

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad 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 due to your reliance upon, the whole or any part of the contents of this Circular.



TELEKOM MALAYSIA BERHAD
(Company No. 128740-P)
(Incorporated in Malaysia under the Companies Act 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PART A

- (I) **PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF TELEKOM MALAYSIA BERHAD (“TM”) (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE EMPLOYEES AND EXECUTIVE DIRECTORS OF TM AND ITS SUBSIDIARIES; AND**
- (II) **PROPOSED GRANTS OF TM SHARES TO MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTOR/GROUP CHIEF FINANCIAL OFFICER AND PERSONS CONNECTED TO DIRECTOR**

PART B

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser for Part A

Scheme Adviser for Part A



CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)



Towers Watson (Malaysia) Sdn. Bhd. (26746-T)

The Notice of Extraordinary General Meeting (“EGM”) and the Form of Proxy are set out in this Circular. Our EGM will be held as follows:

- Date and time of EGM : Thursday, 28 April 2016 at 12.30 p.m. or immediately upon the conclusion of our 31st AGM which will be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment of our EGM
- Venue of EGM : Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia
- Last date and time for lodging the Form of Proxy : Tuesday, 26 April 2016 at 12.30 p.m.

This Circular is dated 13 April 2016

DEFINITIONS

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

Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
AMH	:	Astro Malaysia Holdings Berhad
AMH Group	:	AMH and/or its subsidiaries
Axiata	:	Axiata Group Berhad
Axiata Group	:	Axiata and/or its subsidiaries
Board	:	Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad
By-Laws	:	By-laws setting out the terms and conditions governing the Proposed LTIP, as amended, modified and supplemented from time to time
Celcom	:	Celcom Axiata Berhad
CIMB	:	CIMB Investment Bank Berhad
Circular	:	This circular to Shareholders dated 13 April 2016
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Director	:	(a) A Director of our Company or our subsidiary, and shall have the same meaning as given in Section 2(1) of the CMSA; and (b) For purposes of the Proposed Renewal of Shareholders' Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of our Company, our subsidiary or holding company, in accordance with the definition in Chapter 10 of the Listing Requirements
EGM	:	Extraordinary General Meeting
Eligible Employee	:	Executive Directors and Employees of our Group who meet the criteria of eligibility for participation in the Proposed LTIP as set out in Section 2.2.1 of Part A of this Circular
Employee	:	Any person who is employed by any corporation within our Group including the Executive Directors
EPS	:	Earnings per Share
Executive Director	:	A natural person who is a director in a full-time executive capacity who is involved in the day-to-day management and on the payroll of any company within our Group

DEFINITIONS *(Cont'd)*

Grantee	:	An Eligible Employee who has accepted an Offer of a Grant in accordance with the By-Laws (including, where applicable, the executor or personal representative of such Eligible Employee)
Grants	:	The RS Grants and PS Grants and a Grant shall mean any one of them
Khazanah	:	Khazanah Nasional Berhad, a Major Shareholder of our Company
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	:	14 March 2016, being the latest practicable date prior to printing of this Circular
LTIP Committee	:	The committee comprising such persons as may be appointed and duly authorised by the Board to implement and administer the Proposed LTIP in accordance with the By-Laws
LTIP Period	:	Duration of the Proposed LTIP as set out in Section 2.2.4 of Part A of this Circular
Major Shareholder	:	(a) A person who has an interest or interests in one (1) or more of the voting shares in our Company or our subsidiary and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (i) ten percent (10%) or more of the aggregate of the nominal amounts of all the voting shares in our Company; or (ii) five percent (5%) or more of the aggregate of the nominal amounts of all the voting shares in our Company where such person is the largest shareholder of our Company. For the purpose of this definition, " interest in shares " shall have the meaning given in Section 6A of the Act; and (b) For the purposes of the Proposed Renewal of Shareholders' Mandate, it also includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of our Company, or any other corporation which is our Company's subsidiary or holding company
Maximum Shares	:	Shall have the meaning as ascribed to it in Section 2.2.3 of Part A of this Circular
MFRS 2	:	Malaysian Financial Reporting Standard 2 Share-based Payment
MoF Inc.	:	Minister of Finance, Incorporated
NA	:	Net assets attributable to shareholders of our Company

DEFINITIONS *(Cont'd)*

Offer	:	An offer of RS Grant or PS Grant made in writing by the LTIP Committee to an Eligible Employee in the manner set out in By-Law 5 of the By-Laws and "Offers" means any two or more of them in the context of the By-Laws
P1	:	Packet One Networks (Malaysia) Sdn Bhd
Person(s) Connected	:	Person connected as defined in paragraph 1.01 of the Listing Requirements
Proposed Grants	:	Collectively, the Proposed Grant A, Proposed Grant B and Proposed Grant C
Proposed Grant A	:	Proposed Grant to Tan Sri Dato' Sri Zamzamzairani Mohd Isa, our Managing Director/Group Chief Executive Officer, of up to 5,000,000 TM Shares under the Proposed LTIP
Proposed Grant B	:	Proposed Grant to Datuk Bazlan Osman, our Executive Director/Group Chief Financial Officer, of up to 2,400,000 TM Shares under the Proposed LTIP
Proposed Grant C	:	Proposed Grant to Danial Zamzamzairani, an Eligible Employee, of up to 40,000 TM Shares under the Proposed LTIP
Proposed LTIP	:	The long term incentive plan of up to ten percent (10%) of the issued and paid-up ordinary share capital of our Company (excluding treasury shares, if any) at any point in time over the duration of the Proposed LTIP for the Eligible Employees of our Group
Proposed Renewal of Shareholders' Mandate	:	Proposed renewal of shareholders' mandate for RRPT to be entered into as set out in Appendix II of this Circular
PS	:	The TM Shares to be allotted and issued pursuant to the PS Grant as described in Section 2.1.2 of Part A of this Circular
PS Grant	:	A performance share grant of TM Shares made in writing by the LTIP Committee to an Eligible Employee under the Proposed LTIP
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
RM and sen	:	Ringgit Malaysia and sen, respectively
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
RS	:	The TM Shares to be allotted and issued pursuant to the RS Grant as described in Section 2.1.1 of Part A of this Circular
RS Grant	:	A restricted share grant of TM Shares made in writing by the LTIP Committee to an Eligible Employee under the Proposed LTIP

DEFINITIONS *(Cont'd)*

Shareholders	:	Shareholders of our Company
TM or Company	:	Telekom Malaysia Berhad
TM Group or Group	:	TM and its subsidiaries
TM Share or Share	:	An ordinary share of RM0.70 each in our Company

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 our shareholders.

For practical reasons, information disclosed in this Circular has been based on a cut-off date of 14 March 2016, being the LPD before the printing of this Circular, unless stated otherwise.

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.

(The rest of this page has been intentionally left blank)

CONTENTS

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED LTIP

	PAGE
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED LTIP	2
3. RATIONALE OF THE PROPOSED LTIP	6
4. UTILISATION OF PROCEEDS	6
5. EFFECTS OF THE PROPOSED LTIP	7
6. APPROVALS REQUIRED	10
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	10
8. ESTIMATED TIMEFRAME FOR COMPLETION	11
9. HISTORICAL SHARE PRICES	12
10. DIRECTORS' RECOMMENDATION	12
11. EGM	13
12. FURTHER INFORMATION	13

PART B

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

	PAGE
1. INTRODUCTION	15
2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	16
3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	21
4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	21
5. APPROVALS REQUIRED FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	22
6. DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS	22
7. DIRECTORS' RECOMMENDATION	23
8. EGM	23
9. FURTHER INFORMATION	24

APPENDICES

I	DRAFT BY-LAWS FOR THE PROPOSED LTIP	25
II	DETAILS OF THE RRPT TO BE ENTERED INTO BY OUR GROUP UNDER THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	53
III	FURTHER INFORMATION	56

NOTICE OF EGM ENCLOSED

FORM OF PROXY ENCLOSED

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED LTIP



TELEKOM MALAYSIA BERHAD

(Company No. 128740-P)

(Incorporated in Malaysia under the Companies Act 1965)

Registered office:

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

13 April 2016

Directors:

Tan Sri Dato' Seri Dr Sulaiman Mahbob (*Chairman, Non-Independent Non-Executive Director*)

Tan Sri Dato' Sri Zamzamzairani Mohd Isa (*Managing Director/Group Chief Executive Officer, Non-Independent Executive Director*)

Datuk Bazlan Osman (*Executive Director/Group Chief Financial Officer, Non-Independent Executive Director*)

Dato' Sri Dr. Mohamad Isa Hussain (*Non-Independent Non-Executive Director*)

YM Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin (*Non-Independent Non-Executive Director*)

Dato' Danapalan T.P. Vinggrasalam (*Senior Independent Non-Executive Director*)

Datuk Zalekha Hassan (*Independent Non-Executive Director*)

Dato' Ir Abdul Rahim Abu Bakar (*Independent Non-Executive Director*)

Dato' Ibrahim Marsidi (*Independent Non-Executive Director*)

Mr Davide Giacomo Federico Benello @ David Benello (*Independent Non-Executive Director*)

Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor (*Independent Non-Executive Director*)

Ms Gee Siew Yoong (*Independent Non-Executive Director*)

Encik Asri Hamidin @ Hamidon (*Alternate Director to Dato' Sri Dr. Mohamad Isa Hussain, Non-Independent Non-Executive Alternate Director*)

Encik Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (*Alternate Director to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin, Non-Independent Non-Executive Alternate Director*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED LTIP

1. INTRODUCTION

- 1.1 On 9 March 2016, CIMB announced on behalf of our Board that we propose to establish a long term incentive plan of up to ten percent (10%) of the issued and paid-up ordinary share capital of our Company (excluding treasury shares, if any) at any point in time over the LTIP Period for the Employees and Executive Directors of our Group, who fulfil the eligibility criteria set out in Section 2.2.1 below.

- 1.2 The purpose of this Circular is to provide you with the details of the Proposed LTIP and to seek your approval for the resolution pertaining to the Proposed LTIP to be tabled at our forthcoming EGM. The Notice of EGM and the Form of Proxy are enclosed with this Circular.

