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TELEKOM MALAYSIA BERHAD
198401016183 (128740-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
- (II) PROPOSED ADDITIONAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The ordinary resolutions in respect of the above proposals will be tabled at the Thirty-Seventh Annual General Meeting (37th AGM) of Telekom Malaysia Berhad (the Company). This Circular is available at <https://www.tm.com.my/annualreport2021/downloads> together with, amongst others, the Notice of the 37th AGM, Proxy Form and Administrative Guide for the 37th AGM. The date, time and the broadcast venue of the AGM are as follows:

Date and Time of the Virtual 37th AGM : Wednesday, 25 May 2022 at 10:00 a.m.

Broadcast Venue of the 37th AGM : Kristal Hall, TM Convention Centre, Menara TM,
Jalan Pantai Baharu, 50672 Kuala Lumpur,
Malaysia.

Please follow the procedures provided in the Administrative Guide for the 37th AGM as indicated in the Corporate Overview of the Integrated Annual Report 2021 in order to register, participate and vote remotely. You may appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Proxy Form. Please complete, sign and return the Proxy Form in accordance with the instructions printed thereon.

The last date and time for lodgement of the Proxy Form is not less than 24 hours before the time appointed for the taking of the poll or no later than 12:00 noon on Tuesday, 24 May 2022.

This Circular is dated 25 April 2022

DEFINITIONS

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

Act	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Axiata	:	Axiata Group Berhad [Registration No: 199201010685 (242188-H)]
Axiata Group	:	Axiata and/or its subsidiaries
BAC	:	Board Audit Committee
Board	:	Board of Directors of our Company
BPC	:	Best Practice Committee
Bursa Securities	:	Bursa Malaysia Securities Berhad [Registration No: 200301033577 (635998-W)]
Celcom	:	Celcom Axiata Berhad [Registration No: 198801000113 (167469-A)]
Circular	:	This circular to the shareholders of the Company dated 25 April 2022
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Constitution	:	Constitution of the Company, as amended from time to time
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 and Proposed Additional 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 Main LR
Khazanah	:	Khazanah Nasional Berhad [Registration No: 199301020767 (275505-K)], a Major Shareholder of our Company
LPD	:	31 March 2022, being the latest practicable date prior to the printing of this Circular
Main LR	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
Major Shareholder	:	(a) A person who has an interest or interests in one (1) or more voting shares in our Company or our subsidiary and the number or the aggregate number of those shares, is: (i) 10% or more of the total number of voting shares in our Company; or (ii) 5% or more of the total number of voting shares in our Company where such person is the largest shareholder of our Company.

For the purpose of this definition, “**interest**” shall have the meaning of “interest in shares” given in Section 8 of the Act; and

- (b) For purposes of the Proposed Renewal of Shareholders’ Mandate and Proposed Additional 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, a body corporate established under the Ministry of Finance (Incorporation) Act, 1957

NA : Net assets attributable to shareholders of our Company

Person Connected : Shall have the same meaning as in Paragraph 1.01 of the Main LR. In relation to any person (referred to as “said Person”) means such person who falls under any one (1) of the following categories:

- (a) a family member of the said Person;
- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
- (c) a partner of the said Person;
- (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
- (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- (g) a body corporate which is a related corporation of the said Person.

Petronas : Petroliam Nasional Berhad [Registration No. 197401002911 (20076-K)]

Petronas Group : Petronas and/or its subsidiaries

Proposals : Proposed Renewal of Shareholders’ Mandate and Proposed Additional Shareholders’ Mandate

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

Proposed Additional Shareholders’ Mandate : Proposed additional shareholders’ mandate for RRPT to be entered into as set out in Appendix II 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 our Company
TNB	:	Tenaga Nasional Berhad [Registration No: 199001009294 (200866-W)]
TNB Group	:	TNB and/or its subsidiaries
TM or Company	:	Telekom Malaysia Berhad [Registration No: 198401016183 (128740-P)]
TM Group or Group	:	TM and/or its subsidiaries

All references to "our Company" in this Circular are to TM. References to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" are to our Company and where the context requires, shall include our subsidiaries.

