation on the same.

The Interested Directors and Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholding in TM, if any, on the resolutions pertaining to the Proposals to be tabled at the EGM of the Company to be convened for the Proposals. They will also ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholding in the Company, if any, on the resolutions pertaining to the Proposals to be tabled at the EGM of the Company to be convened for the Proposals.

Save for Amar Huzaimi Md Deris who directly holds 319,010 TM Shares or approximately 0.01% equity interest in TM as at the LPD, none of the other Interested Directors hold any TM Shares as at the LPD. The shareholding of the Interested Major Shareholders and persons connected to them in TM as at the LPD is as follows:

	<u>Direct</u>		<u>Indirect</u>	
	<u>No. of TM Shares</u>	<u>%</u>	<u>No. of TM Shares</u>	<u>%</u>
<u>Interested Major Shareholder</u>				
Khazanah	771,315,866	20.1	-	-
EPF	687,535,014	17.9	-	-
<u>Person connected to Interested Major Shareholder</u>				
MoF Inc. ⁽¹⁾	-	-	771,315,866	20.1

Note:

(1) Deemed interested by virtue of it being the ultimate holding body of Khazanah.

11. TRANSACTIONS WITH RELATED PARTIES FOR THE PAST 12 MONTHS

Save for the (i) Proposals; (ii) share subscription agreement between TM, MoF Inc. and Digital Nasional Berhad dated 1 December 2023; and (iii) transactions under the shareholders' mandate for recurrent related party transactions (as set out in the Company's circular to shareholders dated 30 April 2024) which were approved at the Company's 39th annual general meeting held on 30 May 2024, the Company has not entered into any transaction with the Interested Major Shareholders and/or persons connected with them for the past 12 months preceding the date of this Announcement.

12. ADVISERS

12.1 Principal Adviser

Maybank IB has been appointed as Principal Adviser for the Proposals.

12.2 Independent Adviser

In view of the interests of the Interested Directors and Interested Major Shareholders as disclosed in Section 10 of this Announcement, RHB Investment Bank Berhad ("**Independent Adviser**") has been appointed as the independent adviser to undertake the following in relation to the Proposals:

- (i) comment as to whether the Proposals are:
 - (a) fair and reasonable so far as the non-interested shareholders of TM are concerned; and
 - (b) to the detriment of the non-interested shareholders of TM,

and set out the reasons for such opinion, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) advise the non-interested shareholders of TM whether they should vote in favour of the Proposals; and

- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

13. BOARD AUDIT COMMITTEE'S STATEMENT

The Board Audit Committee of TM is of the view that the Proposals are in line with the Company's long-term data centre strategy and are expected to yield positive benefits for the Group. The Proposed Data Centre is well positioned to capture growth opportunities in the industry and solidifies the Group's foothold in the data industry landscape in Malaysia.

In view of the above, the Board Audit Committee of TM, having considered all aspects of the Proposals, including but not limited to the salient terms of the JVA and the SPA, basis and justifications for the Purchase Consideration, Initial Subscription Amount and TM Equity Funding, rationale and benefits of the Proposals as well as the evaluation of the Independent Adviser and after careful deliberation, is of the opinion that the Proposals are:

- (i) in the best interest of TM;
- (ii) fair and reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of TM.

14. DIRECTORS' STATEMENT / RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposals, including but not limited to the salient terms of the JVA and the SPA, basis and justifications for the Purchase Consideration, Initial Subscription Amount and TM Equity Funding, rationale and benefits of the Proposals as well as the evaluation of the Independent Adviser and after careful deliberation, is of the opinion that the Proposals are in the best interest of the Company.

15. SUBMISSIONS TO THE AUTHORITIES AND ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the submissions to the relevant authorities for the Proposals are expected to be made within two (2) months from the date of this Announcement.

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposed Joint Venture is expected to be completed in the second half of 2024 while the Proposed Acquisition is expected to be completed by the first half of 2025.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The JVA, the SPA and the Valuation Certificate will be available for inspection at the registered office of the Company at Level 51, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This Announcement is dated 18 June 2024.