WE ADVISE YOU TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED LTIP AND THE PROPOSED GRANTS.

2. DETAILS OF THE PROPOSED LTIP

The Proposed LTIP serves to retain, motivate and reward Employees through the grant of TM Shares as determined by the LTIP Committee in accordance with the By-Laws.

The Proposed LTIP will comprise the RS Grant and the PS Grant, the details of which are set out below in the ensuing section. For clarification purposes, the main differences in the features of the RS Grant and the PS Grant are:

- (a) the eligibility of the Eligible Employees in terms of their job grades in our Group;
- (b) the performance metrics to be met which will be determined prior to the Grant being made in writing to the Eligible Employees; and
- (c) the vesting periods of the Grant to the Eligible Employees.

2.1 Details of the Proposed LTIP

The Proposed LTIP shall comprise the following:

2.1.1 RS Grant

The RS Grant is a restricted share grant for selected eligible Employees and Executive Directors. The primary objective of the RS Grant is to incentivise and retain Employees as well as encouraging ownership and long term interest in our Group.

Upon acceptance of the RS Grant by the RS Grantees, the RS will be vested in the RS Grantees over the duration of the LTIP Period as may be determined by the LTIP Committee at no consideration to the RS Grantees, which may be subject to individual performance metrics being met and the achievement of certain operational measures, including but not limited to a profit after taxation target and/or other financial measure(s) as may be relevant, in accordance with terms and conditions stipulated and determined by the LTIP Committee in its sole and absolute discretion.

In the event the performance metrics are not met over the period set by the LTIP Committee as being applicable to the RS Grantees, the RS Grant will not be vested to them at the end of the said period.

2.1.2 PS Grant

The PS Grant is a performance share grant for top management and Executive Directors. The PS Grant aims to provide Employees with an equity-linked reward that aligns their interest with those of the shareholders of our Group.

Upon acceptance of the PS Grant by the PS Grantees, the PS will be vested in the PS Grantees over the duration of the LTIP Period as may be determined by the LTIP Committee at no consideration to the PS Grantees, and after fulfillment of certain performance targets and/or conditions at the time of Grant and vesting, as determined by the LTIP Committee, whereby the PS Grantees will be assessed based on, amongst other factors, the individual's performance, the total shareholders' return of our Group and financial performance of our Group in accordance with the terms and conditions stipulated and determined by the LTIP Committee in its sole and absolute discretion.

In the event the performance metrics are not met over the period set by the LTIP Committee as being applicable to the PS Grantees, the PS Grant will not be vested to them at the end of the said period.

The LTIP Committee shall decide the terms and conditions of the Grants and vesting, including, without limitation, the performance metrics to be met prior to the making of the Grants and vesting of the Grants, the vesting period(s) and the number of TM Shares to be allocated in each Grant.

In implementing the Proposed LTIP, the LTIP Committee may, in its sole and absolute discretion, decide that the vesting of any TM Shares comprised in a Grant be satisfied by any of the following methods:

- (a) allotment and issuance of TM Shares by our Company to the Grantees;
- (b) cash payment by our Company to the Grantees in lieu of TM Shares; or
- (c) a combination of allotment and issuance of TM Shares and/or cash payment in lieu of TM Shares pursuant to the By-Laws.

In considering the settlement mode of the Grants as detailed in Section 2.1 (a) to (c) above, the LTIP Committee will take into consideration factors including but not limited to, the issue price of the new TM Shares, the prevailing market price of the TM Shares at the relevant time and the dilutive effects of such issuance on the capital base, future returns and cash requirements of our Group.

2.2 Salient terms and conditions of the Proposed LTIP

2.2.1 Eligibility

Eligible Employees of our Group (excluding any subsidiary which is dormant) who fulfill the following criteria as at the date of the Grant shall be eligible for consideration by the LTIP Committee to participate in the Proposed LTIP:

- (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) has entered into a full-time or fixed-term employment with, and is on the payroll of any company within our Group (excluding any subsidiary which is dormant) and has not served notice of resignation or received notice of termination;

- (c) has received confirmation of his or her service or employment in writing;
- (d) is not a non-executive or an independent director of our Company; and
- (e) has fulfilled any other eligibility criteria which has been determined by the LTIP Committee at its sole discretion from time to time.

For the avoidance of doubt, the LTIP Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in this Section 2.2.1. In addition, the LTIP Committee may, at any time and from time to time, determine in its discretion that a subsidiary of our Company (including those subsequently incorporated or acquired during the LTIP Period) shall be excluded from the expression “subsidiary” for the purpose of the Proposed LTIP.

2.2.2 Basis of allocation and maximum allowable allotment

The total number of TM Shares that may be granted to and/or vested in any one Eligible Employee under the Proposed LTIP shall be determined at the sole and absolute discretion of the LTIP Committee, taking into consideration, amongst other factors, the performance, his/her potential for future development and contribution to the success and development of our Group and such other criteria as the LTIP Committee may deem relevant.

Notwithstanding the foregoing, the total number of TM Shares which may be granted under the Proposed LTIP that may be allocated to an Eligible Employee who, either singly or collectively through Persons Connected with such Eligible Employee, holds twenty percent (20%) or more of our issued and paid-up ordinary share capital (excluding treasury shares, if any), shall not exceed ten percent (10%) of the total number of TM Shares to be made available under the Proposed LTIP and/or any other schemes involving new issuance of TM Shares to Eligible Employees to be implemented from time to time.

The aggregate maximum allocation of TM Shares, subject to LTIP Committee’s discretion from time to time, may be granted under the Proposed LTIP to the Executive Directors and top management of our Group may not be more than twenty-five percent (25%) of the total number of TM Shares to be made available under the Proposed LTIP. The aggregate maximum allocation which may be granted under the Proposed LTIP to the Executive Directors and top management of our Group of not more than ninety percent (90%) and ten percent (10%) may also apply to the PS Grants and RS Grants separately, which are subject to the LTIP Committee’s discretion from time to time. The aggregate maximum allocation was determined after taking into consideration the number of directors and top management of our Group who are eligible to participate in the Proposed LTIP, their contribution to the growth and performance of our Group as well as our Group’s intention to reward and retain such directors and top management who are key to the strategic direction and the management of operations of our Group. Notwithstanding the above, as mentioned in Section 2.2.1 above, the LTIP Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in Section 2.2.1 above and hence the aforesaid aggregate maximum allocation as well.

The LTIP Committee shall have sole and absolute discretion in determining whether the TM Shares available for vesting under the Proposed LTIP are to be granted to the Eligible Employees or any group or groups of Eligible Employees via:

- (a) one single Grant (as the case may be) at a time determined by the LTIP Committee; or
- (b) several Grants (as the case may be) where the vesting of TM Shares comprised in those Grants are staggered or made in several tranches at such times and on terms determined by the LTIP Committee.

In the event the LTIP Committee decides that the Grant or vesting of any number of TM Shares is to be staggered, the number of TM Shares to be granted in each Grant and the timing for the vesting of the same shall be decided by the LTIP Committee at its sole and absolute discretion. Each Grant shall be separate and independent from the others.

In addition, no Eligible Employees shall participate in any deliberation or discussion on their own respective allocations.

2.2.3 Size of the Proposed LTIP

The total number of TM Shares which may be made available under the Proposed LTIP shall not exceed in aggregate ten percent (10%) of the issued and paid-up ordinary share capital of our Company (excluding treasury shares, if any) ("**Maximum Shares**") at any point in time over the duration of the Proposed LTIP.

2.2.4 Duration of the Proposed LTIP

The Proposed LTIP shall continue to be in force for a period of ten (10) years commencing from the effective date, being the date on which full compliance with the relevant requirements under the By-Laws and the Listing Requirements in relation to the Proposed LTIP, have been obtained and/or met.

On the expiry of the Proposed LTIP, any Grants which have yet to be vested (whether fully or partially) shall be deemed terminated and be null and void.

Notwithstanding anything set out in the By-Laws and subject to compliance with the Listing Requirements in relation to the Proposed LTIP, our Company may terminate the Proposed LTIP at any time during its term.

2.2.5 Ranking of the new TM Shares

The new TM Shares to be made available pursuant to the Proposed LTIP shall be subject to the provisions of the memorandum and articles of association of our Company.

The new TM Shares to be allotted and issued to the Grantees pursuant to the Proposed LTIP, shall, upon issuance and allotment, rank equally in all respects with the then existing TM Shares, except that they shall not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date on which the new TM Shares are allotted to the Grantees pursuant to the Proposed LTIP.

2.2.6 Restrictions on Transfer

The TM Shares to be allotted and issued pursuant to the Grants will be subject to such restriction on transfer upon the terms and conditions in accordance with the By-Law 16.1.

3. RATIONALE OF THE PROPOSED LTIP

The rationale of the Proposed LTIP is as follows:

- (a) to retain and reward Eligible Employees whose services are vital to the continued growth and execution of business strategies of our Group;
- (b) to motivate each Eligible Employee to raise his/her performance standards and optimise efficiency as well as to sustain high level contributions over a multi-year period through a long term reward programme under the Proposed LTIP;
- (c) to align the interest of the Eligible Employees with long term shareholders' value enhancement and long term success of our Group through the Eligible Employees' direct equity participation in our Group via the Proposed LTIP;
- (d) to sharpen focus of the Eligible Employees on the achievement of our Group's multi-year objectives; and
- (e) to attract prospective employees with the relevant, required and complementary skills to join our Group and to add shareholders' value for our Group.

4. UTILISATION OF PROCEEDS

No proceeds will be raised pursuant to the Proposed LTIP given that the TM Shares to be allotted and issued, and/or cash payment to be paid by us (in equivalent cash value of the Grant) to the Grantees would not require any payment by the said Grantees.

The expenses relating to the establishment of the Proposed LTIP (excluding MFRS 2 charges as explained in Section 5.4 of this Circular) are estimated to be up to RM2 million.

(The rest of this page has been intentionally left blank)

5. EFFECTS OF THE PROPOSED LTIP

5.1 Issued and paid-up share capital

The Proposed LTIP will not have an immediate effect on the existing issued and paid-up ordinary share capital of our Company. However, the issued and paid-up ordinary share capital of our Company will increase progressively as and when the new TM Shares are allotted and issued pursuant to the vesting of the Grant under the Proposed LTIP.