All references to "you" in this Circular are to the shareholders of TM.

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. References to persons shall include corporations.

Any reference to any enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time or date in this Circular is a reference to Malaysian time or date, unless otherwise stated.

Any discrepancy in the tables between the amounts listed, actual figures and the totals in this Circular are due to rounding.

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TELEKOM MALAYSIA BERHAD

198401016183 (128740-P)
(Incorporated in Malaysia)

Registered office:

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

25 April 2022

Directors:

Tan Sri Mohammed Azlan Hashim (*Chairman, Non-Independent Non-Executive Director*)
Shazril Imri Mokhtar (*Managing Director/Group Chief Executive Officer, Non-Independent Executive Director*)
Anis Rizana Mohd Zainudin @ Mohd Zainuddin (*Non-Independent Non-Executive Director*)
Dato' Mohamed Nasri Sallehuddin (*Non-Independent Non-Executive Director*)
Muhammad Afhzal Abdul Rahman (*Non-Independent Non-Executive Director*)
Tunku Afwida Tunku Dato' A.Malek (*Senior Independent Non-Executive Director*)
Balasingham A. Namasiwayam (*Independent Non-Executive Director*)
Hisham Zainal Mokhtar (*Independent Non-Executive Director*)
Suhendran Sockanathan (*Independent Non-Executive Director*)
Datuk Siti Zauyah Md Desa (*Independent Non-Executive Director*)
Rossana Annizah Ahmad Rashid (*Independent Non-Executive Director*)
Iszad Jeffri Ismail (*Alternate Director to Anis Rizana Mohd Zainudin @ Mohd Zainuddin
Non-Independent Non-Executive Alternate Director*)

To: Our Shareholders

Dear Sir/Madam,

- (I) **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE; AND**
- (II) **PROPOSED ADDITIONAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

(COLLECTIVELY DEFINED AS "THE PROPOSALS")

1. INTRODUCTION

- 1.1 At our Company's AGM held on 25 May 2021, our Company had obtained the renewal of 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 Main LR, lapse at the conclusion of our forthcoming 37th AGM, unless the authority for its renewal is obtained from our shareholders at our forthcoming 37th AGM.
- 1.3 Accordingly, our Board had announced on 25 February 2022 that we propose to seek your approval for the Proposals at the forthcoming AGM.

- 1.4 The purpose of this Circular is to provide you with the information on the Proposals and to seek your approval for the resolutions pertaining to the Proposals 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 PROPOSALS TO BE TABLED AT OUR FORTHCOMING AGM.

2. DETAILS OF THE PROPOSALS

2.1 Provisions under the Main LR

- (a) Pursuant to Paragraph 10.09(2) of Chapter 10 of the Main LR, a listed issuer may seek shareholders' mandate in respect of RRPT subject to the following:
 - (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
 - (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the integrated 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 Main LR;
 - (iii) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
 - (iv) in meeting to obtain the shareholders' mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Main LR; and
 - (v) a listed issuer must immediately announce to Bursa Securities when the actual value of a 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.
- (b) 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 Main LR.
- (c) In accordance with Paragraph 3.1.4 of Practice Note 12 of the Main LR, the shareholders' mandate will take effect from the date on which Shareholders' approval is obtained and shall continue to be in force until:
 - (i) 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;
 - (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

- (iii) revoked or varied by resolution passed by Shareholders at a general meeting;

whichever is the earlier.

- (d) Pursuant to Section 3.1.5 of the Practice Note 12 of the Main LR, disclosure is made in our Company's Integrated Annual Report on the breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:
 - (i) the type of the RRPT made; and
 - (ii) 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 Proposals 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 favourable to the Related Parties than those generally made available to the public and are not detrimental to the minority shareholders.

The Proposals, if approved, will take effect from the date of our forthcoming 37th 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 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) 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 broadband network infrastructure facilities 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, 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:

- (a) Major Shareholders;
- (b) Directors; and
- (c) Persons connected to such Major Shareholders and/or Directors.

2.4 RRPT Details

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

The recurrent transaction as in the Proposals are the general transactions carried out by our Group in its normal course of business, as details out in Appendix I and II of this Circular.

