

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

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CIRCULAR TO SHAREHOLDERS

IN RELATION TO:

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolution in respect of the above proposal will be tabled at the Thirtieth Annual General Meeting ("**30th AGM**") of Telekom Malaysia Berhad ("**the Company**") to be held on Thursday, 30 April 2015 at 10.00 a.m. at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia. The Notice of the 30th AGM and the Proxy Form are set out in the Corporate and Financial Summary of the Company's 2014 Annual Report dispatched together with this Circular.

Last date and time for lodgment of the Proxy Form is on Tuesday, 28 April 2015 at 10.00 a.m.

This Circular is dated 6 April 2015

DEFINITIONS

The following definitions shall apply throughout this Circular unless the context requires otherwise:

Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
AMH	:	Astro Malaysia Holdings Berhad
AMH Group	:	AMH and/or its subsidiaries
Axiata	:	Axiata Group Berhad
Axiata Group	:	Axiata and/or its subsidiaries
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad
Celcom	:	Celcom Axiata Berhad
Circular	:	This circular to Shareholders dated 6 April 2015
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Director	:	(a) A Director of our Company or our subsidiary, and shall have the same meaning as given in Section 2(1) of the CMSA; and (b) For purposes of the Proposed Renewal of Shareholders' Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of our Company, our subsidiary or holding company, in accordance with the definition in Chapter 10 of the Listing Requirements
Executive Director	:	Director of our Company or any of our subsidiaries who is on the payroll of our Company or any of our subsidiaries and who is involved in the day-to-day management of our Company or any of our subsidiaries
Khazanah	:	Khazanah Nasional Berhad, a Major Shareholder of our Company
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities including all amendments thereto and any Practice Notes issued in relation thereto
LPD	:	7 March 2015, being the latest practicable date before the printing of this Circular
MBNB	:	Measat Broadcast Network Berhad
Major Shareholder	:	(a) A person who has an interest or interests in one (1) or more of the voting shares in our Company or our subsidiary and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (i) 10% or more of the aggregate of the nominal amounts of all the voting shares in our Company; or (ii) 5% or more of the aggregate of the nominal amounts of all the voting shares in our Company where such person is the largest shareholder of our Company. For the purpose of this definition, " interest in shares " shall have the meaning given in Section 6A of the Act; and (b) For the purposes of the Proposed Renewal of Shareholders' Mandate, it also includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon a Major Shareholder of our Company, or any other corporation which is our Company's subsidiary or holding company
MoF Inc.	:	Minister of Finance, Incorporated

Proposed Renewal of Shareholders' Mandate	:	Proposed renewal of shareholders' mandate for RRPT to be entered into as set out in Appendix I of this Circular
Related Party	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder
Related Party Transaction	:	A transaction entered into between our Company or a subsidiary of our Company which involves the interest, direct or indirect, of a Related Party
RRPT	:	A Related Party Transaction which is recurrent, of a revenue or trading nature and which is necessary for our Group's day-to-day operations and are in the ordinary course of business of our Group
Shareholders	:	Shareholders of TM
TM or Company	:	Telekom Malaysia Berhad

All references to "**our Company**" or "**TM**" in this Circular are to Telekom Malaysia Berhad, and references to "**our Group**" or "**TM Group**" are to our Company and our subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, where the context otherwise requires, our subsidiaries.

All references to "**you**" in this Circular are to the shareholders of our Company.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations.

Any reference to the time of day and date in this Circular is a reference to Malaysian time and date respectively.

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TELEKOM MALAYSIA BERHAD

(Company No. 128740-P)
(Incorporated in Malaysia under the Act)

Registered office:

Level 51, North Wing
Menara TM
Jalan Pantai Baharu
50672 Kuala Lumpur
Malaysia

6 April 2015

Directors:

Tan Sri Dato' Seri Dr Sulaiman Bin Mahbob (*Chairman, Non-Independent Non-Executive Director*)
Tan Sri Dato' Sri Zamzamzairani Mohd Isa (*Managing Director/Group Chief Executive Officer, Non-Independent Executive Director*)
Datuk Bazlan Osman (*Executive Director/Group Chief Financial Officer, Non-Independent Executive Director*)
Dato' Fauziah Yaacob (*Non-Independent Non-Executive Director*)
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin (*Non-Independent Non-Executive Director*)
Dato' Danapalan T.P Vinggrasalam (*Senior Independent Non-Executive Director*)
Datuk Zalekha Hassan (*Independent Non-Executive Director*)
Dato' Ir Abdul Rahim Abu Bakar (*Independent Non-Executive Director*)
Dato' Ibrahim Marsidi (*Independent Non-Executive Director*)
Mr Davide Giacomo Federico Benello @ David Benello (*Independent Non-Executive Director*)
Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor (*Independent Non-Executive Director*)
Ms Gee Siew Yoong (*Independent Non-Executive Director*)
Dato' Siti Zauyah Md Desa (*Alternate Director to Dato' Fauziah Yaacob, Non-Independent Non-Executive Alternate Director*)
Encik Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (*Alternate Director to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin, Non-Independent Non-Executive Alternate Director*)