For illustration purposes only, assuming that the Maximum Shares made available under the Proposed LTIP are fully granted and vested by the issuance of new TM Shares to the Grantees and that there is no other increase in the issued and paid-up ordinary share capital of our Company during the LTIP Period, the proforma effects of the Proposed LTIP on the issued and paid-up ordinary share capital of our Company are as follows:

	<u>No. of TM Shares</u>	<u>RM</u>
As at 14 March 2016	3,757,934,823	2,630,554,376
To be issued pursuant to the Proposed LTIP	<u>375,793,482</u>	<u>263,055,437</u>
Enlarged issued and paid-up ordinary share capital	<u>4,133,728,305</u>	<u>2,893,609,813</u>

It should be noted that even if the Maximum Shares stipulated above are allocated to the Grantees, the actual number of TM Shares to be issued may be less in view of the following:

- (a) only Grantees who meet the Grant and vesting conditions would be entitled to the full vesting of the TM Shares allocated under their Grant; and/or
- (b) our Company may pay the equivalent cash value of the Grant in full or partial satisfaction of the vesting of TM Shares pursuant to the Proposed LTIP.

The actual number of TM Shares to be issued pursuant to the Proposed LTIP, as illustrated in the table above, may be more due to a bigger share base arising from TM Shares issued under the Proposed LTIP over the LTIP Period.

Nonetheless, in the event there is a need to increase the authorised share capital of our Company in order to facilitate the Maximum Shares to be allotted and issued to the Grantees in the future, we will seek your approval to increase our authorised share capital accordingly.

(The rest of this page has been intentionally left blank)

5.2 Substantial shareholders' shareholdings

The Proposed LTIP will not have an immediate effect on the shareholdings of our substantial shareholders. The dilution to the shareholdings of our substantial shareholders will depend on the number of new TM Shares issued for delivery to the Grantees at the relevant point in time pursuant to the Proposed LTIP.

For illustration purposes only, assuming that the Maximum Shares made available under the Proposed LTIP are fully granted and vested by the issuance of new TM Shares to the Grantees and that there is no other increase in the issued and paid-up ordinary share capital of our Company during the LTIP Period, the proforma effects on the Proposed LTIP on our substantial shareholders' shareholdings as at 14 March 2016 are set out in the table below:

	As at 14 March 2016				After Proposed LTIP			
	Direct		Indirect		Direct		Indirect	
	No. of TM Shares held	%	No. of TM Shares held	%	No. of TM Shares held	%	No. of TM Shares held	%
Khazanah Nasional Berhad	1,076,725,713	28.65	-	-	1,076,725,713	26.05	-	-
Employees Provident Fund Board	566,167,636	15.07	-	-	566,167,636	13.70	-	-
AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	434,335,795	11.56	-	-	434,335,795	10.51	-	-

(The rest of this page has been intentionally left blank)

5.3 NA per share and gearing

The Proposed LTIP will not have an immediate effect on the consolidated NA, NA per Share and gearing of our Group until such time that new TM Shares are issued and/or cash is paid in lieu of TM shares, in satisfaction of the Grants vested pursuant to the Proposed LTIP. Any potential effect on the NA per Share will depend on the number of TM Shares to be issued and/or cash to be paid in lieu of TM Shares, which can only be determined at the point of the vesting of the Grant and the mode of settlement of the Grant at the date of vesting.

Nonetheless, assuming the effects of the Proposed LTIP only, the consolidated NA per Share of our Company is expected to be diluted following the allotment and issuance of new TM Shares to satisfy any Grants pursuant to the Proposed LTIP.

Notwithstanding the above, the Proposed LTIP is not expected to have a material impact on our Group's consolidated NA per Share and consolidated gearing for the financial year ending 31 December 2016.

5.4 Earnings and EPS

With the adoption of MFRS 2, the potential cost of the Grants under the Proposed LTIP will need to be measured at fair value on the date of Grant and recognised as an expense in the income statement over the vesting period of such Grants.

The extent of the effect of the Proposed LTIP on our Group's consolidated earnings and EPS cannot be determined at this juncture as it would depend on the fair value of the new TM Shares to be issued as at the respective dates of the Grants. However, it is important to note that the potential cost of the Grants (as at the date of the Grant) pursuant to the Proposed LTIP does not represent a cash outflow and is only an accounting treatment. For clarification purposes, there will be a cash outflow pursuant to the Proposed LTIP in the event we pay the equivalent cash value of the Grant in full or for the partial satisfaction of the vesting of TM Shares.

The Proposed LTIP is expected to have a dilutive effect on our Group's EPS due to an increase in the number of TM Shares should there be any allotment and issuance of new TM Shares to satisfy any Grants pursuant to the Proposed LTIP.

In view of this, our Board has taken note of the potential effects of MFRS 2 and the increase in the number of TM Shares on our Group's earnings and will take reasonable measures to manage the effect on the consolidated EPS of our Group in the granting of the Grant to the Eligible Employees.

5.5 Convertible securities

Our Company does not have any other convertible securities as at the date of this Circular.

6. APPROVALS REQUIRED

The Proposed LTIP is subject to approvals being obtained from the following:

- (a) Bursa Securities for the listing of and quotation for the new TM Shares to be issued under the Proposed LTIP on the Main Market of Bursa Securities, which has been obtained vide its letter dated 30 March 2016;

The approval from Bursa Securities is subject to the following:

<u>No.</u>	<u>Conditions imposed</u>	<u>Status of compliance</u>
(i)	TM and its adviser must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementations of the Proposed LTIP	Noted
(ii)	TM and its adviser to inform Bursa Securities upon completion of the Proposed LTIP	To be complied
(iii)	TM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed LTIP is completed	To be complied
(iv)	TM to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders at the EGM for the Proposed LTIP	To be complied
(v)	CIMB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIP pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation	To be complied
(vi)	Payment of additional listing fees pertaining to the exercise of LTIP options, if relevant. In this respect, TM is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of LTIP options respectively as at the end of each quarter together with a detailed computation of the listing fees payable	To be complied

- (b) our shareholders at our forthcoming EGM for the Proposed LTIP and the Proposed Grants;

For clarification, your approval on the Proposed LTIP will allow us to grant the Grants and to allot and issue the TM Shares pursuant to the vesting of the Grants, in accordance with the By-Laws throughout the existence of the Proposed LTIP; and/or

- (c) any other relevant authorities, if required.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Tan Sri Dato' Sri Zamzamzairani Mohd Isa, being an Executive Director of our Company and who is eligible to be awarded the Grants under the Proposed LTIP, is deemed interested in the Proposed LTIP. Further, Tan Sri Dato' Sri Zamzamzairani Mohd Isa's son, Danial Zamzamzairani, is an Eligible Employee and is eligible to be awarded the Grant under the Proposed LTIP. As such, Tan Sri Dato' Sri Zamzamzairani Mohd Isa has abstained and will continue to abstain from deliberating and voting on his entitlement and the entitlement of his son, Danial Zamzamzairani, under the Proposed LTIP at our relevant Board meetings.

Tan Sri Dato' Sri Zamzamzairani Mohd Isa will also abstain from voting in respect of his direct and/or indirect shareholdings in our Company (if any) on the resolutions pertaining to his entitlement and the entitlement of his son, Danial Zamzamzairani, under the Proposed LTIP, at our forthcoming EGM. He has also undertaken to ensure that his Persons Connected will abstain from voting in respect of their direct and/or indirect shareholdings in our Company (if any) on the resolution pertaining to his entitlement and the entitlement of his son, Danial Zamzamzairani, under the Proposed LTIP, to be tabled at our forthcoming EGM.

In addition, Danial Zamzamzairani will also abstain from voting in respect of his direct and/or indirect shareholdings in our Company (if any) on the resolutions pertaining to his entitlement and the entitlement of his father, Tan Sri Dato' Sri Zamzamzairani Mohd Isa, under the Proposed LTIP, at our forthcoming EGM. He has also undertaken to ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect shareholdings in our Company (if any) on the resolution pertaining to his entitlement and the entitlement of his father, Tan Sri Dato' Sri Zamzamzairani Mohd Isa, under the Proposed LTIP, to be tabled at our forthcoming EGM.

Datuk Bazlan Osman, being an Executive Director of our Company and who is eligible to be awarded the Grants under the Proposed LTIP, is deemed interested in the Proposed LTIP. As such, Datuk Bazlan Osman has abstained and will continue to abstain from deliberating and voting on his entitlement under the Proposed LTIP at our relevant Board meetings.

Datuk Bazlan Osman will also abstain from voting in respect of his direct and/or indirect shareholdings in our Company (if any) on the resolutions pertaining to his entitlement under the Proposed LTIP, at our forthcoming EGM. He has also undertaken to ensure that his Persons Connected will abstain from voting in respect of their direct and/or indirect shareholdings in our Company (if any) on the resolution pertaining to his entitlement under the Proposed LTIP, to be tabled at our forthcoming EGM.

The direct and indirect interests of Tan Sri Dato' Sri Zamzamzairani Mohd Isa, Datuk Bazlan Osman and Danial Zamzamzairani in the shares of our Company as at the LPD, are as follows:-

	Direct		Indirect	
	No. of TM Shares held	%	No. of TM Shares held	%
Directors of our Company				
Tan Sri Dato' Sri Zamzamzairani Mohd Isa	5,337	*	4,270 [#]	*
Datuk Bazlan Osman	2,134	*	0	0
Person connected to the Director of our Company				
Danial Zamzamzairani [@]	0	0	9,607	*

Notes:

[#] Deemed interest in TM Shares held by spouse

* Less than 0.01%

[@] A person connected to a Director of TM, being the son of Tan Sri Dato' Sri Zamzamzairani Mohd Isa. He is an Eligible Employee pursuant to him being an Assistant Manager in our Company.

Save as disclosed above, none of our Directors, major shareholders and/or their Persons Connected have any direct and/or indirect interest in the Proposed LTIP.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, we expect to implement the Proposed LTIP by the second half of 2016.