(b) Amounts due and owing to our Group by Related Party pursuant to RRPT (Outstanding RRPT Receivables)

The Outstanding RRPT Receivables from the companies within the Axiata Group and TNB Group (being our Related Parties) which have exceeded the credit term for the following periods as at 31 December 2021 are as follows:

No.	Nature of RRPT	Principal amount of Outstanding RRPT Receivables which exceed the credit term for a period of				Total RM '000
		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	428 ⁽¹⁾	1,362 ⁽²⁾	-	-	1,790
2	Provision of internet access and broadband services to Axiata Group	797 ⁽³⁾	-	-	-	797
3	Provision of leased-line services to Axiata Group	214 ⁽⁴⁾	2,392 ⁽⁵⁾	-	-	2,606
4	Provision of data and bandwidth related services to Axiata Group	19,834 ⁽⁶⁾	421	-	-	20,255
5	Site rental for telecommunication infrastructure, equipment and related charges by TM Group to Axiata Group	19,955 ⁽⁷⁾	17,901	-	-	37,856
6	Provision of connectivity services, ICT, equipment and security surveillance devices to TNB Group	462 ⁽⁸⁾	-	-	-	462
7	Provision of contact centre and business process outsourcing service by PT VADS to Axiata Group	1,862 ⁽⁹⁾	-	-	-	1,862
8	Provision of fibre optic and bandwidth for telecommunication services to TNB Group	412 ⁽¹⁰⁾	-	-	-	412
9	Provision of fibre optic core, data and bandwidth services by Fiberail Sdn. Bhd. to Axiata Group	58	-	-	-	58
TOTAL		44,022	22,076	-	-	66,098

Notes:

- ⁽¹⁾ As at LPD, the outstanding amount due is RM49,000.
⁽²⁾ As at LPD, the outstanding amount due is RM1,156,000.
⁽³⁾ As at LPD, the outstanding amount due has been fully received.
⁽⁴⁾ As at LPD, the outstanding amount due has been fully received.
⁽⁵⁾ As at LPD, the outstanding amount due is RM1,289,000.
⁽⁶⁾ As at LPD, the outstanding amount due is RM2,011,000.
⁽⁷⁾ As at LPD, the outstanding amount due is RM10,916,000.
⁽⁸⁾ As at LPD, the outstanding amount due is RM407,000.
⁽⁹⁾ As at LPD, the outstanding amount due has been fully received.
⁽¹⁰⁾ As at LPD, the outstanding amount due has been fully received.

No late payment charges are imposed on the outstanding receivables from the above Related Parties. Our BAC and Board have reviewed the outstanding amounts, and are of the opinion that the outstanding amounts were part of normal business operations of our Group and are optimistic that the amount is recoverable. In addition, the Related Parties

have a long-standing business relationship with our Company and have sound credit standing.

The management focuses on credit management and actively engages and negotiates with the Related Parties to pursue the Outstanding RRPT Receivables. The Company will recover the Outstanding RRPT Receivables progressively.

2.5 Review procedures for the RRPT

Our Group has established various procedures to ensure that the RRPT are undertaken on arm's length basis, normal commercial terms and transaction prices, which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders. To supplement the existing internal control procedures of our Group, BAC is tasked with the review and approval of such transactions.

Our BAC currently comprises Hisham Zainal Mokhtar (Chairman of BAC and Independent Non-Executive Director), Tunku Afwida Tunku Dato' A.Malek (Senior Independent Non-Executive Director), Saheran Suhendran (Independent Non-Executive Director) and Rossana Annizah Ahmad Rashid (Independent Non-Executive Director).