To our Shareholders

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

1. INTRODUCTION

- 1.1 At our Company's Extraordinary General Meeting held on 8 May 2014, our Company had obtained a shareholders' mandate for our Company and/or our subsidiaries to enter into RRPT of a revenue or trading nature which are necessary for our Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the Related Parties than those generally available to the public ("**Existing Mandate**").

- 1.2 The Existing Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of our forthcoming 30th AGM, unless the authority for its renewal is obtained from our shareholders at our forthcoming 30th AGM.
- 1.3 Accordingly, our Board had announced on 26 February 2015 that we propose to seek your approval for the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.
- 1.4 The purpose of this Circular is to provide you with the information on the Proposed Renewal of Shareholders' Mandate and to seek your approval for the resolutions pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled as Special Businesses at our forthcoming AGM.

WE ADVISE YOU TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT OUR FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

- (i) Pursuant to Paragraph 10.09(2) of Chapter 10 of the Listing Requirements, a listed issuer may seek shareholders' mandate in respect of RRPT subject to the following:
 - (a) the transactions are in the ordinary course of business and are on terms not more favorable to the related party than those generally available to the public;
 - (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
 - (c) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
 - (d) in a meeting to obtain the shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
 - (e) a listed issuer must immediately announce to Bursa Securities when the actual value of an RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.
- (ii) Transactions entered into between a listed issuer (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary are excluded from the requirements of Part E of Chapter 10 of the Listing Requirements.
- (iii) In accordance with Paragraph 3.1.4 of Practice Note 12 of the Listing Requirements, the shareholders' mandate will take effect from the date on which shareholders' approval is obtained and shall continue to be in force until:

- (a) the conclusion of the next AGM of a listed issuer following the general meeting at which the shareholders' mandate was granted, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by shareholders at a general meeting;
- whichever is the earlier.
- (iv) Disclosure will be made in the Company's Annual Report in accordance with Section 3.1.5 of Practice Note 12 of the Listing Requirements, which provides a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:
 - (a) the type of the RRPT made; and
 - (b) the names of the related parties involved in each type of the RRPT made and their relationship with the listed issuer.

Accordingly, our Company proposes to procure the approval from our shareholders for the Proposed Renewal of Shareholders' Mandate for our Group to enter into recurrent transactions with Related Parties which are of a revenue or trading nature and necessary for our Group's day-to-day operations and are in the ordinary course of business, on terms not more favorable to the Related Parties than those generally made available to the public and are not detrimental to the minority shareholders.

The Proposed Renewal of Shareholders' Mandate, if approved, will take effect from the date of our forthcoming 30th AGM and will continue to be in force until the conclusion of the next AGM or until the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) unless revoked or varied by resolution passed by our shareholders at a general meeting, whichever is earlier.

2.2 Our principal activities

The principal activities of our Company are the establishment, maintenance and provision of telecommunications and related services. The principal activities of our subsidiaries include the provision of internet and multimedia services, research and development activities, leasing of optical fibre telecommunication system services, managed network services and other telecommunication related services. Through our subsidiaries, we also provide other non-telecommunication related services such as provision of education, customer service outlets, publication, management of telecommunication tourism tower, fleet management services and integrated security surveillance system.

2.3 Classes of Related Parties

The Proposals will apply to the following classes of Related Parties:

- (i) Major Shareholders;
- (ii) Directors; and
- (iii) Persons connected to such Major Shareholders and/or Directors.

2.4 RRPT Details

(i) Class, nature and estimated aggregate value of the Existing RRPT

The details of the Existing RRPT under the Proposed Renewal of Shareholders' Mandate are set out in Appendix I of this Circular.

