

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your shares in Telekom Malaysia Berhad, you should at once hand this Circular, together with the enclosed Form of Proxy, to the agent through whom you effected the sale for transmission to the purchaser.

The Notice convening an Extraordinary General Meeting of Telekom Malaysia Berhad is enclosed with this Circular.

A Form of Proxy is enclosed which (if you are unable to attend) you are urged to complete and deposit at the office of the Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata (formerly known as IGB Plaza), Jalan Kampar, off Jalan Tun Razak, 50400 Kuala Lumpur on or before the date and time indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

The approval of the Securities Commission ("SC") for the Proposed New Employees' Share Option Scheme ("Proposed New ESOS") shall not be taken to indicate that the SC recommends the Proposed New ESOS.

The Kuala Lumpur Stock Exchange takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



TELEKOM MALAYSIA BERHAD

(Company Number 128740-P)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

PROPOSED NEW EMPLOYEES' SHARE OPTION SCHEME

PART B

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

PART C

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

Adviser for Part A

CIMB

Commerce International Merchant Bankers Berhad

Company Number 18417-M

Last day and time for lodging of Form of Proxy	:	Sunday, 19 May 2002 at 11:00 a.m.
Date and time of Extraordinary General Meeting	:	Tuesday, 21 May 2002 at 11.00 a.m. or upon the conclusion of the Seventeenth Annual General Meeting or any adjournment thereof, whichever is later
Place of Extraordinary General Meeting	:	Legend Grand Ballroom, 9th Floor, The Legend Hotel, 100 Jalan Putra, 50350 Kuala Lumpur

This Circular is dated 29 April 2002

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PART A
PROPOSED NEW EMPLOYEES' SHARE OPTION SCHEME

PART A DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout Part A only of this Circular:

“Act” or “CA”	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board”	:	Board of Directors
“CDS”	:	Central Depository System
“CIMB”	:	Commerce International Merchant Bankers Berhad
“Date of Allocation”	:	The date determined by the Options Committee to be the date on which an employee is deemed to be eligible to participate in the ESOS
“EGM”	:	Extraordinary General Meeting
“Eligible Employee”	:	A full-time employee or Executive Director of the Group who meets the criteria of eligibility for participation in the Scheme as defined in the ESOS Bye-Laws
“Eligible Subsidiaries”	:	Subsidiaries of the Company (as defined in Section 5 of the Act) which are incorporated in Malaysia, and which are at any time and from time to time nominated by the Options Committee to be companies participating in the ESOS in accordance with the ESOS Bye-Laws, and “Eligible Subsidiary” means any one of them
“ESOS Bye-Laws”	:	Terms and conditions of the Scheme
“Executive Director”	:	A full-time Director of the TM Group who is on the payroll of the Group and who is involved in the day-to-day management of the Group
“Grantee”	:	Any Eligible Employee who has accepted the Offer by the Company of an Option in accordance with the terms of the Scheme
“Interested Directors”	:	Y. Bhg. Dato’ Dr. Md. Khir bin Abdul Rahman, Y. Bhg. Dato’ Dr. Abdul Rahim bin Haji Daud and Y. Bhg. Dato’ Abdul Majid bin Haji Hussein
“KLSE” or the “Exchange”	:	Kuala Lumpur Stock Exchange
“Listing Requirements”	:	Listing Requirements of KLSE
“MCD” or “Central Depository”	:	Malaysian Central Depository Sdn Bhd, a subsidiary of KLSE, and where the context requires, its nominee companies
“NTA”	:	Net tangible assets
“Offer”	:	An offer made in writing by the Options Committee to an Eligible Employee in the manner indicated in the ESOS Bye-Laws
“Offer Date”	:	The date on which an Offer (including subsequent Offers) is made by the Options Committee to an Eligible Employee in writing in the manner indicated in the ESOS Bye-Laws

DEFINITIONS (Cont'd)

“Option”	:	The right of a Grantee to subscribe for new TM Shares pursuant to the Scheme constituted by acceptance of an Offer in the manner indicated in the ESOS Bye-Laws
“Options Committee”	:	The committee appointed by the Board of TM to administer the Scheme
“Proposed New ESOS” or “Scheme”	:	Proposed employees’ share option scheme, being the scheme for the granting of Options to Eligible Employees to subscribe, in aggregate, for up to ten percent (10%) of the total issued and paid-up share capital comprising ordinary shares of the Company at the time of Offer, on the terms and conditions as set out in the ESOS Bye-Laws
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SC”	:	Securities Commission
“SC Guidelines”	:	Policies and Guidelines on Issue/Offer of Securities of the SC including any modifications or amendments thereto that may be made from time to time
“Skim A”	:	The scheme governing employees who, upon the privatisation of Jabatan Telekom Malaysia in 1987, remain employed under the Malaysian Government’s terms and conditions
“TM” or “Company”	:	Telekom Malaysia Berhad
“TM Group” or “Group”	:	TM and its subsidiaries that are eligible to participate in the Scheme in the manner indicated in the ESOS Bye-Laws
“TM Shares”	:	Ordinary shares of RM1.00 each in TM
“UK”	:	United Kingdom of Great Britain and Northern Ireland
“USA” or “US”	:	United States of America
“USD”	:	United States Dollars

Words denoting the singular number only shall include the plural and vice versa. Words denoting the masculine gender only shall include the feminine gender and vice versa.



Registered Office:

2nd Floor Ibupejabat Telekom Malaysia
Jalan Pantai Baharu
50672 Kuala Lumpur

29 April 2002

Directors:

Y. Bhg. Dato' Ir. Muhammad Radzi bin Haji Mansor (*Chairman*)
Y. Bhg. Dato' Dr. Md. Khir bin Abdul Rahman (*Chief Executive*)
Y. Bhg. Dato' Dr. Abdul Rahim bin Haji Daud (*Deputy Chief Executive / Executive Director*)
Y. Bhg. Dato' Abdul Majid bin Haji Hussein
Y. Bhg. Dato' Dr. Halim bin Shafie
YB Tuan Joseph Salang Gandum
Y. Bhg. Dato' Dr. Mohd. Munir bin Abdul Majid
YB Dato' Ir. Haji Mohd Zin bin Mohamed
Encik Lim Kheng Guan
Ir. Prabahar N.K. Singam
Encik Rosli bin Man
Encik Tan Poh Keat
Encik Mohammad Zanudin bin Ahmad Rasidi
(*Alternate to Y. Bhg. Dato' Abdul Majid bin Haji Hussein*)
Cik Suriah binti Abd Rahman
(*Alternate to Y. Bhg. Dato' Dr. Halim bin Shafie*)

To: The Shareholders of Telekom Malaysia Berhad

Dear Sir/Madam

PROPOSED NEW EMPLOYEES' SHARE OPTION SCHEME FOR ELIGIBLE EMPLOYEES OF THE TM GROUP

1. INTRODUCTION

On 28 February 2002, CIMB, on behalf of the Board of TM, announced that the Company proposes to implement a new ESOS for its employees and Executive Directors of the TM Group who meet the criteria of eligibility for participation in the existing Scheme as set out in the ESOS Bye-Laws after the expiry of the previous employees' share option scheme on 15 April 2002.

On 12 April 2002, CIMB on behalf of the Board of TM announced that the SC had vide its letter dated 11 April 2002 approved the Proposed New ESOS.

Accordingly, the purpose of this Circular is to provide you with the details, rationale and financial effects of the Proposed New ESOS and to seek your approval for the resolutions to be tabled at the forthcoming EGM of the Company to give effect to the Proposed New ESOS.

Shareholders are advised to read the contents of this Circular carefully before voting on the relevant resolutions to approve the Proposed New ESOS.

2. DETAILS OF THE PROPOSED NEW ESOS

The salient features of the Proposed New ESOS, details of which are contained in the ESOS Bye-Laws as set out in Appendix I, are as follows:

- (i) The total number of new TM Shares to be offered and allotted under the Scheme (“Aggregate”) shall not exceed an amount equivalent to ten percent (10%) (or such other percentage as may be permitted by the SC from time to time) of the issued and paid-up ordinary share capital of TM at any point in time during the duration of the Scheme. However, in the event the Aggregate exceeds the aforesaid ten percent (10%) (or such other percentage as may be permitted by the SC from time to time) as a result of TM purchasing its own TM Shares in accordance with the provisions of Section 67A of the Act and reducing its issued and paid-up ordinary share capital, then all Offers and Options granted prior to the adjustment of the issued and paid-up ordinary share capital of the Company shall remain valid and exercisable in accordance with the provisions of the Scheme as if that reduction had not occurred.
- (ii) Any employee (including the Executive Directors), but excluding any Skim A employee, of the Group shall be eligible to participate in the Scheme if, as at the date of allocation, the employee (who must be a Malaysian citizen or a Malaysian permanent resident):
 - (a) has attained the age of eighteen years;
 - (b) is employed full-time by and on the payroll of a corporation within the Group; and
 - (c) has been in the employment of the Group for a period of at least one year of continuous service prior to and up to the date of allocation, including service during the probation period, and is confirmed in service.

The Options Committee may, at its discretion, nominate any employee (including Executive Directors) of the Group to be an Eligible Employee despite the eligibility criteria as provided in the ESOS Bye-Laws is not met, subject to the provisions of the SC Guidelines.