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

- (a) an updated list of Related Parties is published on the Compliance Risk Management System (CRMS) and it is accessible by all the relevant finance personnel from all division for reference in identifying the related parties with our Group;
- (b) a list of the Related Parties is also provided to our Group Procurement Division for their reference for purposes of monitoring the transactions entered into by our Company and Group. 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 favourable to the Related Parties than those generally available to the public and are not detrimental to our minority shareholders;
- (c) regular RRPT awareness programs and briefing sessions to operating units and subsidiaries are carried out by our Group Procurement Division and PLC Compliance Unit on the requirement to monitor and report on all RRPT for compilation and reporting to our Best Practices Committee and BAC;
- (d) proper records of the RRPT to be entered into with the Related Parties under the Shareholders' Mandate are maintained. Disclosure is made in our Integrated Annual Report on the breakdown of the aggregate value of RRPT entered into during the financial year based on, amongst others, the following:
 - (i) the type of RRPT made; and
 - (ii) the names of the Related Parties involved in each type of the RRPT made and their relationship with us;
- (e) 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;

- (f) the annual internal audit plan will incorporate a review of all RRPT as part of the audit scope for the purpose of the RRPT mandate review to be tabled for Shareholder's approval;
- (g) the RRPT will be reviewed by the internal auditors on the utilisation against the approved mandate twice a year. The review is reported to the Best Practice Committee for deliberation. The Best Practice Committee will then report to the BAC. Our BAC 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;
- (h) our BAC 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;
- (i) our Board and BAC 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 BAC members has an interest in an RRPT, he or she will abstain from any decision making in respect of that RRPT;
- (j) if our Board and BAC 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 favourable to the Related Parties than those generally available to the public and are not detrimental to 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;
- (k) at least two 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;
- (l) 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;
- (m) 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 Director, senior management and/or appropriate approving levels in accordance with our Group's internal authority limit matrices; and
- (n) in addition, any RRPT having a percentage ratio (as defined under Paragraph 10.02(g) of the Main LR) of 0.25% or more must be reported to PLC Compliance Unit, who in turn can take the appropriate and necessary action, which may include procuring the BAC's approval.

2.6 **Statement by BAC**

Our BAC 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 favourable to the Related Parties than those generally available to the public and are not detrimental to our minority shareholders.

BAC 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 AND BENEFITS OF THE PROPOSALS**

The Proposals will enable our Group to enter into the RRPT described in Appendix I and II 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 favourable 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 an integral part of our business and are intended to meet our business needs at the best possible terms. Our Group should be able to examine and have access to all available markets, products and services provided by all vendors including the Related Parties. At the same time, our Group will also be able to provide products and services to customers 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 Proposals 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 and will therefore enable us to save administrative time and expenses which could be better utilised towards pursuing our corporate objectives.

4. **EFFECTS OF THE PROPOSALS**

4.1 **Issued share capital**

The Proposals will not have any effect on our issued capital.

4.2 **Earnings**

The Proposals are not expected to have any material effect on the earnings of our Group for the financial year ending 31 December 2022.

4.3 **NA and gearing**

Based on our audited consolidated Statement of Financial Position as at 31 December 2021, the Proposals are not expected to have any material effect on our consolidated NA and gearing.

4.4 **Substantial shareholders' shareholdings**

The Proposals will not have any effect on our substantial shareholders' shareholdings in our Company.

5. APPROVALS REQUIRED FOR THE PROPOSALS

The Proposals are subject to your approval at our forthcoming AGM.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of our Directors, Major Shareholders and/or Persons Connected to them have any interest, direct or indirect, in the Proposals:

- (a) Khazanah and MOF Inc., being a Major Shareholder and interested Person Connected to Major Shareholder respectively, will abstain from voting in respect of their direct and/or indirect shareholdings on the resolutions, deliberating or approving the Proposals at our forthcoming AGM. Khazanah and MOF Inc., through their representative(s) on our Board, have also undertaken to ensure that persons connected to them will also abstain from voting, in respect of their direct and/or indirect shareholdings (if any), deliberating or approving, the resolution pertaining to the Proposals at our forthcoming AGM.
- (b) Tan Sri Mohammed Azlan Hashim, Shazril Imri Mokhtar, Anis Rizana Mohd Zainudin @ Mohd Zainuddin and her alternate director, Iszad Jeffri Ismail are MOF Inc.'s representatives on our Board. Dato' Mohamed Nasri Sallehuddin is Khazanah's representative on our Board.