SALIENT TERMS OF THE JVA

1. Condition Precedent

- 1.1. The JVA is conditional upon the fulfilment (or waiver) of the condition of TM having obtained the approval of its shareholders at an EGM to be convened for the entry into the transaction contemplated in the JVA, pursuant to the requirements under Chapter 10 (Part E) of the Listing Requirements (“**JVA Condition Precedent**”). The day on which the JVA Condition Precedent has been fulfilled or waived in writing in accordance with the terms of the JVA is the “**Unconditional Date**”.
- 1.2. In the event the Unconditional Date has not occurred on or before 31 October 2024, then the parties shall be required to discuss (reasonably and in good faith) on next steps and subject to the outcome of such discussions, either TM DC Educity or Nxera MY may elect to terminate the JVA by written notice to the other, if there is no reasonable prospect of the JVA Condition Precedent being fulfilled or waived in writing in accordance with the terms of the JVA within the remaining period to 31 December 2024. In addition, if at any time after the signing of the JVA, TM has convened an EGM of its shareholders for the purposes of obtaining the approval of its shareholders pursuant to the JVA Condition Precedent and its shareholders have voted not to approve the relevant resolution, then the Parties shall be required to discuss (reasonably and in good faith) on next steps and, unless otherwise agreed in writing between the Parties, either TM DC Educity or Nxera MY may elect to terminate the JVA by written notice to the other. In any event, unless the parties agree otherwise in writing, the JVA shall automatically terminate at the end of 31 December 2024 if the Unconditional Date has not occurred by then.

2. Completion

- 2.1. Completion shall take place at the registered office of the JV Company five (5) business days following the Unconditional Date via an electronic and physical exchange of documents and signature pages or at such other location(s), time, date and/or via such other method as may be agreed in writing among the JV Parties and JV Company (“**Completion**”). The date of the Completion shall be referred to as the “**Completion Date**”.
- 2.2. The shareholding structure of the JV Company immediately before and after the Completion is set out below:

Shareholder	Immediately before Completion		Immediately after Completion	
	No. of JV Company Shares	%	No. of JV Company Shares	%
TM DC Educity	-	-	1,836,000	51
Nxera MY	1,000	100	1,764,000	49
Total	1,000	100	3,600,000	100

- 2.3. Pursuant to the Proposed Joint Venture, the name of the JV Company will be changed from “ST Dynamo DC Sdn Bhd” to “TM Nxera Sdn Bhd”.

SALIENT TERMS OF THE JVA (Cont'd)

3. Business Activities

The business activities of the JV Company and its subsidiaries (if any) (collectively, the “**JV Group**”) shall comprise the below, which shall be carried out in accordance with the business plan of the JV Company and JVA:

- (a) acquiring, developing and operating greenfield data centre facilities in the State of Johor through the JV Group (being initially the Proposed Data Centre to be located at the Land);
- (b) holding and managing securities in any subsidiaries;
- (c) such other business activities as may be approved by each of the Significant Shareholders (as defined in item 5.2 below) according to the terms of the JVA; and/or
- (d) any other ancillary activities necessary to undertake the above businesses.

4. Roles and Responsibilities

Each Shareholder shall use commercially reasonable endeavours to support the JV Group in, among others, the following matters:

- (a) data centre designs, build, development and operations;
- (b) managing local connectivity within the JV Company and working with each other shareholder on regional connectivity;
- (c) coordinating with Malaysian government and local authorities to obtain the necessary permits, approvals and investment grants for the JV Group;
- (d) securing contracts with potential customers of the JV Group, focusing on hyperscale customers, over-the-top service providers, multinational corporations, Malaysian local enterprise, and state-owned enterprises; and
- (e) supporting activities where there are regional synergies such as procurement, specific aspects of operations and go-to-market.

5. Board of Directors

- 5.1. With effect on and from the Completion Date, the JV Company shall initially comprise up to and including four (4) directors, with two (2) directors nominated by each of TM DC Educity and Nxera MY.
- 5.2. Each shareholder holding a shareholding proportion greater than or equal to 30% (“**Significant Shareholder**”) shall have the right to appoint the chairperson of the board of directors of the JV Company (“**JVCo Board**”) from any of its nominated directors, such appointment right to alternate between the Significant Shareholders every period of two (2) years commencing from the Completion Date.
- 5.3. The JVCo Board must meet as necessary to discharge its duties but in any case no less frequently than four (4) times per financial year.

6. Shareholder Meetings

Subject to applicable law, the JVCo Board may call a meeting of the shareholders at a time and place the JVCo Board resolves, for so long as not less than 14 calendar days prior written notice is provided.