The Options Committee may also, at its discretion, nominate any subsidiary of the Company (being a subsidiary that is incorporated in Malaysia) to be a subsidiary that will be eligible to participate in the Scheme (“Eligible Subsidiary”), provided that the Options Committee shall not nominate any corporation which is dormant to be an Eligible Subsidiary.

Subject to the ESOS Bye-Laws, the Options Committee shall have the discretion at any time and from time to time to extend the benefit of the Scheme to employees of companies which are not Eligible Subsidiaries and deem such employees to be Eligible Employees, subject to the above restrictions, for the purposes of the Scheme in certain situations where such employees had at any time whether before or after the coming into force of the ESOS Bye-Laws been seconded from the Company or any Eligible Subsidiary to:

- (a) a subsidiary of the Company which is not an Eligible Subsidiary; or
- (b) an associated corporation.

Eligibility under the Scheme does not confer on an Eligible Employee a claim or right to participate in or any rights whatsoever under the Scheme, and an Eligible Employee does not acquire or have any rights over or in connection with Options or the TM Shares comprised therein unless an Offer has been made by the Options Committee to the Eligible Employee, and the Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Scheme.

- (iii) The number of new TM Shares that may be offered under the Options to any one of the Eligible Employees of the Group who are entitled to participate in the Proposed New ESOS shall be at the discretion of the Options Committee, after taking into consideration the performance, grades and number of years in service of the Eligible Employee, and such other criteria as may be determined by the Options Committee in its sole discretion, subject to inter alia the applicable provisions of the SC Guidelines.

Subject to any adjustment made pursuant to the ESOS Bye-Laws, the maximum allowable allotment for an Eligible Employee who has been offered Options is set out as follows:

Group Category	Maximum Allowable Allotment
Executive Directors	500,000
Top Management	
Level 1	250,000
Level 2	180,000
Senior Management	
Level 1	120,000
Level 2	90,000
Executives	70,000
Non-Executives	20,000

Eligible Employees who are promoted to a higher grade during the duration of the Scheme may be eligible for consideration for Offers of additional Options to be decided by the Options Committee at its discretion, provided that:

- (a) Eligible Employees may be offered Options for, and be allotted additional TM Shares pursuant to such Options, only up to the said maximum allowable allotment for the grade to which he has been promoted, less the number of options already then offered him (exercise and unexercised);
- (b) these additional TM Shares shall be from the balance of new TM Shares available under the Scheme arising from:
- (i) Options that have expired and not been exercised by Grantees;
 - (ii) Options that have otherwise terminated; and
 - (iii) additional Options that may be made available as a result of an increase to the issued and paid-up share capital of TM;
- (c) in the event that the balance of these new TM Shares is insufficient for the grant of the full amount of additional shares, Options for which may be so offered, this available balance shall be then distributed on a proportional basis according to the additional allocations of TM Shares to which such Eligible Employee is so entitled; and
- (d) the Options Committee has the discretion not to make further Offers for such additional TM Shares in the event that the said balance of new TM Shares available is inadequate to make meaningful further Offers.

In any event, not more than fifty percent of the TM Shares available under the Scheme shall be allocated, in aggregate, to Eligible Employees who are Executive Directors or are in senior management. In addition, not more than ten percent of the TM Shares available under the Scheme shall be allocated to any individual Eligible Employee who, either singly or collectively with his associates (as defined in the Act), holds twenty percent or more of the issued and paid-up capital of TM.

- (iv) The subscription price for TM Shares under Options shall be based on the five (5) days' weighted average market price of the TM Shares immediately preceding the Offer Date, discounted at a rate determined by the Options Committee (which rate shall be not more than ten percent (10%)), or at the par value of the TM Shares, whichever is higher.
- (v) The Options Committee shall, within the duration of the Scheme, make one or more Offers to any Eligible Employees (based on the criteria of allocation set out in the ESOS Bye-Laws) whom the Options Committee may in its discretion select to subscribe for new TM Shares.

Subject to the ESOS Bye-Laws, the actual number of TM Shares which may be offered to an Eligible Employee shall be at the discretion of the Options Committee and, subject to any adjustments that may be made under the ESOS Bye-Laws, shall not be less than one thousand TM Shares and shall always be in multiples of one thousand TM Shares.

An Offer may be made upon such terms and conditions as the Options Committee may decide from time to time but subject to the ESOS Bye-Laws. Each Offer shall be made in writing and is personal to the Eligible Employee and cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever.

- (vi) An Offer to participate in the Scheme shall be valid for forty-five (45) days from the Offer Date or such longer period as may be determined by the Options Committee on a case to case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Employee to whom the Offer is made to the Options Committee in the form prescribed by the Options Committee. In the event that the Eligible Employee fails to accept the Offer within the prescribed period, the Offer shall be deemed rejected by the Eligible Employee and shall be null and void, and of no effect. Acceptance of the Offer by an Eligible Employee shall be accompanied by a payment to TM of a sum of RM1.00 per Offer irrespective of the number of TM Shares available for subscription relating to the Offer, or such other amount of payment as may be determined at the discretion of the Options Committee as non-refundable consideration for the Option.
- (vii) Subject to the ESOS Bye-Laws, an Option can be exercised by the Grantee by notice in writing ("Notice of Exercise") to the Company:
 - (a) during his employment with the Group; and
 - (b) within the Option Period (that is, the period commencing from the Offer Date and expiring on the fifth (5th) anniversary thereof, or (if earlier) on the expiry of the Scheme as extended from time to time);

in respect of all or any part of the new TM Shares comprised in the Option, such part being in multiples of and not less than one thousand TM Shares save and except that in the event a Grantee's balance of TM Shares exercisable in accordance with the ESOS Bye-Laws shall be less than one thousand, the said balance shall, if exercised, be exercised in a single tranche. A partial exercise of an Option shall not preclude the Grantee from exercising the Options in respect of the balance of the TM Shares comprised in the Options.

A Grantee may exercise his Options subject to the following limits:

Number of Options granted	Percentage of Options exercisable (%)				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 20,000	100	-	-	-	-
20,000-99,999	*40	30	**30	-	-
100,000 and above	20	20	20	20	20

Notes :

* 40% or 20,000 Options, whichever is higher

** 30% or the remaining number of Options unexercised

and the Options Committee may, at any time and from time to time, before or after an Option is granted, impose any other terms and/or conditions deemed appropriate by the Options Committee in its sole discretion, including amending/varying any terms and conditions imposed earlier.

- (viii) The new TM Shares to be issued pursuant to the Scheme will, upon allotment and issue, rank pari passu in all respects with the then existing issued and paid-up TM Shares provided that in the event if there is any right to participate in any rights, allotments or any distributions, the new TM Shares shall rank pari passu with the then existing TM Shares if the relevant exercise date is before the Record Date save and except that such TM Shares will not be entitled to any dividends or any distributions declared or to be declared in respect of financial years or interim periods preceding the financial years or interim periods in which the new TM Shares were issued. For the purpose hereof, Record Date means the date as at the close of business on which shareholders must be registered as shareholders in order to participate in any dividends, rights, allotments or any other distributions whilst interim period means the period after a financial year end but before the next financial year end.
- (ix) The Scheme shall be in force for a period of five years commencing from the date of the confirmation letter submitted by TM's adviser to the SC that TM:
 - (i) has fulfilled the SC's conditions of approval for the Scheme and that the ESOS Bye-Laws do not contravene the guidelines on employee share option scheme as stipulated under the SC Guidelines; and
 - (ii) has obtained other relevant approvals for the Scheme and has fulfilled any conditions imposed therein;

subject however that TM may extend or renew the Scheme provided that such extension/renewal is approved by the relevant authorities and shareholders of TM and does not contravene any applicable laws prevailing at the time of such extension or renewal.

- (x) Subject to the approvals of the SC and any other relevant authorities, the Board shall have the power at any time and from time to time by resolution to amend, at the recommendation of the Options Committee, all or any of the provisions of the ESOS Bye-Laws and the Scheme provided that no such amendment shall be made which would either materially prejudice the rights then accrued to any Grantee without that Grantee's prior consent or alter the advantage of any Grantee in respect of any provisions of the ESOS Bye-Laws without the prior approval of TM's shareholders in general meeting.
- (xi) The Scheme shall be administered by the Options Committee consisting of such persons appointed by the Board from time to time. The Options Committee shall so administer the Scheme in such manner as it shall in its discretion deem fit. For the purpose of administering the Scheme, the Options Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme, as the Options Committee may in its discretion deem fit. The Board shall have the power from time to time to rescind the appointment of any person to the Options Committee as it deems fit.

Further details of the Scheme are set out in the ESOS Bye-Laws enclosed in Appendix I of this Circular.

The gross proceeds received from the Proposed New ESOS as and when the Offer is exercised will be utilised for the Group's working capital purposes.

3. RATIONALE FOR THE PROPOSED NEW ESOS

The objectives for the Proposed New ESOS are as follows:

- (i) to give the Eligible Employees a greater sense of ownership and belonging towards the Group, thus increasing their level of dedication, loyalty, motivation and productivity;
- (ii) to reward and retain Eligible Employees whose services are vital to the operations and continued growth of the Group and thus, ensuring the loss of key personnel is kept to a minimum;
- (iii) to enable employees to participate in the future growth of the Company and upon becoming shareholders, to participate in the Company's profits and development; and
- (iv) to recognise past contribution of the employees as well as motivate and encourage continuous high performance.