(ii) Amounts due and owing to our Group by Related Parties pursuant to RRPT ("Outstanding RRPT Receivables")

The Outstanding RRPT Receivables from the companies within the Axiata Group and AMH Group (being our Related Parties) which have exceeded the credit term for the following periods as at 31 December 2014 are as follows:

No.	Nature of RRPT	Principal amount of Outstanding RRPT Receivables which exceed the credit term for a period of				Total
		1 year or less	More than 1 to 3 years	More than 3 to 5 years	More than 5 years	
		RM 000	RM 000	RM 000	RM 000	
1	Interconnect revenue from Axiata Group	676 ⁽¹⁾	113	-	-	789
2	Provision of Voice Over Internet Protocol related services to Axiata Group	168 ⁽²⁾	1,213 ⁽³⁾	-	-	1,381
3	Provision of leased-line services to Axiata Group	5,455 ⁽⁴⁾	221 ⁽⁵⁾	-	-	5,676
4	Provision of data and bandwidth related services to Axiata Group	4,987 ⁽⁶⁾	867 ⁽⁷⁾	-	-	5,854
5	Site rental for telecommunication infrastructure, equipment and related charges by TM Group to Celcom	494	-	-	-	494
6	Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Celcom	437	56	-	-	493
7	Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group	8,951 ⁽⁸⁾	-	-	-	8,951
8	Provision of dark fibre, bandwidth, space & facility by Fibrecomm Network (M) Sdn Bhd to Celcom	2,226	-	-	-	2,226
9	Provision of data centre services by VADS Berhad to MBNB	160 ⁽⁹⁾	-	-	-	160
10	Provision of internet access, broadband and fibre circuit services to AMH Group	1,325 ⁽¹⁰⁾	-	-	-	1,325
11	Provision of ICT products, radio transmission and connectivity services to AMH Group	1,025 ⁽¹¹⁾	-	-	-	1,025
	TOTAL	25,904	2,470	-	-	28,374

Notes:

- (1) As at LPD, the outstanding amount due is RM71,180.00
- (2) As at LPD, the outstanding amount due is RM163,000.00
- (3) As at LPD, the outstanding amount due is RM1,173,000.00
- (4) As at LPD, the outstanding amount due is RM3,337,200.00
- (5) As at LPD, the outstanding amount due is RM175,720.00
- (6) As at LPD, the outstanding amount due is RM2,979,350.00
- (7) As at LPD, the outstanding amount due is RM835,480.00
- (8) As at LPD, the outstanding amount due is RM2,161,000.00
- (9) As at LPD, the outstanding amount due is RM5,000.00
- (10) As at LPD, the outstanding amount due is RM116,147.00
- (11) As at LPD, the outstanding amount due is RM171,946.00

No late payment charges are imposed on the receivables from the above Related Parties as the total Outstanding RRPT Receivables as at LPD are not substantial and our Board is of the view that the amount will be recoverable. In addition, the Related Parties have a long-standing business relationship with our Company.

Our Company has taken action in respect of recovering the above amounts due to our Company, including the sending of reminders to the relevant debtors, follow-up calls and meetings with the customers. Efforts have also been made to engage the Related Parties for expeditious payment of certain outstanding amounts.

2.5 Review procedures for the RRPT

To ensure that the RRPT are undertaken on an arm's length basis, on normal commercial terms and transaction prices, which are not more favorable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders and to supplement the existing internal control procedures of our Group, the audit committee of our Board ("**Board Audit Committee**") will be tasked with the review and approval of such transactions.

Our Board Audit Committee currently comprises Gee Siew Yoong (Chairman of the Board Audit Committee and Independent Non-Executive Director), Dato' Danapalan T.P Vinggrasalam (Senior Independent Non-Executive Director), Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin (Non-Independent Non-Executive Director), Datuk Zalekha Hassan (Independent Non-Executive Director) and Dato' Ibrahim Marsidi (Independent Non-Executive Director).

We have established the following procedures and guidelines for the review and approval of the RRPT:

- (i) a list of the Related Parties is provided to our Group Procurement Division to monitor and the chief financial officers or heads of financial division (as the case may be) in our Group will ensure that all RRPT to be entered into by our Group are required to be undertaken on an arm's length basis, on terms not more favorable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders;
- (ii) regular RRPT awareness programs and briefing sessions to operating units and subsidiaries are carried out by our Group Procurement Division and Compliance Unit on the requirement to monitor and report on all RRPT for compilation and reporting to our Best Practices Committee and Board Audit Committee;
- (iii) we shall maintain proper records of the RRPT to be entered into with the Related Parties under the shareholders' mandate. We will disclose in our annual report the breakdown of the aggregate value of RRPT entered into during the financial year based on, amongst others, the following:
 - (a) the type of RRPT made; and
 - (b) the names of the Related Parties involved in each type of the RRPT made and their relationship with us;

we shall only enter into any RRPT after taking into account the pricing and contract rate, terms and conditions, level of service and expertise required, quality of products and

services provided to/by the Related Parties as compared to prevailing market prices and rates, industry norms and standards as well as general practices by service providers of similar capacity and capability generally available in the open market;