Accordingly, Tan Sri Mohammed Azlan Hashim, Shazril Imri Mokhtar, Anis Rizana Mohd Zainudin @ Mohd Zainuddin, Iszad Jeffri Ismail and Dato' Mohamed Nasri Sallehuddin (collectively referred to as the "Interested Directors"), where applicable, have abstained and will continue to abstain from deliberation and voting on the Proposals at our relevant Board meetings.

- (c) The Interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in our Company on the resolutions for the Proposals 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), deliberating or approving, the resolutions pertaining to the Proposals at our forthcoming AGM.

Based on our Company's Register of Substantial Shareholders and Register of Directors' Shareholdings, the direct and indirect shareholdings of the 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.	-	-	758,725,713 ⁽¹⁾	20.11
Khazanah	758,725,713	20.11	-	-
Directors				
Tan Sri Mohammed Azlan Hashim	-	-	-	-
Shazril Imri Mokhtar	6,000	#	2,600 ⁽²⁾	#
Anis Rizana Mohd Zainudin @ Mohd Zainuddin	-	-	-	-
Iszad Jeffri Ismail (Alternate to Anis Rizana Mohd Zainudin @ Mohd Zainuddin)	-	-	-	-
Dato' Mohamed Nasri Sallehuddin	-	-	-	-

Notes:

⁽¹⁾ Deemed interested through Khazanah under Section 8(4) of the Act.

Less than 0.01%

⁽²⁾ Deemed interest in TM Shares held by spouse

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 Proposals is of the view that the Proposals are in the best interest of our Company.

Accordingly, our Board (other than the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposals at our forthcoming AGM.

8. AGM

The ordinary resolutions in respect of the Proposals will be tabled at the virtual 37th AGM of the Company. This Circular is available at <https://www.tm.com.my/annualreport2021/downloads> together with, amongst others, the Notice of the 37th AGM, Proxy Form and Administrative Guide for the 37th AGM.

The virtual 37th AGM will be held on Wednesday, 25 May 2022 at 10:00 a.m. The Broadcast Venue for the AGM is at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia.

The voting at the 37th AGM will be conducted on a poll. You are encouraged to participate and vote at the virtual 37th AGM using the Remote Participation and Electronic Voting (RPEV) facilities. For this purpose, please refer to the Administrative Guide for the 37th AGM as indicated in the Corporate Overview of the Integrated Annual Report 2021. If you are unable to participate online, you are strongly encouraged to appoint the Chairman of the meeting to be your proxy and indicate the voting in the proxy form. You are required to complete, sign and return the Proxy Form, in accordance with the instructions printed thereon as soon as possible and in any event so as to reach our Share Registrar's office, Boardroom Share Registrars Sdn Bhd, located at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not less than 24 hours before the time appointed for the taking of the poll or no later than on Tuesday, 24 May 2022 at 12:00 noon.

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 Mohammed Azlan Hashim
Chairman
Non-Independent Non-Executive Director

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

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2021 Shareholders' Mandate		Estimated Value of the Proposed Mandate ⁽²⁾ (RM '000)
					Estimated Value (RM '000)	Actual Value ⁽¹⁾ (RM '000)	
Our Company and/or our subsidiaries	Axiata Group	MOF Inc., Khazanah, Tan Sri Mohammed Azlan Hashim, Shazril Imri Mokhtar, Anis Rizana Mohd Zainudin @ Mohd Zainuddin, Iszad Jeffri Ismail and Dato' Mohamed Nasri Sallehuddin	<p>Khazanah are Major Shareholder of TM and Axiata with shareholdings of 20.11% and 36.74% respectively.</p> <p>MOF Inc. is a Person Connected to Khazanah.</p> <p>Tan Sri Mohammed Azlan Hashim, Shazril Imri Mokhtar, Anis Rizana Mohd Zainudin @ Mohd Zainuddin and her Alternate, Iszad Jeffri Ismail are representatives of MOF Inc. on our Board.</p> <p>Dato' Mohamed Nasri Sallehuddin is Khazanah's representative on our Board.</p>	Revenue			
				- Interconnect revenue from Axiata Group.	15,058	9,788	12,877
				- Provision of leased-line services to Axiata Group.	4,775	12,884 ⁽³⁾	16,464
				- Provision of data and bandwidth related services to Axiata Group.	158,730	69,828	96,656
				- Site rental for telecommunication infrastructure, equipment and related charges by our Group to Axiata Group.	34,057	41,034 ⁽⁴⁾	40,802
				- Provision of Internet access and broadband services to Axiata Group.	1,624	217	276
				- Provision of contact centre and business process outsourcing services by VADS Berhad (VADS) to Axiata Group.	15,048	14,774	11,169
				- Provision of fibre optic core, data and bandwidth services by Fiberail Sdn. Bhd. to Axiata Group.	1,300	594	1,140
				- Provision of fibre optic, bandwidth, space & facility by Fibrecomm Network (M) Sdn. Bhd. (Fibrecomm) to Axiata Group.	4,428	2,496	2,991
- Core rental and mobile services charges to Axiata Group.	485	416	430				