9. HISTORICAL SHARE PRICES

The monthly high and low prices of TM Shares as traded on the Main Market of Bursa Securities for the past twelve (12) months from April 2015 up to March 2016 are as follows:

<u>Month</u>	<u>High (RM)</u>	<u>Low (RM)</u>
2015		
April	7.79	7.23
May	7.60	7.18
June	7.27	6.48
July	6.86	6.49
August	6.66	6.00
September	7.10	6.31
October	7.00	6.63
November	6.70	6.31
December	6.82	6.38
2016		
January	6.74	6.44
February	6.80	6.50
March	6.70	6.47
		RM
Last traded market price on 8 March 2016 being the last market day prior to the announcement on the Proposed LTIP on 9 March 2016		6.55
Last traded market price on the LPD		6.55

(Source: Bloomberg)

10. DIRECTORS' RECOMMENDATION

Our Board, having considered and deliberated on all aspects of the Proposed LTIP (including the rationale and effects of the Proposed LTIP as elaborated in Sections 3 and 5 above respectively), is of the view that the Proposed LTIP is in the best interests of our Group and recommends that you vote in favour of the resolutions pertaining to the Proposed LTIP at our forthcoming EGM.

Our Board (save for Tan Sri Dato' Sri Zamzamzairani Mohd Isa, in respect of Proposed Grant A and Proposed Grant C, and Datuk Bazlan Osman in respect of Proposed Grant B), having considered and deliberated on all aspects of the Proposed Grants (including the rationale and effects of the Proposed LTIP as elaborated in Sections 3 and 5 above respectively), is of the view that the Proposed Grants are in the best interests of our Group and recommends that you vote in favour of the Proposed Grants at our forthcoming EGM.

11. EGM

Our EGM will be held at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu 50672 Kuala Lumpur, Malaysia on Thursday, 28 April 2016 at 12.30 p.m. or immediately after the conclusion of our 31st AGM which will be held at the same venue and on the same day at 10.00 a.m., whichever is later, or at any adjournment, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed LTIP and the Proposed Grants. The Notice of EGM is enclosed in this Circular.

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

12. FURTHER INFORMATION

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

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

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

PART B

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF
SHAREHOLDERS' MANDATE**



TELEKOM MALAYSIA BERHAD

(Company No. 128740-P)

(Incorporated in Malaysia under the Companies Act 1965)

Registered office:

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

13 April 2016

Directors:

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

To: Our Shareholders

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

1. INTRODUCTION

- 1.1 At our Company's AGM held on 30 April 2015, our Company had obtained a shareholders' mandate for our Company and/or our subsidiaries to enter into RRPT of a revenue or trading nature which are necessary for our Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favourable to the Related Parties than those generally available to the public ("**Existing Mandate**").
- 1.2 The Existing Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of our forthcoming 31st AGM, unless the authority for its renewal is obtained from our shareholders at our forthcoming 31st AGM.

- 1.3 Accordingly, our Board had announced on 24 February 2016 that we propose to seek your approval for the Proposed Renewal of Shareholders' Mandate at the forthcoming general meeting of our Company.
- 1.4 The purpose of this Circular is to provide you with the information on the Proposed Renewal of Shareholders' Mandate and to seek your approval for the resolutions pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled as Special Business at our forthcoming EGM.

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

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

- (a) Pursuant to Paragraph 10.09(2) of Chapter 10 of the Listing Requirements, a listed issuer may seek shareholders' mandate in respect of RRPT subject to the following:
- (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 annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
 - (iii) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
 - (iv) in a meeting to obtain the shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
 - (v) a listed issuer must immediately announce to Bursa Securities when the actual value of an RRPT entered into by the listed issuer exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.
- (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 Listing Requirements.

- (c) In accordance with Paragraph 3.1.4 of Practice Note 12 of the Listing Requirements, the shareholders' mandate will take effect from the date on which Shareholders' approval is obtained and shall continue to be in force until:
- (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 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (iii) revoked or varied by resolution passed by Shareholders at a general meeting;
- whichever is the earlier.
- (d) Disclosure will be made in our Company's Annual Report in accordance with Section 3.1.5 of Practice Note 12 of the Listing Requirements, which provides a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:
- (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 Proposed Renewal of Shareholders' Mandate for our Group to enter into recurrent transactions with Related Parties which are of a revenue or trading nature and necessary for our Group's day-to-day operations and are in the ordinary course of business, on terms not more favourable to the Related Parties than those generally made available to the public and are not detrimental to the minority shareholders.

The Proposed Renewal of Shareholders' Mandate, if approved, will take effect from the date of our forthcoming 31st AGM and will continue to be in force until the conclusion of the next AGM or until the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) unless revoked or varied by resolution passed by our Shareholders at a general meeting, whichever is earlier.

2.2 Our principal activities

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

2.3 Classes of Related Parties

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

- (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 details of the Existing RRPT under the Proposed Renewal of Shareholders' Mandate are set out in Appendix II of this Circular.

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

The Outstanding RRPT Receivables from the companies within the Axiata Group and AMH Group (being our Related Parties) which have exceeded the credit term for the following periods as at 31 December 2015 are as follows:

No.	Nature of RRPT	Principal amount of Outstanding RRPT Receivables which exceed the credit term for a period of				
		1 year or less	More than 1 to 3 years	More than 3 to 5 years	More than 5 years	Total
		RM '000	RM '000	RM '000	RM '000	RM '000
1	Interconnect revenue from Axiata Group	6,816 ⁽¹⁾	251 ⁽²⁾	-	-	7,067
2	Provision of leased-line services to Axiata Group	5,559 ⁽³⁾	3,256 ⁽⁴⁾	-	-	8,815
3	Provision of data and bandwidth related services to Axiata Group	3,955 ⁽⁵⁾	1,564 ⁽⁶⁾	-	-	5,519
4	Site rental for telecommunication infrastructure, equipment and related charges by TM Group to Celcom	22,069 ⁽⁷⁾	-	-	-	22,069
5	Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Celcom	3,587	106	-	-	3,693
6	Provision of dark fibre, bandwidth, space & facility by Fibrecomm Network (M) Sdn Bhd to Celcom	3,651 ⁽⁸⁾	-	-	-	3,651
7	Provision of internet access, broadband and fibre circuit services to AMH Group	1,216 ⁽⁹⁾	-	-	-	1,216
8	Provision of ICT products, radio transmission and connectivity services to AMH Group	608 ⁽¹⁰⁾	-	-	-	608
	TOTAL	47,461	5,177	-	-	52,638

Notes:

- (1) As at LPD, the outstanding amount due is RM1,892,000.
- (2) As at LPD, the outstanding amount due is RM249,000.
- (3) As at LPD, the outstanding amount due is RM3,737,000.
- (4) As at LPD, the outstanding amount due is fully recovered.
- (5) As at LPD, the outstanding amount due is RM2,913,000.
- (6) As at LPD, the outstanding amount due is RM1,084,000.
- (7) As at LPD, the outstanding amount due is RM14,614,000.
- (8) As at LPD, the outstanding amount due is RM1,319,000.
- (9) As at LPD, the outstanding amount due is RM409,000.
- (10) As at LPD, the outstanding amount due is RM13,000.

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

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

2.5 Review procedures for the RRPT

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

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

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

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

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

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

2.6 Statement by Board Audit Committee

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

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

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will enable our Group to enter into the RRPT described in Appendix 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 intended to meet our business needs at the best possible terms. Our Group should be able to have access to all available markets, products and services provided by all vendors including the Related Parties. This will enhance our Group's ability to explore mutually beneficial business opportunities.

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

4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

4.1 Issued and paid-up share capital

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

4.2 Earnings

The Proposed Renewal of Shareholders' Mandate is not expected to have any material effect on the earnings of our Group for the financial year ending 31 December 2016.

4.3 NA and gearing

Based on our audited consolidated Statement of Financial Position as at 31 December 2015, the Proposed Renewal of Shareholders' Mandate is not expected to have any material effect on our consolidated NA and gearing.

4.4 Substantial shareholders' shareholdings

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

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

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

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 Proposed Renewal of Shareholders' Mandate:

- (a) MoF Inc. and Khazanah, our Major Shareholders, who are deemed interested in the Proposed Renewal of Shareholders' Mandate will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the resolutions pertaining to the Proposed Renewal of Shareholders' Mandate at our forthcoming EGM. MoF Inc. and Khazanah, through their representative(s) on our Board, have also undertaken to ensure that persons connected to them will abstain from voting, in respect of their direct and/or indirect shareholdings (if any) in our Company, deliberating or approving, the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at our forthcoming EGM.
- (b) Dato' Sri Dr. Mohmad Isa Hussain and his alternate Director, Asri Hamidin @ Hamidon, are MoF Inc.'s representatives on our Board. Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin and his alternate Director, Encik Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil, are Khazanah's representatives on our Board. Dato' Fauziah Yaacob was previously a representative of MoF Inc. on our board. She was appointed with effect from 4 March 2013 and resigned with effect from 30 October 2015. Her alternate, Dato' Siti Zauyah Md Desa also resigned with effect from 30 October 2015.

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

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

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

Interested parties	Direct		Indirect	
	No. of TM Shares	%	No. of TM Shares	%
Major Shareholders				
MoF Inc.	-	-	1,076,725,713 ⁽¹⁾	28.65
Khazanah	1,076,725,713	28.65	-	-
Directors				
Dato' Sri Dr. Mohmad Isa Hussain	-	-	-	-
Asri Hamidin @ Hamidon (Alternate to Dato' Sri Dr. Mohmad Isa Hussain)	-	-	-	-
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	-	-	-	-
Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (Alternate to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin)	-	-	-	-
Dato' Fauziah Yaacob	-	-	-	-
Dato' Siti Zauyah Md Desa (Alternate to Dato' Fauziah Yaacob)	-	-	-	-

Note:

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

7. DIRECTORS' RECOMMENDATION

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

8. EGM

Our EGM will be held at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia on Thursday, 28 April 2016 at 12.30 p.m. or immediately after the conclusion of our 31st AGM which will be held at the same venue and on the same day at 10.00 a.m., whichever is later, or at any adjournment, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed Renewal of Shareholders' Mandate. The Notice of EGM is enclosed in this circular.