4. FINANCIAL EFFECTS OF THE PROPOSED NEW ESOS

4.1 Share capital

The Proposed New ESOS will not have an immediate effect on the existing issued and paid-up share capital of TM. However, the issued and paid-up share capital of TM will increase progressively depending on the number of Options subscribed and the new TM Shares to be issued pursuant thereto.

Assuming the full exercise of the Options available under the Proposed New ESOS, which constitutes ten percent (10%) of the existing issued and paid-up share capital of the Company, the effect of the Proposed New ESOS on the issued and paid-up share capital of the Company is as follows:

	No. of ordinary shares of RM1.00 each
Existing issued and paid-up share capital as at 31 March 2002	3,145,858,381
To be issued pursuant to the full exercise of Options available under the Proposed New ESOS	314,585,838
Enlarged share capital after the Proposed New ESOS	<u>3,460,444,219</u>

4.2 Earnings

The Proposed New ESOS is expected to commence in July 2002 and is not expected to have any material effect on the earnings and the earnings per share of the TM Group for the financial year ending 31 December 2002.

4.3 NTA

The Proposed New ESOS will not have any immediate material effect on the NTA and the NTA per share of the Group. However, the NTA of the Group will increase progressively depending on the number of new TM Shares to be issued upon the exercise of the Options and the subscription price which can only be determined at the time an Offer is granted.

4.4 Major Shareholders' Shareholdings

Assuming the full exercise of the options available under the Proposed New ESOS, the effect on the major shareholders of Company as at 31 March 2002 is as follows:

Shareholders	<-----Before Proposed New ESOS----->				<-----After Proposed New ESOS*----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares held	%	No. of ordinary shares held	%	No. of ordinary shares held	%	No. of ordinary shares held	%
Khazanah Nasional Berhad	1,108,335,990	35.23	-	-	1,108,335,990	32.03	-	-
Minister of Finance Incorporated	650,394,784	20.67	-	-	650,394,784	18.80	-	-
Employees Provident Fund Board	357,687,500	11.37	-	-	357,687,500	10.33	-	-
Bank Negara Malaysia	251,680,000	8.00	-	-	251,680,000	7.27	-	-
Permodalan Nasional Berhad	162,062,000	5.15	-	-	162,062,000	4.68	-	-

Note:

* Assume the full exercise of the Options offered pursuant to the Proposed New ESOS

4.5 Dividend

It is the policy of the Directors of TM in recommending dividends to allow shareholders to participate in the profits of the TM Group as well as retaining adequate reserves for the future growth of the Group. The Directors have recommended a declaration of a final dividend of ten (10) sen per share (less 28% Malaysian Income Tax) and a special dividend of five (5) sen per share (less 28% Malaysian Income Tax) for the financial year ended 31 December 2001. Barring any unforeseen circumstances, it is envisaged that a gross dividend of ten (10) sen per share can be maintained for the financial year ending 31 December 2002.

5. APPROVALS REQUIRED

The Proposed New ESOS is conditional upon and subject to the approvals being obtained from the following:

- (i) The SC, which was obtained vide its letter dated 11 April 2002. The approval of the SC for the Proposed New ESOS is subject to the following conditions:
 - (a) A copy of the final Bye-Laws of the Proposed New ESOS to be furnished to the SC for their record purposes;
 - (b) A letter of confirmation from the adviser stating that:
 - all the conditions to the SC's approval has been fulfilled and that the Bye-Laws of the Proposed New ESOS do not contravene the SC's Guidelines on employee share option scheme; and
 - the Proposed New ESOS has been approved by all other relevant parties and has fulfilled any conditions imposed therein.
 - (c) TM is required to adhere to all relevant requirements pertaining to the implementation of the Proposed New ESOS as stipulated under the SC Guidelines.

- (ii) The KLSE for the approval-in-principle for the listing of and quotation for the new TM Shares to be issued pursuant to the exercise of the Options granted under the Proposed New ESOS;
- (iii) The shareholders of TM at an EGM to be convened; and
- (iv) Any other relevant regulatory authorities.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Y. Bhg. Dato' Dr. Md. Khir bin Abdul Rahman and Y. Bhg. Dato' Dr. Abdul Rahim bin Haji Daud by virtue of their positions as the Chief Executive and the Deputy Chief Executive/Executive Director of TM, respectively, are entitled to participate in the Scheme. As such, they are deemed interested in respect of their respective entitlement under the Proposed New ESOS.

As at 31 March 2002, the interest of the Interested Directors in TM and persons connected to them are as follows:

Names	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares held	%	No. of ordinary shares held	%
Dato' Dr. Md. Khir bin Abdul Rahman	-	-	200,000 ^(a)	*
Dato' Dr. Abdul Rahim bin Haji Daud	10,500	*	86,500 ^(b)	*
Dato' Abdul Majid bin Haji Hussein	-	-	-	-
Reza bin Abdul Rahim ^(c)	-	-	-	-
Rezuan bin Abdul Rahim	-	-	-	-
Sumali bin Surip	-	-	-	-

Notes :

(a) Held through HLB Nominees (Tempatan) Sdn Bhd

(b) Held through TA Nominees (Tempatan) Sdn Bhd and TASEC Nominees (Tempatan) Sdn Bhd

(c) As at 31 March 2002, Reza bin Abdul Rahim has an option to subscribe for 10,000 shares in TM pursuant to the previous employees' share option scheme

* Negligible

The maximum allowable allotment of TM Shares that may be allocated to each of the Interested Directors under the Proposed New ESOS based on the provisions of the ESOS Bye-Laws and the prevailing SC Guidelines on employees' shares option scheme are as follows:

Names	Maximum allowable allotment of new TM Shares available under the Proposed New ESOS
Dato' Dr. Md. Khir bin Abdul Rahman	500,000 ^(a)
Dato' Dr. Abdul Rahim bin Haji Daud	500,000 ^(a)
Dato' Abdul Majid bin Haji Hussein	-
Reza bin Abdul Rahim	20,000
Rezuan bin Abdul Rahim	20,000
Sumali bin Surip	33,000

Note :

(a) Dato' Dr. Md. Khir bin Abdul Rahman's and Dato' Dr. Abdul Rahim bin Haji Daud's maximum allocation are subject to the number of TM Shares allocated, in aggregate, to the Executive Directors and senior management of the TM Group not exceeding fifty percent (50%) of the total TM Shares available under the Scheme.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting in the matter of resolutions relating to their respective entitlement under the Proposed New ESOS at meetings of the Board.

Encik Reza bin Abdul Rahim and Encik Rezuan bin Abdul Rahim are the sons of Y. Bhg. Dato' Dr. Abdul Rahim bin Haji Daud and are employees of the TM Group. Therefore Encik Reza bin Abdul Rahim and Encik Rezuan bin Abdul Rahim are both deemed to have a direct interest in the Proposed New ESOS by virtue of them being entitled to participate in the Scheme.

Encik Sumali bin Surip, the son-in-law of Y. Bhg. Dato' Abdul Majid bin Haji Hussein, is an employee of the TM Group and is entitled to participate in the Scheme. As such, Y. Bhg. Dato' Abdul Majid bin Haji Hussein, by virtue of this relationship, will abstain and will continue to abstain from all votings pertaining to the Proposed New ESOS at the relevant Board meetings.

The Interested Directors have also undertaken to ensure that the person connected to them will abstain from voting on the resolutions approving the Proposed New ESOS at the forthcoming EGM.

Save as disclosed above, none of the other Directors or major shareholders of TM and/or persons connected to them have any interest, direct or indirect, in the Proposed New ESOS.

7. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at Legend Grand Ballroom, 9th Floor, The Legend Hotel, 100 Jalan Putra, 50350 Kuala Lumpur at 11:00 a.m. or upon the conclusion of the Seventeenth Annual General Meeting or any adjournment thereof, whichever is later on Tuesday, 21 May 2002 for the purpose of considering and, if thought fit, passing the respective resolutions to give effect to the Proposed New ESOS.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein so as to arrive at the office of the Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata (formerly known as IGB Plaza), Jalan Kampar, off Jalan Tun Razak, 50400 Kuala Lumpur, as soon as possible and in any event not less than forty-eight (48) hours before the time fixed for the EGM. The completion and return of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

8. DIRECTORS' RECOMMENDATION

Your Directors after taking into consideration the relevant factors and after careful deliberation, are of the opinion that the Proposed New ESOS is in the best interest of the Company and the Group.

Accordingly, your Directors, (except for the Interested Directors), recommend that you vote in favour of the resolutions to be tabled at the forthcoming EGM to give effect to the Proposed New ESOS.

9. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendices for further information.