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2021 Shareholders' Mandate		Estimated Value of the Proposed Mandate ⁽²⁾ (RM '000)
					Estimated Value (RM '000)	Actual Value ⁽¹⁾ (RM '000)	
				<u>Cost</u> - Interconnect charges by Axiata Group. - Leased-line charges by Axiata Group. - Fibre optic and leased-line charges by Axiata Group to Fibrecomm. - Core rental and mobile services from Axiata Group to TM Group. - Network sharing charges using Domestic Roaming and Multi Operator Core Network technologies by Celcom to Webe Digital Sdn. Bhd. - Site rental for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group. TOTAL	15,672 2,329 3,744 4,300 95,624 24,486 381,660	15,585 1,420 3,117 1,407 38,579 31,143 ⁽⁵⁾ 243,282	10,885 2,714 3,744 2,408 93,168 52,830 348,554

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2021 Shareholders' Mandate		Estimated Value of the Proposed Mandate ⁽²⁾ (RM '000)
					Estimated Value (RM '000)	Actual Value ⁽¹⁾ (RM '000)	
Our Company and/or our subsidiaries	TNB Group	Khazanah and Dato' Mohamed Nasri Sallehuddin	In addition to its shareholding in our Company, Khazanah is a Major Shareholder of TNB with an equity interest of 25.58%. Dato' Mohamed Nasri Sallehuddin is Khazanah's representative on our Board.	Revenue			
				- Provision of connectivity services, ICT equipment and security surveillance devices to TNB Group.	23,563	12,803	18,737
				- Provision of fibre optic and bandwidth for telecommunication services to TNB Group.	21,368	12,012	12,398
				- Rental of Office Premises to TNB Group. ⁽⁷⁾	2,745	1,988	1,557
				Cost			
				- Leasing of fibre optic from TNB Group. ⁽⁶⁾	19,123	12,083	15,569
- Leasing of infrastructure for telecommunication services from TNB Group.	10,791	6,963	9,445				
			TOTAL	77,590	45,849	57,706	

Notes:

⁽¹⁾ The Actual Values transacted from 1 June 2021 on which the existing Mandate was obtained up to 31 March 2022.

⁽²⁾ 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.

⁽³⁾ The Actual Values of Provision of leased-line services to Axiata Group exceeded the Estimated Value by RM8,108,936 (approximately 169.83%) due to additional sites expansion.

⁽⁴⁾ The Actual Values of Site rental for telecommunication infrastructure, equipment and related charges by our Group to Axiata Group exceeded the Estimated Value by RM6,977,012 (approximately 20.49%) as a result of a higher revenue from Celcom.

⁽⁵⁾ The Actual Values of Site rental for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group exceeded the Estimated Value by RM6,657,022 (approximately 27.19%) due to higher cost recognised in relation to site rental provided by Celcom.

⁽⁶⁾ The location of the office premises rented to TNB Group is at Level 16 and Level 30, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur and the monthly rental is RM109,415 and RM92,000 respectively.