- (iv) the annual internal audit plan shall incorporate a review of all RRPT entered or to be entered into under the shareholders' mandate to ensure that relevant approvals for the RRPT have been obtained and/or duly ratified and the review procedures in respect of such transactions are adhered to;
- (v) all RRPT will be reviewed by the internal auditors and presented at the meeting of our Board Audit Committee. Our Board Audit Committee shall have the right of access to information on the Related Parties and is entitled to the services of any independent advisers, if required, in the discharge of its duties;
- (vi) our Board Audit Committee shall review on an annual basis the internal audit reports pertaining to the RRPT to ascertain that the guidelines and procedures established to monitor the RRPT have been complied with;
- (vii) our Board and Board Audit Committee shall have the overall responsibility of determining whether the review procedures and guidelines on the RRPT are appropriate and sufficient. If any of our Board or Board Audit Committee members has an interest in an RRPT, he will abstain from any decision making in respect of that RRPT;
- (viii) if our Board and Board Audit Committee are of the view that the review procedures are no longer sufficient to ensure that the RRPT is made on an arm's length basis, on terms not more favorable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders, they shall have the discretion to discharge, vary and/or modify or implement new and/or additional procedures and guidelines, without your prior approval, provided that such amended, varied, modified, new or additional procedures are no less stringent than the existing procedures and guidelines;
- (ix) at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by/to other unrelated parties for the same or substantially similar type of transaction. In the event this method of comparison is also not available, we will then undertake other typically-adopted forms of benchmarking analyses (such as evaluating the reasonableness of the profit margin which we may derive in connection with such RRPT) to determine a transaction price which is deemed to be on arm's length basis and to ensure that the RRPT is not detrimental to our Group; and
- (x) Our Group has in place internal authority limit matrices governing all business transactions including RRPT. Such internal authority limit matrices would include approval thresholds, which vary depending on the type of transaction as well as the legal entity/division/business unit undertaking such transactions. Essentially, all transactions shall be reviewed and approved by our Board, Executive Directors, senior management and/or appropriate approving levels in accordance with our Group's internal authority limit matrices.

In addition, any RRPT having a percentage ratio (as defined under Paragraph 10.02(g) of the Listing Requirements) of 0.25% or more will be reported to our Group's Compliance Unit, who in turn can take the appropriate/necessary action, which may include procuring the Board Audit Committee's approval.

2.6 Statement by Board Audit Committee

Our Board Audit Committee has seen and reviewed the procedures mentioned in Section 2.5 above and is of the opinion that the abovementioned procedures are sufficient to ensure that any RRPT is undertaken on an arm's length basis, on terms not more favorable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders.

The Board Audit Committee is of the view that our Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever the need arises.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will enable our Group to enter into the RRPT described in Appendix I of this Circular.

The RRPT are transactions in the ordinary course of our business, made on an arm's length basis, on terms not more favorable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders.

The RRPT to be entered into by our Group are intended to meet our business needs at the best possible terms. Our Group should be able to have access to all available markets, products and services provided by all vendors including the Related Parties. This will enhance our Group's ability to explore mutually beneficial business opportunities.

The RRPT are likely to continue in the future on a frequent and recurrent basis from time to time. In addition, these transactions may be time-sensitive and confidential. The Proposed Renewal of Shareholders' Mandate will eliminate the need to announce and convene separate general meetings to seek your prior approval on a case by case basis before entering into such transactions. The Proposed Renewal of Shareholders' Mandate will therefore enable us to save administrative time and expenses which could be better utilized towards pursuing our corporate objectives.

4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

4.1 Issued and paid-up share capital

The Proposed Renewal of Shareholders' Mandate will not have any effect on our issued and paid-up share capital.

4.2 Earnings

The Proposed Renewal of Shareholders' Mandate is not expected to have any material effect on the earnings of our Group for the financial year ending 31 December 2015.

4.3 Net Assets Attributable to owners of TM ("NA") and gearing

Based on our audited consolidated Statement of Financial Position as at 31 December 2014, the Proposed Renewal of Shareholders' Mandate is not expected to have any material effect on our consolidated NA and gearing.

4.4 Substantial shareholders' shareholdings

The Proposed Renewal of Shareholders' Mandate will not have any effect on our substantial shareholders' shareholdings in our Company.

5. APPROVALS REQUIRED FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate is subject to your approval at our forthcoming AGM.