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

Dato' Ir. Muhammad Radzi bin Haji Mansor
Chairman

PART B
PROPOSED AMENDMENTS
TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

PART B DEFINITIONS

For the purpose of Part B only of this Circular, except where the context otherwise requires, the following definitions shall apply:

“TM” or “Company”	: Telekom Malaysia Berhad
“TM Group” or “Group”	: TM and its subsidiary companies
“Act”	: Companies Act, 1965
“Articles”	: Articles of Association of the Company
“Board”	: The Board of Directors of TM
“CDS”	: Central Depository System
“Central Depositories Act”	: Securities Industry (Central Depositories) Act, 1991
“Central Depository”	: Malaysian Central Depository Sdn Bhd
“EGM”	: Extraordinary General Meeting
“Foreign Ownership Regulations”	: Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996
“KLSE”	: Kuala Lumpur Stock Exchange
“Memorandum”	: Memorandum of Association of the Company
“NTA”	: Net Tangible Assets
“Proposal”	: The Proposed Amendments to the M&A
“Proposed Amendments to the M&A”	: The proposed amendments to the Company’s Memorandum and Articles of Association
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“ROC”	: Registrar of Companies
“Rules”	: Rules of the Central Depository
“Share” or “Shares”	: Ordinary share(s) of RM1.00 each
“SC”	: Securities Commission



Registered Office:

2nd Floor Ibupejabat Telekom Malaysia
Jalan Pantai Baharu
50672 Kuala Lumpur

29 April 2002

Directors:

Y. Bhg. Dato' Ir. Muhammad Radzi bin Haji Mansor (*Chairman*)
Y. Bhg. Dato' Dr. Md. Khir bin Abdul Rahman (*Chief Executive*)
Y. Bhg. Dato' Dr. Abdul Rahim bin Haji Daud (*Deputy Chief Executive / Executive Director*)
Y. Bhg. Dato' Abdul Majid bin Haji Hussein
Y. Bhg. Dato' Dr. Halim bin Shafie
YB Tuan Joseph Salang Gandum
Y. Bhg. Dato' Dr. Mohd. Munir bin Abdul Majid
YB Dato' Ir. Haji Mohd Zin bin Mohamed
Encik Lim Kheng Guan
Ir. Prabahar N.K. Singam
Encik Rosli bin Man
Encik Tan Poh Keat
Encik Mohammad Zanudin bin Ahmad Rasidi
(*Alternate to Y. Bhg. Dato' Abdul Majid bin Haji Hussein*)
Cik Suriah binti Abd Rahman
(*Alternate to Y. Bhg. Dato' Dr. Halim bin Shafie*)

To: The Shareholders of Telekom Malaysia Berhad

Dear Sir/Madam

**PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION
("PROPOSAL")**

I. INTRODUCTION

The Company had on 28 February 2002 announced the Proposal. The purpose of this Circular is to provide you with information on the Proposal and to seek your approval for the resolutions to be tabled at the forthcoming EGM.

Accordingly, the purpose of this Circular is to provide you with the details, rationale and financial effects of the Proposed Amendments to the M&A and to seek your approval for the resolutions to be tabled at the forthcoming EGM of the Company to give effect to the Proposed Amendments to the M&A.

Shareholders are advised to read the contents of this Circular carefully before voting on the relevant resolutions to approve the Proposed Amendments to the M&A.

2. DETAILS AND RATIONALE OF THE PROPOSAL

The relevant text of the Memorandum and Articles together with the proposed amendments are enclosed herewith as Appendix II and is available for inspection at the Company's Registered Office at the 2nd Floor, Ibupejabat Telekom Malaysia, Jalan Pantai Baharu, 50672 Kuala Lumpur, during normal business hours from Mondays to Saturdays (except public holidays) from the date of this Circular up to and including the date of the EGM.

The present provisions of Clause 3(19) of the Memorandum currently empower the Company to extend loans to its employees. The proposed amendment thereto is to enable the Company to also extend loans to employees of its subsidiaries and/or associate companies in which TM has a shareholding of at least twenty percent.

The purpose of the proposed amendments to the Articles are, in general:

- (i) to ensure that the Articles comply with the Act, the Central Depositories Act, Foreign Ownership Regulations, the Rules and the revamped KLSE Listing Requirements; and
- (ii) to update the Articles so as to enhance the administrative efficiency of the Company.

A summary of some of the salient changes proposed to be made to the Articles is tabled below :

ARTICLE NUMBER	CHANGES MADE
Article 2	The deletion of existing terms and the insertion of additional terms and definitions under this article are to ensure consistency throughout the Articles.
Article 3	The amendment to this article is to streamline the provision in accordance with the definitions to be inserted into article 2.
Article 6(2)(a)	The amendment to this sub-article is to reword the same in order to clarify the provisions thereof.
Article 8(6)(a)	The amendment to this sub-article is to streamline the provisions thereof in accordance with the definitions to be inserted into article 2.
Article 11	The amendment to this article is in compliance with the revamped KLSE Listing Requirements and the Central Depositories Act and Rules.
Articles 12 and 13	The wordings in these articles are amended to ensure consistency with the revamped KLSE Listing Requirements.
Article 15	The deletion of existing terms is to ensure consistency with the revamped KLSE Listing Requirements.
Article 20A	The amendment to this article is in compliance with the revamped KLSE Listing Requirements.
Article 22	The amendments to this article are in compliance with the revamped KLSE Listing Requirements.
Articles 23	The amendments to this article are in accordance with the provisions of the Central Depository Act and the Rules.
Article 26	The amendment to this article is to ensure consistency throughout the Articles.
Article 27	The deletion of the existing terms of this article is to ensure consistency throughout the Articles and to ensure consistency with the revamped KLSE Listing Requirements.
Article 28(4)	The deletion of this article is to ensure consistency throughout the Articles
Articles 31 and 36	The amendment to these articles is to ensure consistency throughout the Articles.
Article 42	The amendment to this article is to streamline the existing article in accordance with the provisions of the Central Depositories Act and the Rules.
Article 44	The amendment to this article is in compliance with the revamped KLSE Listing Requirements.
Article 45	The amendment to this article is to ensure consistency throughout the Articles.
Articles 46	The amendment to this article to streamline the existing article in accordance with the provisions of the Central Depositories Act and the Rules and to ensure consistency throughout the Articles.

ARTICLE NUMBER	CHANGES MADE
Articles 48 to 53, 55 and 56	The amendment to these articles to streamline the existing article in accordance with the provisions of the Central Depositories Act and the Rules and to ensure consistency throughout the Articles.
Articles 57	The amendment to this article is to ensure consistency throughout the Articles and to ensure consistency with the revamped KLSE Listing Requirements.
Article 58	The amendment to this articles is to streamline the existing article in accordance with the provisions of the Act, the Central Depositories and the Rules and to ensure consistency throughout the Articles.
Article 59	The amendment to this article is to ensure consistency throughout the Articles.
Article 60	The insertion of the additional words are to ensure that the article is subject to the provisions of the Act and to ensure consistency throughout the Articles.
New Article 60A	The insertion of this new article is to ensure consistency with the revamped KLSE Listing Requirements.
Article 61	The amendment to this article is in compliance with the revamped KLSE Listing Requirements, Foreign Ownership Regulations and for administrative efficiency. At the last EGM convened on 15 May 2001 , the draft Articles of Association proposed that the Individual Prescribed Limit of 5% be dispensed with. The Minister of Finance (Inc.) immediately prior to the date of the last EGM, notified the Company that it needed to further deliberate on the amendment and at the said EGM, requested that the passing of the resolution to be deferred <i>sine die</i> . The Minister of Finance (Inc.) has since proposed that the said Individual Prescribed Limit be reinstated with respect to shares which are not deposited securities and consequently, the proposed Articles of Association being tabled reinstates the said limitation.
Article 74	The amendment to the existing article is in accordance with the provisions of the Central Depositories Act and the Rules and to be in compliance with the provisions of the revamped KLSE Listing Requirements.
Article 86(1)	The amendment to this article is to ensure consistency throughout the Articles.
Article 87	The deletion of the existing terms of this article is to ensure consistency throughout the Articles and to ensure consistency with the revamped KLSE Listing Requirements.
New Article 87A	The insertion of this new article is to ensure consistency with the revamped KLSE Listing Requirements.
Article 89	The amendment to the existing article is in compliance with the revamped KLSE Listing Requirements.
Article 99	The amendment to the existing article is to ensure consistency with the revamped KLSE Listing Requirements.
Article 101	The amendment to the existing article is in compliance with the revamped KLSE Listing Requirements.
Article 102(2)	The amendment to the existing article is in compliance with the revamped KLSE Listing Requirements.
Article 103	The amendment to the existing article is in compliance with the revamped KLSE Listing Requirements.
Article 106	The amendment to the existing article is in compliance with the revamped KLSE Listing Requirements.
Article 107	The amendment to this article is to ensure that the provisions thereof are subject to article 108 and the Act.
Article 108	The insertion of the additional words to this article is to ensure the provisions thereof are subject to the Act.
Article 110	The amendment to the present article is in compliance with the revamped KLSE Listing Requirements.
Article 111	The amendment to the present article is in compliance with the revamped KLSE Listing Requirements.
Article 113(3)	The insertion of this sub-article is to enable board of directors' meetings to be held by way of teleconference, video conference or any other means which would enable all the directors to each hear each other in order to procure a consensus.
Article 115	The insertion is to enable signatures of directors for purposes of securing a circular resolution to be obtained (inter alia) by facsimile transmission to improve administrative efficiency.
Article 116(1)	The deletion of the last sentence of this article is in compliance with the revamped KLSE Listing Requirements.