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

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	Estimated Value of the Proposed Mandate ⁽¹⁾ (RM '000)
Our Company and/or our subsidiaries	Petronas Group	MOF Inc., Tan Sri Mohammed Azlan Hashim, Shazril Imri Mokhtar, Anis Rizana Mohd Zainudin @ Mohd Zainuddin and Iszad Jeffri Ismail	MOF Inc., a Major Shareholder of Petronas is also a Person Connected to Khazanah. Tan Sri Mohammed Azlan Hashim, Shazril Imri Mokhtar, Anis Rizana Mohd Zainudin @ Mohd Zainuddin and her Alternate, Iszad Jeffri Ismail are representatives of MOF Inc. on our Board.	<u>Revenue</u>	
				- Sales of Fibre Optic Cables, Bandwidth and Ethernet services to Petroliam Nasional Berhad (Petronas Group)	11,319
				- Provision of Connectivity, Customer and Smart Services to Petronas Group	55,248
				<u>Cost</u>	
				- Right of Way, cabin and reimbursement fees of FSB Facilities charges by Petronas Group	3,615
- Purchase of fuel from Petronas Group	4,604				
				TOTAL	74,786

Notes:

⁽¹⁾ The Estimated Value of transactions shown above represents the best estimates by our management.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

There are no material contracts (not being contract entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Circular.

3. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither we 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:

3.1 IN THE MATTER OF ARBITRATION BETWEEN VODOKE PTE LTD (VPL) AND TELEKOM MALAYSIA BERHAD (TM) IN SINGAPORE INTERNATIONAL ARBITRATION CENTRE (SIAC) [SIAC ARBITRATION - NO 153 OF 2020]

On 4 March 2020, TM received an official notification from the Registrar of SIAC that VPL has filed its Notice of Arbitration dated 21 February 2020 against TM. Based on the said notice, VPL has referred its dispute with TM in relation to a Collaboration Agreement dated 10 July 2015 entered into between VPL and TM (CA) to arbitration under the SIAC.

On 2 December 2020, TM received an Amended Statement of Claim from VPL, wherein VPL has amended its reliefs as follows:

- a) A declaration that TM has acted in breach of the CA;
- b) Damages to be assessed;
- c) Costs on an indemnity basis;
- d) Interest; and
- e) Such further or other reliefs as the Tribunal may deem appropriate.

On 28 December 2020, TM filed its Amended Statement of Defence and Counterclaim against VPL at the SIAC. The reliefs sought by TM in the Amended Counterclaim, among others are damages to be assessed, an order that VPL refund or pay TM for the cost of the 30,000 units of Set-Top Boxes purchased by TM, interest and cost, or other relief as the Tribunal deems fit and proper to grant.

On 1 February 2021, TM received VPL's Reply and Defence to TM's Amended Counterclaim and thereafter filed our Reply to VPL's Defence to TM's Amended Counterclaim on 5 March 2021.

The Hearing dates to determine the liability of the parties were fixed from 20 September 2021 until 24 September 2021 and continued on 30 September 2021 until 1 October 2021.

The Learned Arbitrator has then on 8 October 2021 directed the respective parties to exchange Submissions by 20 December 2021. Both respective parties have accordingly filed their Submissions on 20 December 2021.

On 23 December 2021, the Learned Arbitrator has fixed 15 January 2022 for a further direction to be given to the parties. Thereafter, on 29 January 2022, upon the direction given by the Learned Arbitrator, the parties have filed additional written Submissions to the Tribunal to provide clarification/submission to the issues highlighted by the Learned Arbitrator.

On 16 February 2022, the Learned Arbitrator has notified both parties that he will send the draft Final Award on liability to SIAC by 1 April 2022. The Learned Arbitrator has on 21 March 2022 requested an extension of time to send the draft Final Award to SIAC by 22 April 2022.

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

3.2 IN THE MATTER OF ARBITRATION BETWEEN MYTV BROADCASTING SDN BHD (MYTV) (COMPANY NO. 201001013318) AND TELEKOM MALAYSIA BERHAD (TM)

On 24 February 2022, TM has received a Notice of Arbitration (Notice) from MYTV in regards to a dispute in relation to the Service Agreement for the provision of Digital Terrestrial Television (DTT) Broadcasting Infrastructure, Network Facilities and Related Services dated 14 November 2016 (Service Agreement). The arbitration will be held at the Asian International Arbitration Centre, Kuala Lumpur, pursuant to the Kuala Lumpur Regional Centre for Arbitration Rules.