SALIENT TERMS OF THE JVA (Cont'd)

7. Dividend

- 7.1. The JVCo Board (acting in good faith) shall have the right to determine any dividends and distributions of JV Company to be paid by the JV Company.
- 7.2. Dividends and distributions of the JV Company shall be paid on a *pro rata* basis to the shareholders in accordance with their respective shareholding proportion. For the avoidance of doubt, no dividends and distributions of the JV Company shall be paid in the form of an advance or loan to any shareholder.

8. Funding of the JV Company

- 8.1. Each shareholder agrees to fund its shareholding proportion of the Total Committed Equity Funding based on the business plan of the JV Company as approved in accordance with the terms of the JVA ("**Scheduled Funding**").
- 8.2. If the JVCo Board determines (acting reasonably and in good faith) that the JV Company requires any further funding, the JVCo Board shall seek to secure or raise such further funding after having given reasonable consideration to the order of priority of funding sources as set out in the JVA.
- 8.3. The JVCo Board shall be entitled from time to time to make capital calls for the Scheduled Funding amounts by issuance of a written notice to that effect on each shareholder.

9. Restrictions on Disposal

No shareholder may dispose of any JV Company Shares in the period from the Completion Date up to (and including) the fifth (5th) anniversary of the Completion Date ("**Lock-up Period**"), except where such disposal is made in accordance with or permitted under the JVA. Following the expiry of the Lock-up Period, any disposal of the JV Company Shares (in part or in full) by any shareholder is subject to customary restrictions including shareholder pre-emption rights.

10. Events of Default

The JVA contains customary default mechanisms and remedies which may be triggered in certain event of default scenarios pertaining to each shareholder, including material breach, funding default in respect of Scheduled Funding, insolvency events and change of control events.

11. Governing Law

The JVA and any non-contractual obligations arising out of or in connection with it will be governed by the laws of Malaysia.

SALIENT TERMS OF THE SPA

1. Conditions Precedent**1.1. SPA Conditions Precedent**

The SPA is conditional upon the satisfaction of the following conditions:

- (a) the Vendor obtaining (A) the approval from the State Authority to vary the express condition to permit the Land to be used for data centre and data centre related purposes either by insertion of the phrase “(including data centre use)” or insertion of similar language which permits data centre use (“**Varied Condition of Title**”); and (B) the issue document of title to the Land evidencing the endorsement of the Varied Condition of Title;
- (b) the JV Company obtaining the written approval from the EPU for the Proposed Acquisition and such written approval from the EPU shall provide that the JV Company is exempted from complying with the 30% Bumiputera interest shareholding condition and/or the paid-up capital of at least RM250,000 condition as required under the EPU Guideline (“**EPU Approval**”);
- (c) after the JV Company has obtained the EPU Approval, the JV Company obtaining the approval from the State Authority for the Proposed Acquisition pursuant to Section 433B of the NLC;
- (d) the JV Company having executed the electricity supply agreement or such other legally binding definitive documents from Tenaga Nasional Berhad for the supply of electricity to the Proposed Data Centre;
- (e) the JV Company obtaining such letters and documents from Ranhill SAJ Sdn Bhd and/or such other relevant authority committing or agreeing to supply water to the Proposed Data Centre; and
- (f) the Vendor completing the following works in accordance with the terms set out in the SPA:
 - (i) procure the construction and completion of a common public access road to the Land measuring 40 metres in width;
 - (ii) land levelling and platform works up to a maximum of 30 metres only; and
 - (iii) removal of the existing dilapidated structure and airline strip on the Land.

(collectively, the “**Vendor’s Works**”, and the cost in relation to the Vendor’s Works amounting up to RM20 million shall be referred to as the “**Vendor’s Works Cost**”).

1.2. Conditional Period

The SPA Conditions Precedent shall be satisfied within nine (9) months from the date of the SPA with a three (3)-month automatic extension or such extended period as may be agreed by the Vendor and the JV Company in writing (“**Conditional Period**”). The date the last of the SPA Conditions Precedent is fulfilled shall be referred to as the “**Unconditional Date**”.