ARTICLE NUMBER	CHANGES MADE
Article 118(4)	The amendment to sub-article (4) is for the purposes of improving administrative efficiency.
Article 123	The amendment to this article is to ensure consistency throughout the Articles.
Article 125(2)	The amendment to this article is to improve the clarity of the provisions thereof.
Article 134	The amendment to this article is to streamline the existing provisions thereof in accordance with the provisions of the Act, the Central Depositories Act and the Rules and to ensure consistency throughout the Articles.
Article 135(3)	The amendment to this article is to ensure consistency throughout the Articles.
Article 139(2)	The amendment to the existing article is in compliance with the revamped KLSE Listing Requirements.
Article 141	The amendment to this article is to ensure compliance with the Central Depositories Act and to ensure consistency throughout the Articles.
Article 142	The amendment to this article is to ensure consistency throughout the Articles.
New Article 147	The insertion of this new article is to ensure that the Articles comply with the relevant statutes, regulations and guidelines.
New Article 148	The insertion of this new article is in compliance with the revamped KLSE Listing Requirements.
<p><u>Note:</u> The deletions and/or amendments to the existing terms of Articles 15, 27, 28(4), 50(3), 57, 87, 134 and 141 referred to above is to ensure consistency throughout the Articles and to ensure compliance with the revamped KLSE Listing Requirements, Central Depositories Act and the Rules which no longer permits joint holdings of securities.</p>	

3. EFFECTS OF THE PROPOSAL

The Proposed Amendments to the M&A will not have an impact on the share capital, earnings, dividends and NTA of the Company.

4. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders and/or persons connected to Directors and/or major shareholders of TM Group have any interest, either direct or indirect, in the Proposal.

5. CONDITIONS OF THE PROPOSAL

The Proposed Amendments to the M&A are subject to the approvals of the following:-

- (i) shareholders of the Company at the forthcoming EGM; and
- (ii) the ROC for the lodgement of the special resolution to alter the Memorandum and Articles in the manner prescribed by the Act.

6. DIRECTORS' RECOMMENDATION

Your Directors, having considered all aspects of the Proposal, are of the opinion that the same are in the best interests of the Company and its shareholders. Accordingly, they recommend that you vote in favour of the resolutions pertaining to the Proposal contained herein to be tabled at the forthcoming EGM.

7. EGM

An EGM, the notice of which is enclosed with this Circular, will be held at Legend Grand Ballroom, 9th Floor, The Legend Hotel, 100 Jalan Putra, 50350 Kuala Lumpur on Tuesday, 21 May 2002 at 11:00 a.m. or upon the conclusion of the Seventeenth Annual General Meeting or any adjournment thereof, whichever is later for the purpose of considering the Proposal contained herein and if thought fit, passing the resolutions so as to give effect to the said Proposal.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata (formerly known as IGB Plaza) Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur no later than 48 hours before the time set for the EGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

8. FURTHER INFORMATION

Shareholders are requested to refer to the Appendices for further information.

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

Dato' Ir. Muhammad Radzi bin Haji Mansor
Chairman

PART C
PROPOSED SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE

PART C DEFINITIONS

Except where the context otherwise requires, the following words and expressions shall have the following meanings in Part C only of this Circular:

“Act” or “CA”	:	Companies Act 1965 as amended from time to time, and any re-enactment thereof
“AGM”	:	Annual General Meeting
“CIMB”	:	Commerce International Merchant Bankers Berhad
“Directors”	:	The directors of TM, and “Director” means any one of them
“directors”	:	(For the purpose of determining whether a transaction is a related party transaction) “director” as defined in Chapter 10 of the Listing Requirements and as referred to in paragraph 2.2, and “director” shall be construed accordingly
“EGM”	:	Extraordinary General Meeting
“KLSE” or “Exchange”	:	Kuala Lumpur Stock Exchange
“Listing Requirements”	:	Listing Requirements of the KLSE
“major shareholder”	:	(For the purpose of determining whether a transaction is a related party transaction) “major shareholder” as defined in Chapters 1 and 10 of the Listing Requirements and as referred to in paragraph 2.2, and “major shareholders” shall be construed accordingly
“person connected”	:	(For the purpose of determining whether a transaction is a related party transaction) “person connected” as defined in Chapter 1 of the Listing Requirements and as referred to in paragraph 2.2, and “persons connected” shall be construed accordingly
“Proposed General Mandate”	:	Proposed mandate from the shareholders of TM for the Recurrent Transactions, as described in paragraph 3
“Recurrent Transaction”	:	A recurrent Related Party Transaction of a revenue or trading nature which are necessary for TM’s day-to-day operations as more particularly described in paragraph 2.2 which the TM Group proposes to enter into with persons who are Related Parties, and “Recurrent Transactions” means any two or more of them
“Related Party”	:	A Director, major shareholder, or person connected with such Director or major shareholder, of TM, any of its subsidiaries, its holding company, or any subsidiary of its holding company, in accordance with the definition of “Related Party” as defined in Chapter 1 of the Listing Requirements and as referred to in paragraph 2.2, and “Related Parties” shall be construed accordingly
“Related Party Transaction”	:	“Related Party Transaction” as defined in Chapter 10 of the Listing Requirements and as referred to in paragraph 2.2, and “Related Party Transactions” means any two or more of them
“Share” or “Shares”	:	Ordinary share(s) of RM1.00 each in TM

DEFINITIONS (Cont'd)

“TM” or “Company” : Telekom Malaysia Berhad

“TM Group” : TM and its subsidiaries, and includes any one of them

Words denoting the singular number only shall include the plural and vice versa. Words denoting the masculine gender only shall include the feminine gender and vice versa.



Registered Office:

2nd Floor Ibupejabat Telekom Malaysia
Jalan Pantai Baharu
50672 Kuala Lumpur

29 April 2002

Directors:

Y. Bhg. Dato' Ir. Muhammad Radzi bin Haji Mansor (*Chairman*)
Y. Bhg. Dato' Dr. Md. Khir bin Abdul Rahman (*Chief Executive*)
Y. Bhg. Dato' Dr. Abdul Rahim bin Haji Daud (*Deputy Chief Executive / Executive Director*)
Y. Bhg. Dato' Abdul Majid bin Haji Hussein
Y. Bhg. Dato' Dr. Halim bin Shafie
YB Tuan Joseph Salang Gandum
Y. Bhg. Dato' Dr. Mohd. Munir bin Abdul Majid
YB Dato' Ir. Haji Mohd Zin bin Mohamed
Encik Lim Kheng Guan
Ir. Prabahar N.K. Singam
Encik Rosli bin Man
Encik Tan Poh Keat
Encik Mohammad Zanudin bin Ahmad Rasidi
(*Alternate to Y. Bhg. Dato' Abdul Majid bin Haji Hussein*)
Cik Suriah binti Abd Rahman
(*Alternate to Y. Bhg. Dato' Dr. Halim bin Shafie*)

To: The Shareholders of Telekom Malaysia Berhad

Dear Sir/Madam

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

1. INTRODUCTION

On 28 February 2002, TM had announced to the KLSE that in line with the introduction of Part E, paragraph 10.09 of Chapter 10 of the KLSE Listing Requirements, which allows the Company to seek a shareholders' mandate on Recurrent Transactions, TM proposes to seek its shareholders' authorisation on such transactions.

The Proposed General Mandate will permit the TM Group to enter into Recurrent Transactions with the classes of Related Parties which are necessary for the TM Group's day-to-day operations, in the ordinary course of business and on terms not more favourable to these Related Parties than those generally available to the public.

Accordingly, the purpose of this Circular is to provide you with information relating to the Proposed General Mandate in connection with these Recurrent Transactions with persons who are Related Parties, and to seek your approval for TM and the TM Group to enter into these Recurrent Transactions at the forthcoming EGM.

Accordingly, the purpose of this Circular is to provide you with the details, rationale and financial effects of the Proposed General Mandate and to seek your approval for the resolutions to be tabled at the forthcoming EGM of the Company to give effect to the Proposed General Mandate.

Shareholders are advised to read the contents of this Circular carefully before voting on the relevant resolutions to approve the Proposed General Mandate.

2. RECURRENT TRANSACTIONS

2.1 Part E, Paragraph 10.09 of Chapter 10 of the Listing Requirements

Under Part E, Paragraph 10.09 of Chapter 10 of the Listing Requirements, TM may seek its shareholders' mandate with regards to Recurrent Transactions which are necessary for the TM Group's day-to-day operations, 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 to be made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;
- (iii) the relevant circular is issued to the shareholders; and
- (iv) the interested Director, major shareholder or 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 approving the transactions. An interested director or major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

2.2 Definitions

The definitions for "director", "major shareholder", "person connected", "related party" and "related party transaction" under the Listing Requirements are as follows:

- (i) "directors" shall have the meaning given in Section 4 of the CA and includes any person who is or was, within the preceding twelve months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer (or any other company which is its subsidiary or holding company or subsidiary of its holding company);
- (ii) "major shareholder" means a person who has an interest or interests in one or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares in the company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the CA. A major shareholder includes any person who is or was, within the preceding 12 months of the date on which the terms of the transactions were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company or a subsidiary of its holding company;
- (iii) "person connected", in relation to a director or a major shareholder, means such person who falls under any one of the following categories:
 - (a) a member of the director's or major shareholder's family, which family shall have the meaning given in Section 122A of the CA;
 - (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the director, major shareholder or member of that director's or major shareholder's family is the sole beneficiary;

- (c) a partner of the director or major shareholder, or a partner of a person connected with that director or major shareholder;
 - (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
 - (e) a person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate or its director which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
 - (g) a body corporate or its directors whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
 - (h) a body corporate in which the director, major shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
 - (i) a body corporate which is related corporation.
- (iv) “related party” means a director, major shareholder or person connected with such director or major shareholder; and
 - (v) “related party transaction” means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party.

3. PROPOSED GENERAL MANDATE FOR RECURRENT TRANSACTIONS

3.1 Background

The principal activities of the TM Group are broadly categorised under six segments, namely:

- (i) TM Telco;
- (ii) TM Multimedia;
- (iii) TM Mobile;
- (iv) TM International;
- (v) TM ServiceCo; and
- (vi) TM Corporate Centre

The respective descriptions of the natures of business and transactions of these segments are set forth in Table 1.