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

9. FURTHER INFORMATION

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

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

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



TELEKOM MALAYSIA BERHAD
(Company No. 128740-P)
(Incorporated in Malaysia under the Companies Act 1965)

BY-LAWS FOR THE LONG TERM INCENTIVE PLAN

Table of Contents

	<u>Page No.</u>
1. DEFINITIONS AND INTERPRETATION	- 1 -
2. ELIGIBILITY	- 6 -
3. MAXIMUM NUMBER OF TM SHARES AVAILABLE UNDER THE PLAN	- 8 -
4. MAXIMUM ALLOWABLE ALLOCATION AND THE BASIS OF ALLOCATION	- 8 -
5. OFFERS AND ACCEPTANCE OF OFFERS	- 9 -
6. NON-TRANSFERABILITY OF OFFERS AND GRANT	- 10 -
7. VESTING CONDITIONS AND VESTING OF TM SHARES	- 11 -
8. TERMINATION OF GRANTS AND UNVESTED SHARES	- 13 -
9. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT	- 15 -
10. DISCIPLINARY PROCEEDINGS	- 16 -
11. RANKING OF THE NEW TM SHARES	- 17 -
12. ADMINISTRATION	- 17 -
13. MODIFICATION AND/OR AMENDMENT OF THESE BY-LAWS	- 18 -
14. LIQUIDATION OF COMPANY	- 19 -
15. PLAN PERIOD	- 19 -
16. RETENTION PERIOD	- 20 -
17. COSTS AND EXPENSES OF THE PLAN	- 20 -
18. NO COMPENSATION	- 20 -
19. DISPUTES	- 20 -
20. INSPECTION OF AUDITED ACCOUNTS	- 21 -
21. DIVESTMENT OF SUBSIDIARIES	- 21 -
22. ACQUISITIONS OF SUBSIDIARIES	- 21 -
23. SCHEMES OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.	- 21 -
24. THE ARTICLES OF ASSOCIATION OF THE COMPANY	- 22 -
25. PLAN NOT A TERM OF EMPLOYMENT	- 22 -
26. DISCLAIMER OF LIABILITY	- 22 -
27. NOTICE	- 22 -
28. MULTIPLE JURISDICTIONS	- 23 -
29. SEVERABILITY	- 24 -
30. ERRORS AND OMISSIONS	- 24 -

31.	GOVERNING LAW	- 24 -
32.	DECISION OF THE BOARD AND/OR THE LTIP COMMITTEE	- 25 -
33.	DELAY, PROHIBITION OR IMPOSSIBILITY OF IN PERFORMANCE	- 25 -
34.	IMPLEMENTATION OF THE PLAN	- 25 -

1. DEFINITIONS AND INTERPRETATION

1.1 In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires:

“Adviser”	means a corporate finance adviser that may act as a principal adviser under the Securities Commission’s Principal Adviser Guidelines
“Affected Employee”	shall have the meaning ascribed to it in By-Law 22.1
“Articles”	means the Articles of Association of the Company as amended from time to time
“Authorised Nominee”	a person who is authorised to act as nominee as specified in accordance with the schedule prescribed under part VIII of the Rules of Bursa Depository.
“Audit Committee”	shall have the meaning ascribed to it in By-Law 5.2
“Auditors”	means the auditors of the Company, as appointed from time to time
“Board”	means the board of directors of the Company
“Bursa Depository”	means Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“Bursa Securities”	means Bursa Malaysia Securities Berhad (Company No. 635998-W)
“By-Laws”	means, collectively, the terms and conditions governing the Plan as set forth in these By-Laws as amended, modified and/or supplemented from time to time
“CA”	means the Companies Act, 1965 and includes any other amendment, consolidation or re-enactment thereof from time to time
“CDS”	means the Central Depository System established, administered and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
“CDS Account”	means the account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
“Company” or “TM”	means Telekom Malaysia Berhad (Company No. 128740-P), a public company limited by shares and incorporated in Malaysia and shall, where the context admits, include its successors in title

“Date of Offer”	means, in respect of an Offer, the date of the letter, email or communication by other digital means as may be determined by the LTIP Committee containing an Offer to be made to an Eligible Employee
“Disciplinary Proceedings”	means proceedings instituted by a Group Company against a Grantee employed by that Group Company for any alleged negligence, misbehaviour, misconduct, fraud, financial misstatement, reputational damage and/or any other act of the Grantee deemed to be unacceptable by that Group Company in the course of that Grantee’s employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Grantee
“Effective Date”	means the date on which the Plan takes effect which shall be the last day on which the relevant requirements of the Listing Requirements, as more particularly set out in By-Law 15.1, have been fully complied with
“Eligible Employee”	means any Executive Director and/or Employee who is eligible to be selected to participate in the Plan as set forth in By-Laws 2.1 and 2.2, and “Eligible Employees” means any two or more of them
“Employee”	means any person who is employed by any Group Company, including any Executive Director
“Executive Director”	means a natural person who is a director of TM in a full-time executive capacity who is involved in the day-to-day management
“Ex-Group Company”	shall have the meaning ascribed to it in By-Law 2.4
“Grant Commencement Date”	means in relation to each Grant, the date fixed by the LTIP Committee as the date on which the Vesting Period commences
“Grant Termination Date”	means in relation to a Grant, the date on which the Grant terminates, expires, lapses and/or otherwise ceases to be of any force and effect or the date immediately following the day on which the TM Shares comprised in the Grant are intended to vest in full in accordance with these By-Laws
“Grantee”	means an Eligible Employee selected by the LTIP Committee who has duly accepted an Offer in accordance with these By-Laws, and “Grantees” means any two or more of them, and where the context requires, includes an Authorised Nominee, authorised agent or trustee of a non-resident Eligible Employee who has duly accepted such Offer
“Grants”	means, collectively, the RS Grants and the PS Grants and “Grant” shall mean any one of them in the context of these By-Laws
“Group” or “TM Group”	means, collectively, the Company and its Subsidiaries

“Group Company”	means any one of the Company and the Subsidiaries, and “Group Companies” means any two (2) or more of them
“Listing Requirements”	means the Main Market Listing Requirements of Bursa Securities
“LTIP Committee”	means a committee established pursuant to By-Law 12.1 to implement and administer the Plan in accordance with these By-Laws
“LTIP Period”	means the duration of the Plan as set out in By-Law 15.1
“Memorandum”	means the Memorandum of Association of the Company as amended from time to time
“Market Day”	means a day on which the stock market of Bursa Securities is open for trading in securities
“Maximum Allowable Allocation”	shall have the meaning ascribed to it in By-Law 4.1
“Maximum Shares”	shall have the meaning ascribed to it in By-Law 3.2
“Normal Correspondence”	shall have the meaning ascribed to it in By-Law 26.3
“Notice” or “Process”	shall have the meaning ascribed to it in By-Law 2.1
“Notice of Vesting”	shall have the meaning ascribed to it in By-Law 7.2
“Offer”	means an offer of RS Grant or PS Grant made in writing by the LTIP Committee to an Eligible Employee in the manner set out in By-Law 5 and “Offers” means any two or more of them in the context of these By-Laws
“Performance Period”	in relation to the PS Grant, the duration of which is to be determined by the LTIP Committee as specified in the Offer, during which the Performance Targets are to be met
“Performance Target(s)”	means the performance targets determined by the LTIP Committee, which are to be achieved by the Grantee and/or Group (and/or such business units within the Group as determined by the LTIP Committee)
“Persons Connected”	shall have the meaning ascribed to it in Paragraph 1.01 of the Listing Requirements
“Plan” or “LTIP”	means the long term incentive plan established by the Company which shall be known as the “Telekom Malaysia Berhad Long Term Incentive Plan” to be administered in accordance with these By-Laws and consists of the RS Grant and the PS Grant
“Plan Termination Date”	shall have the meaning ascribed to it in By-Law 15.3

“Previous Company”	shall have the meaning ascribed to it in By-Law 2.4
“PS Grant”	means a grant of TM Shares made in writing by the LTIP Committee to an Eligible Employee in accordance with By-Law 5
“RS Grant”	means a grant of TM Shares made in writing by the LTIP Committee to an Eligible Employee in accordance with By-Law 5
“Rules of Bursa Depository”	means the rules of Bursa Depository, as issued pursuant to SICDA
“Said Selected Grantee”	shall have the meaning ascribed to it in By-Law 15.3
“SC”	means the Securities Commission Malaysia established pursuant to the Securities Commission Act 1993
“Shares” or “TM Shares”	means fully paid ordinary shares of RM0.70 each in the Company, subject to any alteration or adjustments in the par value by reason of any consolidation or subdivision or conversion of those shares
“SICDA”	means the Securities Industry (Central Depositories) Act, 1991 and includes any other amendment, consolidation or re-enactment thereof from time to time
“Subsidiary”	means (subject to By-Law 2.3) a subsidiary (as defined in the Act) of the Company which is not dormant, and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the LTIP Period unless determined by the LTIP Committee to fall outside the expression of “Subsidiary” pursuant to By-Law 2.3 and “Subsidiaries” shall be construed accordingly
“Unvested Shares”	means TM Shares which have been granted pursuant to the Grant but which have not been vested in the Grantee at the relevant time stipulated in the Grant
“Vesting Conditions”	means the conditions determined by the LTIP Committee and stipulated in the Grant which must be fulfilled for the TM Shares to be vested in a Grantee
“Vesting Date”	means in relation to a Grant, the date or dates stipulated by the LTIP Committee on which all or some of the TM Shares to which that Grant relates in accordance with By-Law 7.1 are vested pursuant to the Grant
“Vesting Period”	means in relation to a Grant, the period commencing from the Grant Commencement Date in relation to that Grant and expiring on the Market Day immediately preceding the Grant Termination Date to which that Grant relates (both dates inclusive)

1.2 In these By-Laws, unless the context otherwise requires:

- (a) any reference to a statutory provision or an applicable law shall include a reference to:
 - (i) any statute of Malaysia and shall include all subsidiary legislation made from time to time under that provision or law;
 - (ii) any and all Listing Requirements, policies, guidelines, practice notes and/or directions of Bursa Securities and/or the SC (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or the SC);
 - (iii) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Grant made and/or granted within the LTIP Period; and
 - (iv) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (b) any reference to a By-Law is a reference to a By-Law of these By-Laws;
- (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;
- (d) any word importing:
 - (i) the singular meaning includes the plural meaning and vice versa; and
 - (ii) the masculine gender includes the feminine gender and vice versa;
- (e) any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
 - (i) by the Board may be exercised in the Board's discretion and the Board shall not be under any obligation to give any reasons therefor;
 - (ii) by the LTIP Committee may be exercised in the LTIP Committee's discretion and the LTIP Committee shall not be under any obligation to give any reasons therefor, but subject always to the Board's power to overrule any decision of the LTIP Committee;
- (f) if any event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of the LTIP Period then the stipulated day shall be taken to be the last Market Day of the LTIP Period; and
- (g) in the event of any change in the name of the Company from its present name, all references to "Telekom Malaysia Berhad" in these By-Laws and all other documents pertaining to the Plan shall be deemed to be references to the Company's new name.