6. DIRECTORS AND MAJOR SHAREHOLDERS'S INTEREST

Save as disclosed below, none of our Directors, Major Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate:

- (i) MoF Inc. and Khazanah, our Major Shareholders, who are deemed interested in the Proposed Renewal of Shareholders' Mandate will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the resolutions pertaining to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM. MoF Inc. and Khazanah, through their representative(s) on our Board, have also undertaken to ensure that persons connected to them will abstain from voting, in respect of their direct and/or indirect shareholdings (if any) in our Company, deliberating or approving, the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.
- (ii) Dato' Fauziah Yaacob and her alternate Director, Dato' Siti Zauyah Md Desa, are MoF Inc.'s representatives on our Board. Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin and his alternate Director, Encik Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil, are Khazanah's representatives on our Board.

Accordingly, Dato' Fauziah Yaacob, Dato' Siti Zauyah Md Desa, Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin and Encik Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (collectively referred to as the "**Interested Directors**"), where applicable, have abstained and will continue to abstain from deliberation and voting on the Proposed Renewal of Shareholders' Mandate at our relevant Board meetings.

- (iii) The Interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in our Company on the resolution for the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM and have also undertaken to ensure that persons connected with them will abstain from voting, in respect of their direct and/or indirect shareholdings (if any) in our Company, deliberating or approving, the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.

Based on our Company's Register of Substantial Shareholders and Register of Directors' Shareholdings, the direct and indirect shareholdings of our abovementioned Interested Directors and Major Shareholders in our Company as at the LPD are as follows:

Interested parties	Direct		Indirect	
	No. of TM Shares	%	No. of TM Shares	%
Major Shareholders				
MoF Inc.	-	-	1,076,725,713 ⁽¹⁾	28.95
Khazanah	1,076,725,713	28.95	-	-
Directors				
Dato' Fauziah Yaacob	-	-	-	-
Dato' Siti Zauyah Md Desa (Alternate to Dato' Fauziah Yaacob)	-	-	-	-
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	-	-	-	-
Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (Alternate to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin)	-	-	-	-

Note:

⁽¹⁾ Deemed interest through Khazanah under Section 6A of the Act.

7. DIRECTORS' RECOMMENDATION

Our Board (other than the Interested Directors who have abstained from expressing their opinions and recommendations), having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the view that the Proposed Renewal of Shareholders' Mandate is in the best interest of our Company. Accordingly, our Board (other than the Interested Directors) recommends that you vote in favor of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.

8. AGM

Our forthcoming 30th AGM will be held at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia on Thursday, 30 April 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolutions as set out in the Notice of the 30th AGM. The Notice and Proxy Form are enclosed in the Corporate and Financial Summary of the Company's 2014 Annual Report dispatched together with this Circular.

If you are unable to attend and vote in person at the 30th AGM, you are requested to complete, sign and return the Proxy Form, in accordance with the instructions printed on it, so as to arrive at our Share Registrar's office, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time set for convening our 30th AGM or at any adjournment thereof. You may attend and vote in person at the 30th AGM, if you wish to do so, even after you have completed and returned the Proxy Form so long as you revoke the appointment of your proxy prior to the said AGM.

9. FURTHER INFORMATION

Please refer to the attached appendices of this Circular for further information.

Yours faithfully
For and on behalf of the Board of
TELEKOM MALAYSIA BERHAD

Tan Sri Dato' Seri Dr Sulaiman Bin Mahbob
Chairman
Non-Independent Non-Executive Director

APPENDIX I

DETAILS OF THE RRPT TO BE ENTERED INTO BY OUR GROUP UNDER THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2014 Shareholders' Mandate			Estimated Value of the Proposed Mandate ⁽²⁾ (RM 000)
					Estimated Value (RM 000)	Actual Value ⁽¹⁾ (RM 000)	Estimated Value of the Proposed Mandate ⁽²⁾ (RM 000)	
Our Company and/or our subsidiaries	Axiata Group Berhad (Axiata) and/or its subsidiaries (Axiata Group)	Minister of Finance Incorporated (MoF Inc.), Khazanah Nasional Berhad (Khazanah), Dato' Fauziah Yaacob, Dato' Siti Zauyah Md Desa, Eshah Meor Suleiman, Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin and Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil	In addition to their shareholdings in our Company, MoF Inc. and Khazanah have direct and indirect shareholdings of 38.68% in Axiata. Dato' Fauziah Yaacob is a representative of MoF Inc. on our Board. Dato' Siti Zauyah Md Desa is her Alternate Director appointed on 5 November 2014. Eshah Meor Suleiman was previously Dato' Fauziah's Alternate Director, who has resigned on 31 October 2014. Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin is a representative of Khazanah on our Board. Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil is his Alternate Director on our Board.	<p>Revenue</p> <ul style="list-style-type: none"> - Interconnect revenue from Axiata Group. - Provision of Voice Over Internet Protocol related services to Axiata Group. - Provision of leased-line services to Axiata Group - Provision of data and bandwidth related services to Axiata Group. - Site rental for telecommunication infrastructure, equipments and related charges by our Group to Axiata Group. - Provision of Internet access and broadband services to Axiata Group. - Rental of office premises⁽³⁾ to Axiata Group. - Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group. 	35,689	30,568	92,237	
					86,001	47,215	0	
					34,977	20,781	20,320	
					86,246	46,018	64,608	
					43,788	42,261	46,551	
					68	67	90	
					16,127	12,218	16,127	
					53,613	47,497	56,059	