Table 1

Description of Group	Nature of Business/Transactions
<p>(i) TM Telco</p> <p>TM Group via TM and its subsidiaries under TM Telco, including the following:</p> <ul style="list-style-type: none"> • VADS BERHAD (formerly known as “VADS Sdn Bhd”) • VADS E-Services Sdn Bhd (formerly known as “Electronic Commerce Services Sdn Bhd”) • VADS Solutions Sdn Bhd (formerly known as “The Network Connections Sdn Bhd”) • Intelsec Sdn Bhd • Meganet Communications Sdn Bhd • Fiberail Sdn Bhd • Citifon Sdn Bhd • Telekom Sales & Services Sdn Bhd • TM (Hong Kong) Limited • Telekom Malaysia (UK) Limited • TM (USA) Inc. • GITN Sdn Bhd 	<p>Provision of goods and services, including the following:</p> <ul style="list-style-type: none"> • Value added data services, electronic commerce and telecommunication services. • Global communications and networking facilities relating to information technology. • Intelligent security and interactive multimedia communication services. • Operating and maintaining optical fibre telecommunication system along the railway corridor in Malaysia. • Payphone network services. • Telecommunication and international facilities based on resale of common carrier services overseas. • Secondment of human resources. • Management services. • Lease / rental of real and personal properties.
<p>(ii) TM Multimedia</p> <p>TM Group via TM and its subsidiaries under TM Multimedia, including the following:</p> <ul style="list-style-type: none"> • TM Net Sdn Bhd (formerly known as “Multimedia Management Sdn Bhd”) • Telekom Multi-Media Sdn Bhd • Telekom Publications Sdn Bhd • Cybermall Sdn Bhd • Telekom Infotech Sdn Bhd • Telekom Applied Business Sdn Bhd • Telekom Technology Sdn Bhd • Telekom Smart School Sdn Bhd 	<p>Provision of goods and services, including the following:</p> <ul style="list-style-type: none"> • Interactive multimedia communication services and solutions including the provision of voice, data and image services. • Printing and publication of telephone directories. • Marketing, electronic commerce, multimedia technology, application and products including entertainment and telecomputer application. • Software and product development projects. • Management of electronic payment network and transactions services for e-commerce. • Secondment of human resources. • Management services. • Lease / rental of real and personal properties. • Development and distribution of educational software and associated hardware.

Description of Group	Nature of Business/Transactions
<p>(iii) TM Mobile</p> <p>TM Group via TM and its subsidiaries under TM Mobile, including the following:</p> <ul style="list-style-type: none"> • TM Cellular Sdn Bhd (formerly known as "Telekom Cellular Sdn Bhd") • Mobikom Sdn Bhd 	<p>Provision of goods and services, including the following:</p> <ul style="list-style-type: none"> • Mobile telecommunication services. • Secondment of human resources. • Management services. • Lease / rental of real and personal properties.
<p>(iv) TM International</p> <p>TM Group via its subsidiaries under TM International, including the following:</p> <ul style="list-style-type: none"> • TM International Sdn Bhd (formerly known as "Telekom Malaysia International Sdn Bhd") • Telekom Management Services Sdn Bhd • MTN Networks (Private) Ltd • TM International Lanka (PVT). Ltd • TMI Mauritius Limited • G-Com Ltd • TM International (Bangladesh) Ltd • Sotelgui S.A. (Societe Des Telecommunication De Guinea) • Telekom Networks Malawi Limited • Cambodia Samart Communication Co. Ltd • Telekom Malaysia-Africa Sdn Bhd 	<p>Provision of goods and services, including the following:</p> <ul style="list-style-type: none"> • Telecommunication consultancy services on an international scale. • Engineering consultancy services. • Maintenance of GSM cellular telephone network and mobile telecommunication services overseas. • Investment holding • Secondment of human resources. • Management services. • Lease / rental of real and personal properties.
<p>(v) TM ServiceCo</p> <p>TM Group via TM and its subsidiaries under TM ServiceCo, including the following:</p> <ul style="list-style-type: none"> • TM Facilities Sdn Bhd (formerly known as "TM Facilities Management Sdn Bhd") • Menara Kuala Lumpur Sdn Bhd • Parkside Properties Sdn Bhd 	<p>Provision of goods and services, including the following:</p> <ul style="list-style-type: none"> • Management and operation of TM's support services such as fleet management, property management and operations, security as well as logistics. • Management and operation of telecommunication tourism tower (KL Tower). • Lease / rental of real and personal properties.

Description of Group	Nature of Business/Transactions
<p>(vi) TM Corporate Centre</p> <p>TM Group via TM and its subsidiaries under the TM Corporate Centre – Special Purpose Companies, including the following:</p> <ul style="list-style-type: none"> • Universiti Telekom Sdn Bhd • Unitele Multimedia Sdn Bhd • Telekom Research & Development Sdn Bhd • Mediatel (Malaysia) Sdn Bhd • TM International (L) Ltd • TM International Cayman Ltd • TM International Leasing Inc. • TM Global Inc. • Telekom Enterprise Sdn Bhd 	<p>Provision of goods and services, including the following:</p> <ul style="list-style-type: none"> • Management, operation and administration of a private university and distance learning products and services. • Research and development in the area of telecommunications and multimedia, hi-tech applications and product or services in related businesses. • Investment holding. • Consultancy, engineering and telecommunication services. • Secondment of human resources. • Management services. • Lease / rental of real and personal properties.

3.2 Classes of Related Parties

The Proposed General Mandate will apply to the following classes of Related Parties:

- (i) Directors or major shareholders of TM;
- (ii) persons connected with these Directors or major shareholders;
- (iii) Directors or major shareholders in subsidiaries of TM, including persons with whom TM has established a subsidiary which is jointly held by TM and these persons; and
- (iv) persons connected with the Directors or major shareholders in subsidiaries of TM.

The KLSE has exempted TM from the requirement to make announcements and to obtain shareholders' approval pursuant to paragraph 10.09 of the Listing Requirements in respect of Recurrent Transactions (but not other Related Party Transactions) involving three of its major shareholders, namely the Employees' Provident Fund, Bank Negara Malaysia and Permodalan Nasional Berhad ("PNB") and funds managed by PNB, provided that these major shareholders are passive investors.

TM has sought this exemption from the KLSE in respect of these major shareholders on the ground that it would be onerous and impractical on TM to procure accurate and updated information on the interests of these major shareholders over time and the interests of these major shareholders are changing dynamically over time.

3.3 Categories of Recurrent Transactions

The categories of Recurrent Transactions to be covered by the Proposed General Mandate relate principally to the purchase and supply of goods and services, and the hire and leasing of assets, in the ordinary course of the TM Group's businesses. These are as follows.

(i) Purchase of Goods and Services

In the course of the TM Group's businesses, the TM Group may enter into Recurrent Transactions to purchase goods and services such as telecommunication interconnect arrangements, research and consultancy services, equipment for telecommunication, information technology and multimedia, office appliances and stationery supplies and such other materials which are necessary for its day-to-day operations. Transactions that may be carried out with Related Parties under this category include:

- (a) the purchase, and/or rental or lease, of equipment, machinery and/or materials by companies in the TM Group from Related Parties for on-sale or for use in the TM Group's businesses;
- (b) the receipt from Related Parties of construction contracts, project management, consultancy and construction services, and/or project development, education management and consultancy services undertaken by the Related Parties; and
- (c) the purchase or receipt of broadcasting services, vehicles and related services, management services and seconded human resources services by companies in the TM Group from Related Parties.

These transactions relate to the supply of goods and services used in the TM Group's businesses. The inclusion of this category of transactions in the Proposed General Mandate will allow the TM Group to transact with Related Parties in an expeditious manner to meet business needs for the procurement of goods and services.

(ii) **Supply of Goods and Services**

In the course of the TM Group's businesses, the TM Group may enter into Recurrent Transactions to supply services such as education services which are part of its day-to-day business. Transactions that may be carried out with a Related Party under this category will allow the TM Group to transact with Related Parties in an expeditious manner for the supply of services by companies in the TM Group.

(iii) **Hire or Leasing of Assets**

Transactions that may be entered into with Related Parties under this category include:

- (a) the leasing or letting of office premises and other properties by companies in the TM Group to or from Related Parties; and
- (b) the purchase, lease or rental of electronic products, office appliances and machinery to or from Related Parties.

As the TM Group and the Related Parties operate in similar markets and territories, a likelihood exists of companies in the TM Group transacting with Related Parties for the provision of business services and products in Malaysia, including leasing of office space.

The KLSE has granted approval to TM, pursuant to an application by TM, to regard the following transactions with Related Parties as transactions which are not Recurrent Transactions, and therefore do not require any announcement or shareholders' approval pursuant to paragraphs 10.09 of the Listing Requirements:

- (a) the provision of telecommunication, multimedia and data services;
- (b) the receipt of other utility services, such as electricity, water supply and public transport; and
- (c) the consumption of fuel on a retail basis;

subject to:

- (i) the provision of these services by Related Parties are based on a fixed price or graduated scale that is published or publicly quoted to all customers or classes of customers;

- (ii) the prices or charges applicable to the TM Group are (for provision of these services by the TM Group) no lower than the prevailing market price, and (for the receipt of these services by the TM Group) no higher than the prevailing market price; and
- (iii) the material terms of these services are applied consistently to all customers or classes of customers in respect of such services, namely that there is no preferential treatment accorded to the Related Parties.