MYTV is seeking the following reliefs:

- a) Declaratory relief that TM is not entitled to be paid the amount of RM91,714,254.47 or any amounts claimed by TM under the Service Agreement;
- b) Declaratory relief that the amount of RM38,000,000.00 paid by MYTV to TM under the Consultancy Agreement be accounted for and deemed as payment under the Service Agreement;
- c) Declaratory relief that:
 - (i) TM is not entitled to and wrongfully charged/invoiced MYTV, the Service Charges amounting to RM19,734,063.13 paid by MYTV to TM between 2016 and 2017; and
 - (ii) MYTV is entitled to and may deduct and/or set off the said amount together with all interest accrued thereon at the rate of 6% per annum from the dates of payment from any amounts that are or may be payable by MYTV to TM under the Service Agreement.
- d) Declaratory relief that TM is not entitled to charge MYTV for any preparatory costs incurred by TM for or in relation to 16 unused DTT sites under the Service Agreement;
- e) Declaratory relief that TM has fundamentally breached the Service Agreement and/or was negligent in failing to provide a complete redundant (1+1) Synchronous Transport Module Level 1 network to MYTV;
- f) Damages of RM42,812,314.00 or otherwise to be assessed resulting from TM's failure to provide (1+1) redundancy for 14 exchange, Digital Multimedia Broadcasting Hub and DTT sites;
- g) Damages to be assessed resulting from TM's failure to provide (1+1) redundancy for 6 DTT sites;

- h) RM3,270,107.83 as liquidated ascertained damages for late delivery by TM of 14 DTT sites;
- i) A declaration that TM's revisions to the Service Charges that were purportedly made to account for the reduction of the number of DTT sites delivered to 44 from the 60 initially contracted for under the Service Agreement are unilaterally imposed, unfair, not cost-based and/or excessive;
- j) An independent assessment of and a declaration as to the fair and reasonable amount of reduced Service Charges that ought to be paid for the 44 DTT sites delivered by TM to MYTV under the Service Agreement and an account of all overpayments by MYTV to TM and/or damages to be assessed arising therefrom;
- k) Damages to be assessed for MYTV's losses arising from TM's breach of the Service Agreement and/or negligence in relation to failures at 5 DTT sites;
- l) Pre and post award interest; and
- m) Further and/or other declarations and/or specific relief orders, as may be necessary, appropriate or just in the circumstances.

On 25 March 2022, TM filed its Response to the Notice. In summary, TM states as follows:

- a) TM denies all allegations and claims made by MYTV in its Notice of Arbitration. TM further denies that MYTV is entitled to any of the reliefs sought in the Notice of Arbitration.
- b) MYTV had not set out the relevant particulars in their Notice of Arbitration to substantiate their claims for reliefs and remedies against TM. TM reserves all rights in this matter.
- c) TM also counterclaims against MYTV for the following reliefs:
 - (i) RM90,200,908.92, being the Outstanding Charges due and owing by MYTV to TM under the Service Agreement as of 25 March 2022;
 - (ii) RM5,539,212.55 being the Late Payment Charges due and owing by MYTV to TM under the Service Agreement as of 25 March 2022 and continuing;
 - (iii) Such other sums as may be due and owing by MYTV to TM under the Service Agreement as of the date of the Award or such other date as may be deemed fit by the Arbitral Tribunal;
 - (iv) Interest;
 - (v) Costs of and incidental to this arbitration; and
 - (vi) Such further or other relief that the Arbitral Tribunal deems fit.

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

4. DOCUMENTS FOR INSPECTION

Copies of the following documents may be 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 37th AGM:

- a) our Constitution;
- b) our audited consolidated financial statements for the past two (2) financial years ended 31 December 2020 and 31 December 2021; and
- c) the relevant cause papers relating to the material litigation referred to in Section 3 above.