2. ELIGIBILITY

2.1 Subject to By-Law 2.2, employees may be considered as eligible from time to time and at any time for the purposes of the Plan by the LTIP Committee.

2.2 A person who fulfill the following criteria as at the Date of Offer shall be eligible for consideration by the LTIP Committee as an Eligible Employee to participate in the Plan:

- (a) has attained the age of eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) has entered into a full-time or fixed-term employment with, and is on the payroll of the Group Company, and has not served notice of resignation or received notice of termination;
- (c) has received confirmation of his/her service/employment in writing;
- (d) not a non-executive or independent director of our Company; and
- (e) has fulfilled any other eligibility criteria which has been determined by the LTIP Committee at its sole discretion from time to time.

For the avoidance of doubt, the LTIP Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in this By-Law 2.2, for purposes of selecting an Eligible Employee at any time and from time to time, in the LTIP Committee's discretion.

2.3 Subject to these By-Laws and to any applicable law, the LTIP Committee shall have the discretion, at any time and from time to time, to extend the benefit of the Plan to any employee of any Group Company who is (whether before or after the coming into force of these By-Laws) seconded to any corporation which is not a Group Company. The LTIP Committee may, at any time and from time to time, determine in its discretion that a subsidiary of the Company (including those subsequently incorporated or acquired during the LTIP Period) shall be excluded from the expression "Subsidiary" for the purpose of the Plan.

2.4 The LTIP Committee shall have the discretion to extend (or not to extend) the benefit of the Plan to any employee in any of the following circumstances:

- (a) an employee who is in the employment of a corporation which is not a Group Company but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a divestment from that corporation which is not a Group Company or other exercise involving the Company and/or any Group Company ("**Previous Company**");
- (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
- (c) where:
 - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
 - (ii) an employee of that Ex-Group Company is re-employed by another Group Company.

- 2.5 Eligibility under the Plan does not confer on any Eligible Employee any claim, right to participate in, or any other right whatsoever under the Plan, and an Eligible Employee does not acquire or have any right over, or in connection with, any Grant under the Plan unless an Offer has been made by the LTIP Committee to that Eligible Employee and that Eligible Employee has accepted the Offer in accordance with the terms of the Offer and these By-Laws.
- 2.6 Notwithstanding anything to the contrary, an Eligible Employee or a Grantee may not participate at any time in another employee share scheme or share option scheme of any other corporation, whether or not a Group Company, unless the LTIP Committee otherwise determines in its discretion.
- 2.7 In the case where a Grantee is transferred from a Group Company to a corporation which is not a Group Company, that Grantee may, at the discretion of the LTIP Committee, continue to be entitled to all of the rights in respect of his Grant (as may be applicable), subject to these By-Laws.
- 2.8 Without prejudice to the generality of the foregoing and save as otherwise decided by the LTIP Committee at its discretion, any Offer or Grant made by the LTIP Committee shall become void, of no effect and cease to be capable of acceptance or vesting upon any of the following events occurring:
- (a) the Grantee's death, subject to By-Law 8.4 below;
 - (b) the Grantee having received a letter of termination or ceasing to be an employee of any Group Company for any reason whatsoever;
 - (c) the Grantee giving notice of his resignation from service or employment;
 - (d) the corporation which employs the Grantee ceasing to be a Group Company subject to By-Law 2.4 above;
 - (e) the Grantee is subject to Disciplinary Proceedings;
 - (f) the Grantee is adjudicated a bankrupt; or
 - (g) such other events as the LTIP Committee may at its discretion determine.
- 2.9 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Grant may be granted to any person who is a director, a major shareholder or chief executive of the Company, or a Person Connected with a director, major shareholder or chief executive of the Company, unless the specific grant of that Grant, and/or the related issuance and allotment of TM Shares pursuant to that Grant, to that person shall have previously been approved by the shareholders of the Company in a general meeting.
- 2.10 The LTIP Committee may in its discretion revoke or suspend the nomination of any Grantee or any Group Company at any time and from time to time, whereupon such Grantee or the employees of such corporation shall henceforth cease to be eligible for any Offer or any Grant under the Plan.

3. MAXIMUM NUMBER OF TM SHARES AVAILABLE UNDER THE PLAN

- 3.1 Subject to By-Law 3.2, the total number of TM Shares which may be made available under the Plan and/or allotted and issued upon the vesting of TM Shares pursuant to the Plan, shall not exceed in aggregate ten percent (10%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point in time over the LTIP Period.
- 3.2 In the event the total number of TM Shares made available under the Plan exceeds the ten percent (10%) limit referred to in By-Law 3.1 ("**Maximum Shares**") as a result of the Company purchasing or cancelling its own Shares in accordance with the provisions of the CA and/or undertaking any other corporate proposal resulting in the reduction of its issued and paid-up ordinary share capital:
- (a) any Grants granted prior to the said variation of the issued and paid-up ordinary share capital of the Company shall remain valid and may vest in accordance with the provisions of the Plan as if that purchase or cancellation or reduction had not occurred; and
 - (b) no further Offers or Grants shall be made by the LTIP Committee unless and until the aggregate number of TM Shares that have been or may be issued and allotted under the Plan respect of the Grants falls below the Maximum Shares.
- 3.3 The Company shall, during the duration of the LTIP Period, make available sufficient unissued shares in the authorised share capital of the Company to satisfy all outstanding Grants.

4. MAXIMUM ALLOWABLE ALLOCATION AND THE BASIS OF ALLOCATION

- 4.1 The total number of TM Shares that may be offered or granted to and/or vested in any one Eligible Employee under the Plan shall be at the sole and absolute discretion of the LTIP Committee, taking into consideration, amongst other factors, the performance, his/her potential for future development and contribution to the success and development of the TM Group and such other criteria as the LTIP Committee may deem relevant.

Notwithstanding the foregoing and subject to any adjustments which may be made under By-Law 9, the total number of TM Shares which may be granted under the Plan that may be allocated to an Eligible Employee who, either singly or collectively through Persons Connected with him, holds twenty percent (20%) or more of TM's issued and paid-up share capital (excluding treasury shares) shall not exceed ten percent (10%) of the total number of TM Shares to be made available under the Plan and/or any other schemes involving new issuance of TM Shares to Eligible Employees to be implemented from time to time ("**Maximum Allowable Allocation**").

For the avoidance of doubt, the LTIP Committee shall have sole and absolute discretion in determining whether the TM Shares available for vesting under the Plan are to be granted to the Eligible Employees or any group or groups of Eligible Employees via:

- (a) one single Grant at such time as may be determined by the LTIP Committee; or
- (b) several Grants where the vesting of TM Shares comprised in those Grants are staggered or made in several tranches at such times and on such terms as may be determined by the LTIP Committee.

- 4.2 In the event the LTIP Committee decides that the Offer, Grant or vesting of any number of TM Shares is to be staggered, the number of TM Shares to be offered in each Offer and the timing for the vesting of the same shall be decided by the LTIP Committee at its sole and absolute discretion. Each Offer or Grant shall be separate and independent from the others.
- 4.3 No Eligible Employees shall participate in any voting, deliberation or discussion on the Offer or Grant of TM Shares to them or any vesting and/or any issuance or allotment of TM Shares to them under the Plan.

5. OFFERS AND ACCEPTANCE OF OFFERS

- 5.1 The LTIP Committee may, after taking into consideration such criteria as the LTIP Committee deems fit, including but not limited to the Grantee's position, job performance and duration of service, potential for future development, contribution to the success and development of TM Group and such other criteria as the LTIP Committee may deem relevant from time to time, make one or more Offers to any Eligible Employee whom the LTIP Committee may in its discretion select during the LTIP Period. Each Offer made to any Eligible Employee by the LTIP Committee shall be separate and independent from any previous or later Offer made by the LTIP Committee to that Eligible Employee.
- 5.2 Subject always to these By-Laws:
- (a) nothing shall prevent the LTIP Committee from making more than one Offer to any Eligible Employee provided always that the aggregate number of TM Shares in respect of the Offer granted to any Eligible Employee shall not exceed the Maximum Allowable Allocation; and
 - (b) the number of TM Shares which an Eligible Employee may be entitled pursuant to an Offer shall be at the discretion of the LTIP Committee and, subject to any adjustment that may be made under these By-Laws, shall not be less than 100 Shares and shall always be in multiples of 100 Shares.

At the end of each financial year, the numbers of TM Shares so offered or granted for vesting pursuant to the Plan shall be verified by the Audit Committee (where required) as being in compliance with the criteria for allocation disclosed by the Company to Eligible Employees.