TM's grounds for seeking this approval is that TM has common shareholders with other utility companies and, as such, TM would be faced with undue burden in tracking the myriad of Recurrent Transactions arising on a daily basis in relation to transactions of the nature described here.

3.4 Nature of Recurrent Transactions and Ratification

The Recurrent Transactions to be covered by the Proposed General Mandate and which are to be ratified are listed and described below:

No	TM and/or its subsidiary companies	Supplier	Nature of relationship	Nature of Transactions	Proposed ratification (Amount for the period from 1/6/2001 to 21/5/2002)*	Proposed Mandate (Estimated amount for the period from 22/5/2002 to the next AGM)
1.	TM	Meganet Communications Sdn Bhd ("MCSB")	<p>TM owns 70% of the issued and paid-up share capital of MCSB</p> <p>Dato' Dr. Abdul Rahim bin Haji Daud is a director of both TM and MCSB and holds Shares in TM</p>	<ul style="list-style-type: none"> • Intelligent Building System package for Menara Telekom • Design, supply deliver, testing and commissioning of security management systems • Rental of Vehicle • TM Headquarters IT Migration projects • National Network Operation Centre, Cyberjaya • Information Technology infrastructure • IT Consultancy & migration projects for Putrajaya & Wisma Putra • Security Manhole System for Putrajaya 	<p>10,894,500</p> <p>8,795,260</p> <p>244,720</p> <p>1,250,000</p> <p>18,000,000</p> <p>4,221,538</p> <p>1,940,000</p> <p>2,350,000</p>	<p>6,300,000</p> <p>2,874,786</p> <p>269,200</p> <p>1,250,000</p> <p>40,000,000</p> <p>280,000</p> <p>120,000</p> <p>1,175,000</p>

No	TM and/or its subsidiary companies	Supplier	Nature of relationship	Nature of Transactions	Proposed ratification (Amount for the period from 1/6/2001 to 21/5/2002)*	Proposed Mandate (Estimated amount for the period from 22/5/2002 to the next AGM)
2.	MCSB	TM	<p>TM owns 70% of the issued and paid-up share capital of MCSB</p> <p>Dato' Dr. Abdul Rahim bin Haji Daud is a director of both TM and MCSB and holds Shares in TM</p>	<ul style="list-style-type: none"> • Car parking system 	250,000	2,250,000
3.	Telekom Smart School Sdn Bhd ("TSSSB")	Sapura Telecommunications Berhad ("STB")	<p>STB owns 25% of the issued and paid-up share capital of TSSSB</p>	<ul style="list-style-type: none"> • Design, supply, delivery, installation, testing and commissioning of a customised computer system for the Smart Schools in Putrajaya 	10,860,173	0
4.	Telekom Technology Sdn Bhd ("TTSB")	TM	<p>TM owns 70% of the issued and paid-up share capital of TTSB</p> <p>Dato' Dr. Md. Khir bin Abdul Rahman and Tan Poh Keat are both directors of both TM and TTSB and they both hold Shares in TM</p>	<ul style="list-style-type: none"> • Office space rental, Wisma Telekom, Jalan Semarak, Kuala Lumpur • Lease of vehicle 	162,327 44,370	178,500 48,800
5.	Telekom Applied Business Sdn Bhd ("TAB")	TM	<p>TM owns 70% of the issued and paid-up share capital of TAB</p> <p>Dato' Dr. Md. Khir bin Abdul Rahman is a director of both TM and TAB and holds Shares in TM</p>	<ul style="list-style-type: none"> • Office space rental at TM IT Complex, Cyberjaya, Selangor 	174,952	233,269
6.	TM	TAB	<p>TM owns 70% of the issued and paid-up share capital of TAB</p> <p>Dato' Dr. Md. Khir bin Abdul Rahman is a director of both TM and TAB and holds Shares in TM</p>	<ul style="list-style-type: none"> • Intelligent Office Automation System for new Headquarter • Network Integrated Planning & Provisioning System 	1,021,200 6,288,016	897,000 3,318,675

No	TM and/or its subsidiary companies	Supplier	Nature of relationship	Nature of Transactions	Proposed ratification (Amount for the period from 1/6/2001 to 21/5/2002)*	Proposed Mandate (Estimated amount for the period from 22/5/2002 to the next AGM)
				<ul style="list-style-type: none"> • Fraud Prevention and Management System • Integrated Messaging Exchange System • Amper Payphone Management System 	<p>2,545,600</p> <p>2,942,322</p> <p>1,673,595</p>	<p>12,728,000</p> <p>519,233</p> <p>2,619,540</p>
7.	TTSB	TAB	<p>TTSB and TAB are related corporation by virtue of both being 70% subsidiary of TM</p> <p>Dato' Dr. Md. Khir bin Abdul Rahman is a director of TM, TTSB and TAB and holds Shares in TM, while Tan Poh Kcat is a director of both TM and TTSB and holds Shares in TM</p>	<ul style="list-style-type: none"> • Develop, install and commission 320 transaction kiosk • Install, and commission payment switch 	<p>10,255,000</p> <p>11,319,000</p>	<p>4,395,000</p> <p>4,851,000</p>
8.	TAB	Prism Transactive (M) Sdn Bhd ("PTSM")	PTSM is a subsidiary company of Prism Holdings Limited ("PHL") and PHL is a major shareholder of TAB	<ul style="list-style-type: none"> • Purchase of crypto server • Purchase of transaction kiosk 	<p>856,786</p> <p>4,754,803</p>	<p>367,194</p> <p>2,037,773</p>
9.	TM Cellular Sdn Bhd (formerly known as "Telekom Cellular Sdn Bhd") ("TCSB")	TAB	<p>TAB and TCSB are related corporation by virtue of both being a subsidiary of TM</p> <p>Dato' Ir. Muhammad Radzi bin Haji Mansor and Dato' Dr. Abdul Rahim bin Haji Daud are both directors of both TM and TCSB and they both hold Shares in TM, whilst Dato' Dr. Md. Khir bin Abdul Rahman is a director of TM, TCSB and TAB and holds Shares in TM</p>	<ul style="list-style-type: none"> • Develop, install and commission Call Detail Record Auto Back up system 	199,500	85,500

No	TM and/or its subsidiary companies	Supplier	Nature of relationship	Nature of Transactions	Proposed ratification (Amount for the period from 1/6/2001 to 21/5/2002)*	Proposed Mandate (Estimated amount for the period from 22/5/2002 to the next AGM)
10.	Fiberail Sdn Bhd ("FSB")	TM	<p>TM owns 60% of the issued and paid-up share capital of FSB</p> <p>Dato' Ir. Muhammad Radzi bin Haji Mansor and Dato' Dr. Abdul Rahim bin Haji Daud are both directors of both TM and FSB and they both hold Shares in TM</p>	<ul style="list-style-type: none"> Office space rental, for FSB's Headoffice at Wisma Telekom, Taman Desa, Kuala Lumpur Rental of vehicle 	<p>527,100</p> <p>624,000</p>	<p>579,810</p> <p>624,000</p>
11.	TM	Perusahaan Otomobil Nasional Berhad ("PROTON")	Khazanah Nasional Berhad is a common major shareholder of TM and PROTON, with shareholdings of 35.23% in TM and 31.97% in PROTON	<ul style="list-style-type: none"> Purchase of motor vehicles 	850,000.00	850,000.00

Note :

* The amounts have been computed based the actual incurred and estimated to be incurred up to 21 May 2002.

The above are transactions in the ordinary course of business based on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of TM.

3.5 Guidelines and Review Procedures

To ensure that Recurrent Transactions are undertaken on the TM Group's normal commercial terms, and to supplement the existing internal control procedures of the TM Group, the audit committee of the board of directors of TM ("Audit Committee") will be tasked with the review and approval of such transactions.

The Audit Committee currently comprises Dato' Dr. Mohd. Munir Abdul Majid (the Chairman), Dato' Abdul Majid Haji Hussein, Y.B. Joseph Salang Gandum, Lim Kheng Guan and Ir. Prabahaar N. K. Singam.

The following guidelines will apply to the review and approval of Recurrent Transactions to ensure that the terms of the Recurrent Transactions are no more favourable to the Related Parties than those generally available to the public, and the Recurrent Transactions are not detrimental to the minority shareholders of TM.

- (i) A list of Related Parties will be circulated within the TM Group and, at the same time, the Related Parties will be notified that all Recurrent Transactions are required to be undertaken on an arm's-length basis and on normal commercial terms, and should not be detrimental to the minority shareholders.
- (ii) Recurrent Transactions will not be approved unless:

- (a) the TM Group's pricing for the services, materials and/or equipment to be provided or supplied and/or received or purchased is determined in accordance with the TM Group's usual business practices and policies, consistent with the usual margin of the TM Group for the same or substantially similar type of transactions made by the TM Group with unrelated third parties;
 - (b) the terms are no more favourable to the Related Party than those extended to unrelated third parties and available to the public and the Recurrent Transactions are not detrimental to minority shareholders of TM;
 - (c) in respect of the provision, supply and/or purchase of equipment, machinery and/or materials, after taking into account factors such as pricing, quality, delivery schedules and, where applicable, preferential rates, rebates or discounts accorded for bulk purchases, the terms offered are fair and reasonable and in the TM Group's commercial interests; and
 - (d) in respect of the provision, supply and/or receipt of services, the terms offered to the TM Group are comparable with those offered by other unrelated parties for the same or substantially similar type of services.
- (iii) The Board (normally through the Audit Committee) shall have overall responsibility for the determination of the review procedures, with authority to delegate to individuals and/or committees within the TM Group as they deem appropriate from time to time.
 - (iv) Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including the obtaining of valuations from professional valuers.
 - (v) Records will be maintained by the TM Group to identify and capture all Recurrent Transactions which are entered into pursuant to the Proposed General Mandate.
 - (vi) In addition to these guidelines, the Audit Committee will also inter alia undertake the following reviews:
 - (a) the Audit Committee will review from time to time, status reports on contracted works being performed by the TM Group which are Related Party Transactions to ascertain the progress of the works; and
 - (b) the Audit Committee will carry out an annual review to ascertain that the established guidelines and procedures for Related Party Transactions have been complied with.