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2014 Shareholders' Mandate			Estimated Value of the Proposed Mandate (2) (RM 000)
					Estimated Value (RM 000)	Actual Value (1) (RM 000)		
				- Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Axiata Group.	7,076	5,839	2,186	
				- Provision of dark fibre, bandwidth, space & facility by Fibrecomm Network (M) Sdn Bhd to Axiata Group.	12,042	5,026	4,072	
				Cost				
				- Interconnect charges by Axiata Group.	44,022	34,831	80,420	
				- Leased-line charges by Axiata Group.	2,614	1,683	2,484	
				- Dark fibre and leased-line charges by Axiata Group to Fibrecomm Network (M) Sdn Bhd.	1,433	1,074	1,417	
				- Voice Over Internet Protocol related services charges by Axiata Group.	85,505	37,338	0	
				- Core rental and mobile services from Axiata Group to TM Group.	2,923	2,036	2,003	
				- Site rental for telecommunication infrastructure, equipments and related charges by Axiata Group to TM Group	0	0	1,199	
				TOTAL	512,124	334,452	389,773	

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2014 Shareholders' Mandate		Estimated Value of the Proposed Mandate (RM 000)
					Estimated Value (RM 000)	Actual Value (1) (RM 000)	
Our Company and/or our subsidiaries	Astro Malaysia Holdings Berhad (AMH) and its subsidiaries (AMH Group)	Khazanah Berhad Nasional (Khazanah), Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin and Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil	In addition to their shareholdings in our Company, Khazanah is a major shareholder of AMH, with deemed interest of 20.72%;	Revenue - Provision of data centre services by VADS Berhad to AMH Group - Provision of internet access, broadband and fibre circuit services to AMH Group	1,816	1,876	2,265
			Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin is a representative of Khazanah on our Board. Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil is his Alternate Director on our Board.	- Provision of ICT products, radio transmission and connectivity services to AMH Group	30,141	14,407	21,383
				- Commission on collection of payment made by AMH Group customers.	1,661	945	0
				Cost - Provision of content by AMH Group to TM Group.	104,082	78,768	93,112
				TOTAL	142,831	101,078	123,299

Notes:

(1)

(2)

(3)

The Actual Values transacted from 8 May 2014 on which the existing Mandate was obtained up to 28 February 2015.
The Estimated Value of transactions shown above represents the best estimates by our management. Accordingly, the Actual Value transacted may vary from the estimates shown above.
The location of the office premises rented to Axiata Group is at Menara Celcom, No. 82 Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur and the monthly rental is RM1,221,777.34.

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Circular false or misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts, other than those entered into in the ordinary course of business, within two (2) years immediately preceding the date of this Circular.

Proposed Investment by Mobikom Sdn Bhd (“Mobikom”), a wholly-owned subsidiary of our Company, in Packet One Networks (Malaysia) Sdn Bhd (“P1”) (“Investment Proposals”)

On 27 March 2014, our Company announced that our wholly-owned subsidiary, Mobikom had entered into an investment agreement with the following parties in relation to, amongst others, the subscription by Mobikom of new ordinary shares of RM1.00 each in P1 (“P1 Shares”) for a total consideration of RM350.0 million (“Share Subscription”) (“Investment Agreement”):

- (a) Packet One Sdn Bhd (“POSB”), a wholly-owned subsidiary of Green Packet Berhad (“Green Packet”);
- (b) SK Telecom Co. Ltd (“SKT” or “SKT Guarantor” where applicable);
- (c) Green Packet (“POSB Guarantor” where applicable);
- (d) Our Company (“Mobikom Guarantor”); and
- (e) P1.