- 5.3 An Offer shall be made in writing and in any manner as the LTIP Committee shall determine and may be made upon such terms and conditions as the LTIP Committee may decide from time to time. Nothing herein shall require any Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Eligible Employee.
- 5.4 The LTIP Committee will in an Offer to a Eligible Employee state, amongst others:
- (a) whether it is a RS Grant or a PS Grant;
 - (b) the number of TM Shares which the Eligible Employee shall be entitled to receive subject to acceptance of the Offer and upon satisfying the conditions of the Grant;
 - (c) the Date of Offer;
 - (d) the Vesting Conditions including the Vesting Period, if any, applicable to the Grant and in the case of a PS Grant that the Grantee will earn the right to receive in full his/her PS Grant at a specified date, subject to the Vesting Conditions being fulfilled, rather than becoming vested gradually over the Vesting Period;

- (e) in relation to each RS Grant and PS Grant;
 - (i) the Performance Targets;
 - (ii) the Performance Period; and
 - (iii) the extent to which the Shares which are subject of the Grant shall be released on the Performance Targets being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
 - (f) the Vesting Date(s); and
 - (g) any other condition which the LTIP Committee may determine from time to time in relation to the Grant.
- 5.5 An Offer shall be valid for a period of one (1) month (or such other period as may be determined by the LTIP Committee) from the date of that Offer. Any acceptance of that Offer must be made by the person to whom that Offer is made within that period by written notice to the LTIP Committee (in such form as may be prescribed by the LTIP Committee), accompanied by a non-refundable payment to the Company of the sum of RM1.00 as a consideration for acceptance of that Grant. If that Grant is not accepted in this manner, that Offer shall, upon the expiry of the prescribed period, automatically lapse and shall be null and void and of no effect and the Shares that would have been granted or vested and allotted in such Grant may, at the discretion of the LTIP Committee, be offered to other Eligible Employees in accordance with these By-Laws provided that the LTIP Committee shall not be precluded from making a fresh Offer to the Eligible Employee subsequently.

6. NON-TRANSFERABILITY OF OFFERS AND GRANTS

- 6.1 Subject to By-Law 5.3, a Grant is personal to the Grantee thereof, and cannot be assigned, encumbered, transferred or otherwise disposed of in any manner whatsoever, except that in the case where a Grantee is not a resident in Malaysia, the Grant that is for the benefit of that non-resident Grantee may then be held and its rights exercised by or in favour of any person who represents, is an Authorised Nominee of, is an agent of, and/or is a trustee of, that Grantee. For the avoidance of doubt, the restriction in this By-Law 6.1 shall apply to any person who represents, is an Authorised Nominee of, is an agent of and/or is a trustee of that Grantee, to the extent where any assignment, transfer or disposal thereby is in favour of any person other than the Grantee.

7. VESTING CONDITIONS AND VESTING OF TM SHARES

7.1 The TM Shares to be issued and allotted to a Grantee under a Grant shall vest to the Grantee in accordance with the terms of the Grant and these By-Laws:

- (a) during his/ her employment with a Group Company (unless otherwise expressly provided under these By-Laws); and
- (b) in any number of times within the Vesting Period for that Grant as the LTIP Committee may decide in its discretion from time to time; and

not otherwise, during the normal business hours of the Company on such days and/or during such periods as the LTIP Committee may decide for the purposes of vesting of the TM Shares, provided that no TM Shares under a Grant shall vest beyond the expiry of the LTIP Period. The TM Shares comprised in a Grant shall vest in multiples of and no less than 100 Shares.

7.2 Where the LTIP Committee has determined that the Vesting Conditions have been fully and duly satisfied, the LTIP Committee shall notify the Grantees of the number of TM Shares vested or which will be vested in him on the Vesting Date ("**Notice of Vesting**"). Every Notice of Vesting shall be in such form as may be prescribed by the LTIP Committee from time to time.

Within eight (8) Market Days or such other period as may be prescribed or allowed by Bursa Securities from the Vesting Date stipulated in the Notice of Vesting, the Company shall:

- (a) issue and allot the relevant number of TM Shares to the Grantee;
- (b) procure the despatch of notices of allotment of such Shares to the Grantee accordingly upon and subject to the provisions of the Articles, Listing Requirements, SICDA and Rules of Bursa Depository; and
- (c) make an application to Bursa Securities for the listing of and quotation for such relevant number of TM Shares (if required).

7.3 All TM Shares to be issued and allotted pursuant to the vesting of any Grant under the Plan shall be credited directly into the CDS Account of the Grantee or an Authorised Nominee appointed by him/her (as the case may be), and no physical share certificates will be issued and delivered to the Grantee or his Authorised Nominee (as the case may be). The Grantee shall provide the LTIP Committee with his CDS Account number or the CDS Account number of his/her Authorised Nominee within the time period as determined by the LTIP Committee to facilitate the issuance and allotment of the TM Shares to the Grantee. It is the obligation and responsibility of the Grantee to notify the Company of any change in his/her CDS Account number or the CDS Account number of his Authorised Nominee and any other relevant details.

7.4 To the extent the TM Shares under a Grant shall not have vested upon expiry of the LTIP Period for that Grant or vest at all under the Plan for any reason whatsoever (including, without limitation, by reason of the LTIP Committee determining that a Grant shall not vest at all pursuant to By-Law 7.6, the Grant shall lapse and become null and void unless extended at any time and from time to time by the LTIP Committee in its discretion.

7.5 Notwithstanding anything to the contrary, in the event of any take-over offer being made for the issued share capital of the Company or any other corporate proposal (including but not limited to a selective capital reduction exercise) being undertaken whereby all the issued share capital of the Company is to be acquired (or all of the issued share capital of the Company ends up in the hands of one or more sponsor of such proposal), whether by way of a general offer or otherwise, the LTIP Committee may in its discretion, to the extent permitted by law, unilaterally decide:

- (a) to alter any Vesting Period applicable in respect of any Grant, whether by shortening or lengthening the same;
- (b) to alter any Grant Commencement Date and/or Grant Termination Date in respect of any Grant;
- (c) to fix any Grant Commencement Date and/or Grant Termination Date in respect of any Grant; and/or
- (d) to alter the terms of any Grant;

but in the absence of any such decision by the LTIP Committee, upon any such take-over offer or corporate proposal becoming or being declared unconditional, the LTIP Committee may by notice in writing to the Grantees allow, within one (1) month from the date on which such take-over offer or corporate proposal becomes or is declared unconditional (or such shorter period expiring on the day immediately prior to the date on which the Grant or proposal is to expire or to complete, if such period is shorter than the said one-month period), for such number of TM Shares comprised in any Grants to vest fully, including those TM Shares comprised in Grants that have not yet vested in accordance with By-Law 7.6, provided that if during such period a party becomes entitled or bound to exercise the rights of compulsory acquisition under the provisions of any applicable law, and gives notice to the Company and/or any member of the Company that it intends to exercise such rights on a specified date, the TM Shares under the Grant shall vest to the Grantee until the day immediately prior to that specified date, but no later.

7.6 The LTIP Committee shall, as and when it deems practicable and necessary, review the Vesting Conditions specified in respect of a Grant and determine at its discretion:

- (a) whether a Vesting Condition has been satisfied and if so, the extent to which it has been satisfied;
- (b) whether any other condition applicable to such Grant has been satisfied; and
- (c) the number of Shares (if any) comprised in such Grant to be vested to the relevant Grantee.

Notwithstanding anything to the contrary, all TM Shares comprised in a Grant under the Plan shall only vest when the LTIP Committee determines in its full discretion that such Grantee has achieved the stipulated conditions as stated in the Grant made to him and if all other conditions stipulated in the Grant have also been met (whether fully or partially). In making any such determination, the LTIP Committee shall have the right to make reference to (amongst others) the audited results of the Company or the Group (as the case may be) to take into account such factors as the LTIP Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend any Vesting Conditions if the LTIP Committee decides that a changed Performance Target would be a fairer measure of performance.

If the LTIP Committee determines, in its sole discretion, that the conduct and the performance of such Grantee during the Vesting Period for that Grant does not meet the criteria for such vesting imposed by the LTIP Committee as it thinks fit and/or if any other conditions stipulated in the Grant has not been met and/or (subject to By-Law 8) the relevant Grantee is no longer an Employee at the date of the Grant, the LTIP Committee has the discretion to either:

- (i) vary the number of TM Shares to be vested or to extend the relevant LTIP Period and to impose additional conditions, including but not limited to, any Vesting Conditions or Performance Targets or such other conditions precedent as the LTIP Committee thinks fit in respect of the vesting of the TM Shares to such Grantee; or
- (ii) determine that the Grant or any part thereof not vested will lapse and be of no value.

7.7 The LTIP Committee may at its discretion decide, taking into consideration, amongst others, factors such as the prevailing market price of the Shares, funding considerations and dilutive effects on the Company's capital base, future returns and cash requirements of the Group, to make a vesting of a Grant, wholly or partly, in the form of cash rather than Shares which would otherwise have been vested to the Grantee on the relevant Vesting Date, in lieu of all or part of such TM Shares to a Grantee, based on the aggregate Market Value of such Shares on such Vesting Date.

For the purpose of this By-Law 7.7, "Market Value" means in relation to a Share, on any day:

- (a) the volume-weighted average price of a Share on Bursa Securities over the five (5) immediately preceding Market Days on which the Shares are traded on Bursa Securities; or
- (b) if the LTIP Committee is of the opinion that the Market Value as determined in accordance with paragraph (a) above is not representative of the value of a Share, such price as the LTIP Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

7.8 No Grantee shall have any right to or interest in the TM Shares granted to him/her unless and until the TM Shares are vested in him on and with effect from the date such Shares are credited into his CDS Account or the CDS Account of his Authorised Nominee (as the case may be).

7.9 The Grantees are not required to pay for the TM Shares they are entitled to receive upon vesting of TM Shares pursuant to the Grant.

8. TERMINATION OF GRANTS AND UNVESTED SHARES

8.1 In the event of the cessation of employment of a Grantee with a Group Company for whatever reason, including but not limited to the receipt of a letter of termination or serving of a notice of resignation by the Grantee, prior to the vesting of TM Shares comprised in a Grant, such Grant or any part thereof that remain unvested, as the case may be, shall forthwith cease or be deemed to cease to be valid without any claim against the Group Company.