3.6 Rationale for the Proposed General Mandate and Benefit to the TM Group and the Shareholders of TM

The supply of goods and services described in paragraph 3.1 are the principal businesses of the TM Group. The categories of Related Parties (as described in paragraph 3.2) to whom Telekom Group supplies these goods and services comprise part of the existing market for the TM Group, these Related Parties being consumers of the goods and services that are supplied by the TM Group. It is therefore in the interests of the TM Group to supply goods and services to these Related Parties (in addition to supplying them to unrelated parties) in the ordinary course of business so that the TM Group does not unnecessarily limit the market for its goods and services.

Conversely, the TM Group needs to purchase goods and services from the categories of Related Parties described in paragraph 3.1. The suppliers of these goods and services comprise some of the more established, reputable, reliable and/or economic suppliers. In certain cases, such as the supply of electricity, sewerage services and other utilities, the Related Parties concerned are the sole suppliers of these services. Therefore, it will be in the interests of the TM Group to purchase goods and services from these Related Parties (in addition to purchasing from unrelated parties) in the ordinary course of business so that the TM Group can procure goods and services at appropriate quality for economical prices.

The Proposed General Mandate is proposed to cover the Recurrent Transactions as described in paragraph 3.3.

In view of the time-sensitive and frequent nature of such Recurrent Transactions, the obtaining of the Proposed General Mandate and the renewal of the Proposed General Mandate on an annual basis would be necessary to eliminate the need to frequently make announcements to the KLSE, convene separate general meetings, and/or seek shareholders' approvals, from time to time as and when potential Recurrent Transactions with the Related Parties arise. This would reduce substantially the administrative time and expenses in undertaking these announcements and convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the TM Group.

The Proposed General Mandate is intended to facilitate transactions in the normal course of business of the TM Group which are transacted from time to time with the said Related Parties, provided that they are carried out on arm's-length basis, on the TM Group's normal commercial terms, and on terms not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of minority shareholders.

3.7 Audit Committee Statement

The Audit Committee has seen and reviewed the procedures mentioned in paragraph 3.5 and are of the view that the said procedures are sufficient to ensure that the Recurrent Transactions are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders of TM.

4. COMPLIANCE WITH PRACTICE NOTE NO. 12/2001

The Proposed General Mandate sought is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:

- (i) the conclusion of the annual general meeting of Telekom following the EGM at which the Proposed General Mandate is passed, at which time it will lapse, unless by a resolution passed at that annual general meeting, the authority conferred by that Proposed General Mandate is renewed;
- (ii) the expiration of the period within which the next annual general meeting (following the EGM at which the Proposed General Mandate is passed) is required to be held pursuant to Section 143(1) of the CA (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier date.

5. EGM

The forthcoming EGM, as convened by the Notice of EGM attached to this Circular (which Notice forms an integral part of this Circular), will be held at Legend Grand Ballroom, 9th Floor, The Legend Hotel, 100 Jalan Putra, 50350 Kuala Lumpur, on Tuesday, 21 May 2002 at 11:00 a.m. or upon the conclusion of the Seventeenth Annual General Meeting or any adjournment thereof, whichever is later. The Proposed General Mandate and ratification requires the approval of the shareholders of TM at this EGM. The purpose of this EGM is for shareholders of TM to consider and, if thought fit, pass the ordinary resolutions set forth in the Notice of EGM in relation to the said Proposed General Mandate and ratification.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf, should complete, sign and return the Form of Proxy attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach TM's Share Registrar at Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata (formerly known as IGB Plaza), Jalan Kampar, off Jalan Tun Razak, 50400 Kuala Lumpur not less than forty-eight hours before the time appointed for holding the EGM. The completion and lodgement of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

7. DIRECTOR'S RECOMMENDATION

The Directors are of the opinion that the entry into the Recurrent Transactions between TM and those Related Parties described in paragraph 3 will be entered into to enhance the efficiency of the TM Group and are in the best interests of the TM Group. For the reasons stated in paragraph 3.5 above, the Directors, with the exception of the Directors who are interested, namely:

- (a) Y. Bhg. Dato' Ir. Muhammad Radzi Haji Mansor (Non-executive Chairman, appointed by the Minister of Finance (Inc.));
- (b) Y. Bhg. Dato' Dr. Md. Khir Abdul Rahman (Chief Executive, appointed by the Minister of Finance (Inc.));
- (c) Y. Bhg. Dato' Dr. Abdul Rahim Haji Daud (Deputy Chief Executive/Executive Director, appointed by the Minister of Finance (Inc.));
- (d) Y. Bhg. Dato' Abdul Majid bin Hussein (Non-executive Director, appointed by the Minister of Finance (Inc.));
- (e) Y. Bhg. Dato' Halim bin Shafie (Non-executive Director, appointed by the Minister of Finance (Inc.));
- (f) En. Tan Poh Keat (Non-executive Director, appointed by the Minister of Finance (Inc.)); and
- (g) En. Rosli bin Man (Non-executive Director, appointed by Khazanah Nasional Berhad);

recommend that you vote in favour of the ordinary resolutions approving the said Proposed General Mandate and ratification at the EGM. The Directors named in this Paragraph 7(a) to (g) above are Directors who are interested in the Recurrent Transaction and will hereinafter be referred to as "Interested Directors".

8. ABSTENTION FROM VOTING

The Interested Directors of TM who are interested in the Recurrent Transactions have and will continue to abstain from all Board deliberations and voting in relation to the Recurrent Transactions, the Proposed General Mandate and also the said ratification. The Interested Directors and the Interested Major Shareholders of TM (as defined below) who are interested, and persons connected to them, will be requested to abstain from voting in respect of their direct and indirect shareholdings on the ordinary resolutions relating to the Proposed General Mandate and also the said ratification at the forthcoming EGM. The Interested Directors and/or Interested Major Shareholders who are interested in the Recurrent Transactions will undertake prior to the EGM to ensure that the persons connected to them will abstain from voting in relation to the Proposed General Mandate and also the said ratification.

The direct and indirect interests of the Interested Directors and persons connected to them in TM as at 31 March 2002 and who shall abstain from voting in the Recurrent Transactions are as follows:

Names	←-----Direct-----→		←-----Indirect-----→	
	No. of ordinary shares held	%	No. of ordinary shares held	%
Dato' Ir. Muhammad Radzi bin Haji Mansor	98,000	*	25,500 ^(a)	*
Dato' Dr. Md. Khir bin Abdul Rahman	-	-	200,000 ^(b)	*
Dato' Dr. Abdul Rahim bin Haji Daud	10,500	*	86,500 ^(c)	*
Dato' Abdul Majid bin Haji Hussein	-	-	-	-
Dato' Dr. Halim bin Shafie	-	-	-	-
Tan Poh Kcat	15,000	*	-	-
Rosli bin Man	-	-	-	-
Reza bin Abdul Rahim ^(d)	-	-	-	-

Notes :

(a) Held through HSBC Nominees (Tempatan) Sdn Bhd

(b) Held through HLB Nominees (Tempatan) Sdn Bhd

(c) Held through TA Nominees (Tempatan) Sdn Bhd and TASEC Nominees (Tempatan) Sdn Bhd

(d) As at 31 March 2002, Reza bin Abdul Rahim, the son of Dato' Dr. Abdul Rahim bin Haji Daud, has an option to subscribe for 10,000 shares in TM pursuant to the previous employees' share option scheme

* Negligible

The major shareholders of TM listed below ("Interested Major Shareholders") are interested are interested in the Recurrent Transaction and shall abstain from voting on the Recurrent Transactions:

Major Shareholder	Number of ordinary shares in TM (as at 31 March 2002)	% of shareholding (as at 31 March 2002)
Minister of Finance (Inc.)	650,394,784	20.67
Khazanah Nasional Berhad	1,108,335,990	35.23

As described in paragraph 3.2, TM has been exempted by the KLSE from obtaining shareholders' approval in respect of Recurrent Transactions involving the interests of Bank Negara Malaysia, the Employees' Provident Fund Board and PNB, who as major shareholders of TM hold 8.00%, 11.37% and 5.15% respectively of the issued and paid-up ordinary share capital of TM as at 31 March 2002. The said 8.00%, 11.37% and 5.15% of the issued and paid up ordinary share capital are 251,680,000 Shares, 357,687,500 Shares and 162,062,000 Shares of the issued and paid up ordinary share capital respectively as at 31 March 2002.

9. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendices for further information.

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

Dato' Dr. Mohd. Munir bin Abdul Majid
Director