Our Company, as Mobikom Guarantor, POSB Guarantor and SKT Guarantor (collectively “Guarantors”) have agreed to guarantee the obligations under the Investment Agreement of each Mobikom, POSB and SKT (and their affiliates from time to time that may acquire P1 Shares or any securities in P1) respectively.

On 30 September 2014, the Share Subscription was completed in accordance with the terms and conditions of the Investment Agreement. Following the completion, Mobikom holds 55.3% of the enlarged issued share capital of P1 after closing adjustments.

Pursuant to the Investment Agreement, the following key agreements have been / will also be entered into:

- (i) a subscription agreement between our Company and Green Packet in relation to an 8-year redeemable exchangeable medium term notes (“Exchangeable MTN”) programme by Green Packet to raise up to RM210.0 million (“Exchangeable MTN Programme”) (“Exchangeable MTN Programme Agreement”). The Exchangeable MTNs may be exchangeable into, amongst others, P1 Shares held by POSB immediately after completion of the Investment Agreement (“Completion”) in accordance with the terms of the Exchangeable MTN Programme Agreement. The Exchangeable MTNs will be secured against the P1 Shares held by POSB immediately following Completion and the Convertible MTNs (as defined below) to be subscribed by POSB and/or its affiliates at any time using part of the proceeds from the issuance of Exchangeable MTNs pursuant to the Exchangeable MTN Programme (including any P1 Shares issued on conversion of such Convertible MTNs);

Upon completion of the Share Subscription, on 30 September 2014 our Company had subscribed to the initial tranche of the Exchangeable MTN Programme issued by Green Packet with a subscription value of RM119,327,377.19 ("Exchangeable MTN Subscription A").

- (ii) a subscription agreement between Mobikom (and/or its affiliates), POSB (and/or its affiliates), SKT (and/or its affiliates) and P1 in relation to an 8-year convertible unsecured medium term notes ("Convertible MTN") programme by P1 to raise up to RM1.65 billion, to be subscribed in stages; and
- (iii) collaboration agreements between each of our Company and/or our affiliates, POSB and/or its affiliates and SKT and/or its affiliates (on the one hand) and P1 (on the other hand) in relation to the operational and business collaboration between the said parties and various other operational agreements entered and/or to be entered into ("Collaboration Agreements"). The Collaboration Agreements govern the parameters of their partnership in principal areas such as the use of infrastructure, transmission networks and distribution channels, the leasing of spectrum and the provision of consulting and technical services, products and/or services, amongst others.

3. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business of our Group and our Board is not aware of any proceedings, pending or threatened against our Group, or of any facts likely to give rise to any proceedings which may materially affect our financial position or business of our Group:

(i) **Mohd Shuaib Ishak v TM, Telekom Enterprise Sdn Bhd and 12 others
(Kuala Lumpur High Court (Commercial Division) Civil Suit No. D6-22-1568-2007)**

On 26 November 2007, our Company and Telekom Enterprise Sdn Bhd ("TESB") were served with a Writ of Summons and Statement of Claim in respect of a suit filed by Mohd Shuaib Ishak ("MSI"). MSI sought from our Company, TESB and 12 others (including the former and existing directors of the Company) jointly and/or severally, inter alia, the following:

- (a) a Declaration that the Sale and Purchase Agreement dated 28 October 2002 between Celcom and our Company (or TESB) for the acquisition by Celcom of the shares in Celcom Mobile Sdn Bhd (previously known as TM Cellular Sdn Bhd), and all matters undertaken thereunder including but not limited to the issuance of shares by Celcom are illegal and void and of no effect;
- (b) a Declaration that all purchases of shares in Celcom made by TESB and/or our Company and/or parties acting in concert with them with effect from and including the date of the Notice of the Mandatory Offer dated 3 April 2003 issued by Commerce International Merchant Bankers Berhad (now known as CIMB) are illegal and void and of no effect;
- (c) all necessary and fit orders and directions as may be required to give effect to the aforesaid Declarations as the Court deemed fit including but not limited to directions for the rescission of all transfers of shares of Celcom made after the Notice of Mandatory Offer for shares in Celcom dated 3 April 2003;
- (d) that our Company by itself, its servants and agents be restrained from giving effect to or executing any of the proposals relating to the proposed demerger of the mobile and fixed line businesses of the Group; and
- (e) various damages to be assessed.

On 30 November 2007, our Company and TESB obtained leave to enter conditional appearance and subsequently on 17 December 2007, our Company and TESB filed the

relevant application to strike out the suit (“Striking Out Application”). The High Court proceeded with the hearing of the Striking Out Application on 6 July 2012 and on 20 July 2012, found in favour of TM and granted an order in terms of the Striking Out Application.