SALIENT TERMS OF THE SPA (Cont'd)

1.3. Consequences of Non-Satisfaction of the SPA Conditions Precedent

In the event any of the SPA Conditions Precedent is not fulfilled by the expiry of the Conditional Period:

- (a) due to the Vendor's default, the JV Company is entitled to terminate the SPA and the Vendor shall within 10 business days or such agreed extended period from such termination refund to the JV Company or at its written direction all moneys paid towards the Purchase Consideration (including the Deposit (as defined below)), and pay to the JV Company or at its written direction a sum equivalent to the Deposit as agreed liquidated damages, and the Vendor shall solely bear the Vendor's Works Cost in full;
- (b) due to the JV Company's default, the Vendor is entitled to terminate the SPA and the Vendor shall forfeit the Deposit as agreed liquidated damages and within 10 business days or such agreed extended period from such termination, refund to the JV Company or at its written direction all moneys paid towards the Purchase Consideration, less the Deposit, and the JV Company shall solely bear the Vendor's Works Cost in full; and
- (c) for any reason other than due to the default of either the Vendor or the JV Company, the SPA is deemed terminated on the expiry date of the Conditional Period and the Vendor shall within 10 business days or such agreed extended period from such termination refund to the JV Company or at its written direction all moneys paid towards the Purchase Consideration (including the Deposit), and the JV Company shall solely bear the Vendor's Works Cost in full.

2. Purchase Consideration and Payment Manner

The Purchase Consideration for the Land is RM178,230,118.25, the equivalent of RM98.00 per square foot, and shall be paid in the following manner:

- (a) 10% of the Purchase Consideration to be paid within seven (7) days from the date of execution of the SPA ("**Deposit**");
- (b) 10% of the Purchase Consideration to be paid within 15 business days from the issuance of the as-built drawings of the Land verified by an independent land surveyor after the Vendor's Works have been completed by the Vendor or the Unconditional Date, whichever shall be earlier; and
- (c) 80% of the Purchase Consideration ("**Balance Sum**") to be paid within three (3) months from the Unconditional Date ("**Completion Period**"). If the JV Company fails to pay the Balance Sum in full within the Completion Period, the Vendor shall grant to the JV Company an automatic extension of one (1) month from the expiry of the Completion Period to pay or procure to be paid the Balance Sum subject to the JV Company paying or procuring to be paid to the Vendor interest on such part of the Balance Sum as remains unpaid at the rate of 8% per annum calculated from the day immediately after the expiry of the Completion Period to the date of payment of such part of the Balance Sum as remains unpaid.

3. Limited Power of Attorney

Simultaneously with the execution of the SPA and provided that the Deposit has been paid to the Vendor, a limited power of attorney will be granted by the Vendor to the JV Company, authorising and empowering the JV Company to, among others, attend to and submit applications to the relevant authorities for the development order, planning permission and the approval for the building plans relating to the development of the Proposed Data Centre and the applications related to the supply of electricity and water ("**Limited POA**"). The execution of the Limited POA by the Vendor shall be subject to the JV Company simultaneously executing a letter of undertaking in favour of the Vendor.

SALIENT TERMS OF THE SPA (Cont'd)

4. Default by the JV Company

In the event that the JV Company fails to pay the Balance Sum or fails to comply with any terms of the SPA or if the JV Company is in breach of any of its warranties or the transfer of the Land cannot be registered for any reasons attributable to the JV Company, the Vendor is entitled to terminate the SPA by notice in writing to the JV Company and upon the termination:

- (a) the Deposit shall be forfeited by the Vendor;
- (b) the Vendor shall refund to the JV Company or at its written direction all moneys paid towards the Purchase Consideration, less the Deposit;
- (c) the Vendor shall be entitled to revoke the Limited POA granted; and
- (d) the JV Company shall reimburse or cause to be reimbursed to the Vendor for the Vendor's Works Cost in full.

5. Default by the Vendor

In the event that the Vendor fails to comply with any terms of the SPA or if the Vendor is in breach of any of its warranties or the transfer of the Land cannot be registered for any reasons attributable to the Vendor, the JV Company is entitled to either seek specific performance of the SPA or terminate the SPA by notice in writing to the Vendor. If the JV Company elects to terminate the SPA, the Vendor shall:

- (a) refund to the JV Company or at its written direction all moneys paid towards the Purchase Consideration (including the Deposit);
- (b) pay to the JV Company or at its written direction a sum equivalent to the Deposit as agreed liquidated damages;
- (c) be entitled to revoke the Limited POA granted; and
- (d) solely bear the Vendor's Works Cost in full.

6. Real Property Gains Tax

The Vendor warrants that the disposal of the Land constitutes part of its regular business undertakings and any gains arising from its sale of the Land is not subject to payment of real property gains tax under the Real Property Gains Tax Act 1976.

7. Governing Law

The SPA is governed by and construed in accordance with the laws of Malaysia and the parties irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.