On 13 August 2012, MSI filed an appeal to the Court of Appeal against the decision of the High Court above. The appeal was dismissed on 30 October 2013.

On 28 November 2013, MSI filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal above stated. This application is fixed for case management on 20 May 2015.

The Directors, based on legal advice, are of the view that TM and TESB have a good chance of success in defending the legal suit.

(ii) Menara Intan Langkawi Sdn Bhd & HBA Development Bhd vs TM Facilities Sdn Bhd (Shah Alam High Court Civil Suit No. 22NCVC-170-02/2013)

On 6 March 2013, TM Facilities Sdn Bhd (“TMF”), our Company’s wholly-owned subsidiary, has through its solicitors, been served with a Writ and Statement of Claim by Menara Intan Langkawi Sdn Bhd (“MIL”) and HBA Development Bhd (“HBA”), through their solicitors.

The claim by HBA was premised upon an alleged wrongful termination of an Agreement to Lease dated 14 August 2003 between MIL and TMF (“Agreement”). Under the Agreement, TMF had agreed to take a lease of a telecommunication tower to be constructed at the Mukim of Kuah in Langkawi, from MIL, a joint venture company between Lembaga Pembangunan Langkawi and HBA, for a lease period of 15 years and at a lease rental of RM17 million per annum.

The Lease Agreement was subsequently terminated by TMF on 6 February 2007, as TMF was of the view that MIL has failed to secure the necessary approvals and commence construction of the telecommunication tower despite the time given.

Based on the Writ and Statement of Claim, MIL and HBA are seeking for the following:

- (a) Damages in respect of loss of profit of RM168,701,922.00;
- (b) Damages in respect of works and expenses of RM86,298,078.60;
- (c) Damages in respect of the value of a land measuring 28.49 acres of RM80,600,000.00;
- (d) General Damages;
- (e) Interest; and
- (f) Costs.

On 28 March 2013, TMF filed an application to strike out the Statement of Claim by the 2nd Plaintiff, HBA against TMF (Striking Out Application).

On 1 April 2013, TMF was served with an Amended Statement of Claim dated 29 March 2013 by both the Plaintiffs in the legal suit. In the Amended Statement of Claim, the Plaintiffs have amended their claim of loss of profits from RM168,701,922.00 to RM225,000,000.00.

On 17 May 2013, the Striking Out Application was allowed with cost by the High Court. On the same day, TMF filed its Defence to the Amended Statement of Claim by the 1st Plaintiff, MIL.

On 1 July 2013, the High Court ordered MIL to provide security for cost in the sum of RM175,000.00 within a period of 45 days and further ordered for the legal suit to be stayed pending payment of the same. On 26 August 2013, MIL paid the security for costs into TMF's solicitor's account.

On 18 November 2013, TMF's solicitors were served with a Summary Judgment Application in which MIL seeks for the following Orders from the High Court:

- (i) An Order for declaration that TMF has wrongfully and unlawfully terminated the Agreement;
- (ii) An Order for assessment of damages to be paid by TMF to MIL for all the damages and losses suffered by MIL as compensation for the termination of the Agreement wrongfully and unlawfully;
- (iii) An Order for TMF to pay MIL immediately after the assessment of damages by the Court; and
- (iv) Interest and cost.

On 26 May 2014, MIL withdrew the Summary Judgment Application. The legal suit then proceeded for trial on 26 to 27 May 2014 and on 23 to 24 June 2014. On 31 October 2014, the High Court dismissed MIL's claim and awarded costs in the sum of RM50,000.00 in favor of TMF.

On 12 November 2014, MIL filed its appeal against the said decision of the High Court.

The Court of Appeal has yet to fix any hearing date for the appeal.

This matter has now been fixed for hearing on 15 April 2015 for MIL's Application for an extension of time in respect of the filing of the Record of Appeal.

The Directors, based on legal advice, are of the view that TMF has a good chance of success in dismissing the appeal.

Apart from the above, the Directors are not aware of any other proceedings pending against our Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of our Company and/or its subsidiaries.

There were no other contingent liabilities or material litigations or guarantees other than those arising in the ordinary course of the business of the Group and our Company and on these, no material losses are anticipated.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspected at our registered office at Level 51, North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia during office hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our AGM:

- (i) our Memorandum and Articles of Association;
- (ii) our audited consolidated financial statements for the past two financial years ended 31 December 2013 and 2014;
- (iii) material contract referred to in Section 2 above; and
- (iv) cause papers for material litigation referred to in Section 3 above.