8.2 In the event of the cessation of employment of a Grantee with a Group Company in any of the following circumstances:

- (a) retirement on attaining the normal retirement age under the Group Company's retirement policy;
- (b) death before the expiry of any Grant and at the date of his death held a Grant;
- (c) ill-health, injury, physical or mental disability;
- (d) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the relevant Group Company;
- (e) non-renewal of fixed term contract, not due to a breach of contract on the part of the Grantee; or
- (f) any other circumstance which is acceptable to the LTIP Committee in its discretion,

the LTIP Committee may at its discretion determine that all or any part of the Unvested Shares comprised in a Grant, can vest in accordance with the provisions of these By-Laws, and the times or periods at or within which such Shares may vest provided that no TM Shares shall vest after the expiry of the Vesting Period for that Grant. Unless the LTIP Committee in its discretion permits such vesting in accordance with this By-Law 8.2, any Unvested Shares shall cease or be deemed to cease to be capable of vesting to the Grantee without any liability or right to claim against the Company and/or the LTIP Committee and/or the Board.

8.3 Subject to By-Law 8.2, upon the resignation of the Grantee from his/her employment with the relevant Group Company, as the case may be, such Grant shall lapse and cease or be deemed to cease to be valid forthwith on the date the Grantee tenders his resignation.

8.4 Where a Grantee dies before the expiry of the Vesting Period for a Grant(s), the LTIP Committee may at its discretion determine that all or any part of the Unvested Shares under the Grant(s) to be held by the Grantee, be vested to the executor or administrator of that deceased Grantee, and the times or periods at or within which such Shares comprised in the Grant(s) may vest, provided always that no TM Shares comprised in the Grant(s) may vest after the expiry of the Vesting Period for a Grant(s). In this regard, the LTIP Committee may require the executor or administrator of that deceased Grantee to provide evidence satisfactory to the LTIP Committee of his status as such executor or administrator, as the case may be.

8.5 Any Unvested Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, without any claim against the Company and/or any corporation of the Group and/or any member of the LTIP Committee upon the occurrence of one or more of the following events:

- (a) winding-up or liquidation of the Company pursuant to By-Law 14.1; or
- (b) termination of the Plan pursuant to By-Law 15.3.

9. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT

- 9.1 If the LTIP Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the LTIP Period, whether by way of a capitalisation of profits or reserves, rights issues, bonus issues, capital reduction, capital repayment, sub-division or consolidation of capital, or any other variation of capital or otherwise howsoever taking place, such corresponding alterations (if any) may be made to the Plan.
- 9.2 The alterations as set out in By-Law 9.1, may be made in:
- (a) the number of Unvested Shares comprised in a Grant; and/or
 - (b) the method and/or manner in the vesting of the TM Shares comprised in a Grant.
- 9.3 The alterations as set out in By-Law 9.2 shall be in such a manner as to give the Grantee a fair and reasonable Grant entitlement as certified in writing (other than for adjustments made pursuant to a bonus issue) by the external auditor or Adviser of the Company (acting as an expert and not as an arbitrator) as being in its opinion fair and reasonable and such certification shall be final and binding in all respects, provided that:
- (a) upon any adjustment being made pursuant to By-Law 9.2 the LTIP Committee shall notify the Grantee (or his executor or administrator, where applicable) in writing of the adjusted number of TM Shares comprised in the Grant, and/or the revised maximum number of TM Shares and/or percentage of the total TM Shares comprised in the Grant, that may vest at any time or in any period which supersedes the earlier Grant(s); and
 - (b) in the event that a fraction of a Share arising from the adjustments referred to in By-Law 9.2 would otherwise be required to be transferred to the Grantee upon the vesting of TM Shares comprised in a Grant, the Grantee's entitlement shall be rounded down to the nearest whole number.

Unless otherwise determined by the LTIP Committee, the adjustments pursuant to By-Law 9.2 shall be effective on the day immediately following the book closure date for the event giving rise to that adjustment.

- 9.4 The provisions of this By-Law 9 shall not apply where the alteration in the capital structure of the Company arises from:
- (a) the issue of securities as consideration for an acquisition by the TM Group;
 - (b) a special issue of new Shares or other securities to Bumiputera parties approved by the Ministry of International Trade and Industry, Malaysia and/or other Government authorities to comply with the Government policy on Bumiputera capital participation, if any;
 - (c) a special issue, private placement or restricted issued of new Shares or other securities by the Company;
 - (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to Section 67A of the CA;
 - (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;

- (f) an issue of new Shares upon the vesting of Grant pursuant to the Plan;
- (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including Directors, or Employees of the Company or any of its subsidiaries pursuant to purchase or Grant schemes approved by the Shareholders in general meeting; and
- (h) any issue of Shares by the Company (other than bonus and rights issue) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding issued and paid-up share capital of the Company pursuant to the provision of Section 132D of the CA.

10. DISCIPLINARY PROCEEDINGS

10.1 In the event that a Grantee is subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of the contract of service), the LTIP Committee may in its discretion suspend any one or more of the Grantee's rights in respect of any Grant then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:

- (a) in the event that such Grantee shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Grantee's rights in respect of any Grant then held by him shall remain unaffected (and where that Grant had been suspended, the suspension shall be lifted);
- (b) in the event the Disciplinary Proceedings result in a dismissal or termination of the contract of service of such Grantee, the Grant held by that Grantee shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of the contract of service of such Grantee, notwithstanding that such dismissal or termination of the contract of service may be subsequently challenged by the Grantee in any other forum; and
- (c) in the event that the Disciplinary Proceedings result in a demotion of the Grantee to a lower category of employment, the numbers of TM Shares comprised in the Grant held by that Grantee which are unvested (as the case may be) at that time may be reduced or revoked by the LTIP Committee in its discretion;

but in any case and notwithstanding anything to the contrary, in the event such Grantee is found guilty of some or all of the charges but no dismissal or termination of the contract of service is recommended, the LTIP Committee shall have the right to determine, at its discretion, whether or not the TM Shares comprised in the Grant may continue to vest and, if so, to impose such limits, terms and conditions or make such downward adjustment to the number of TM Shares as it deems appropriate, in respect of such vesting (regardless of anything previously determined in respect of his Grant). Nothing herein shall prevent the LTIP Committee (but the LTIP Committee shall not be obliged to do so) from making a fresh Grant and/or reinstating the right of the Grantee to have vested any Unvested Share in the event that such disciplinary actions are not decided against him or if such disciplinary actions are withdrawn.

- 10.2 In the event a Grantee is subjected to Disciplinary Proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of the contract of service) after a Grant is made, the Grant is deemed revoked and/or withdrawn, unless otherwise decided by the LTIP Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Grantee. Nothing herein shall prevent the LTIP Committee (but the LTIP Committee shall not be obliged to do so) from making a fresh Grant to such Grantee in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn.

11. RANKING OF THE NEW TM SHARES

- 11.1 The new TM Shares to be allotted and issued to the Grantees pursuant to the Plan shall upon allotment and issuance, rank equally in all respects with the then existing TM Shares, except that they shall not be entitled to any dividend, rights, allotments and/or distribution, the entitlement date of which is prior to the date on which the new TM Shares are allotted to the Grantees.
- 11.2 Notwithstanding By-Law 11.1, the Grantees shall not be entitled to any dividend, rights, allotment and/or other distribution attached to the TM Shares until such TM Shares have been credited into the CDS Accounts of the respective Grantees or their Authorised Nominee, as the case may be, upon vesting of such TM Shares in the Grantee under the Plan.
- 11.3 The new TM Shares to be issued and allotted pursuant to the Plan shall be subject to the provisions of the Memorandum and Articles of the Company.

12. ADMINISTRATION

- 12.1 The Plan shall, subject to these By-Laws, be implemented and administered by the LTIP Committee in such manner as it shall, in its discretion, think fit, in the best interest of the Company, provided that no member of the LTIP Committee and no Eligible Employee shall participate in any deliberation or decision in respect of Grants granted or to be granted to himself or any Person Connected to such Eligible Employee. The LTIP Committee shall comprise such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the LTIP Committee, including its duties, powers and limitations.
- 12.2 Without limiting the generality of By-Law 12.1, the LTIP Committee may for the purpose of administering the Plan, do all such acts and things, appoint or terminate the appointment of a trustee (if required) and enter into and/or cause the Company to enter into any other transactions, agreements, deeds and documents, arrangements or undertakings, construe and interpret the Plan and Grants granted under it, and make such guidelines, rules and/or regulations, or impose or waive any terms and conditions for the implementation and administration of the Plan, or delegate any of its powers relating to the administration of the Plan and to give effect to the provisions of the Plan and/or to enhance the benefit of the Grants to the Grantees as the LTIP Committee in its discretion deems fit, necessary and/or expedient for the implementation and administration of the Plan. The LTIP Committee in the exercise of this power may correct any defect, remedy any omission, or reconcile any inconsistency in the Plan or in any agreement providing for a Grant in a manner and to the extent it shall deem necessary to expedite and make the Plan fully effective and to determine all questions of policy and expediency that may arise in the administration of the Plan and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

- 12.3 The Board shall have power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the LTIP Committee and appoint replacement members to the LTIP Committee;
 - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the LTIP Committee pursuant to these By-Laws; and
 - (c) amend, modify or vary the terms of reference of the LTIP Committee.
- 12.4 Neither the Plan nor Grants granted under the Plan shall impose on the Company, the Board or the LTIP Committee or any of its members any liability whatsoever in connection with:
- (a) the lapse of any Grants pursuant to any provision of the Plan;
 - (b) the failure or refusal by the LTIP Committee to exercise, or the exercise by the LTIP Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the LTIP Committee made pursuant to any provision of the Plan.
- 12.5 Any decision or determination of the LTIP Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to dispute as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The LTIP Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

13. MODIFICATION AND/OR AMENDMENT OF THESE BY-LAWS

- 13.1 The terms and conditions of these By-Laws and the Plan may be modified, altered, amended and/or deleted from time to time by a resolution of the Board, except that (unless expressly provided in these By-Laws) no such modification and/or amendment shall be made which would prejudice the rights then accrued to any Grantee without his prior written consent and no modification, amendment, alteration and/or deletion of the Plan shall be made in relation to By-Laws 2, 3.1, 4.1, 5.1, 5.3, 5.4, 6.1, 7.1, 7.9, 9.3, 11, 14.1, 15.1 and 16 to the advantage of the Grantees without prior approval of the Company's shareholders in a general meeting and subject to any applicable laws.
- 13.2 The LTIP Committee shall within ten (10) Market Days of any amendment and/or modification made pursuant to this By-Law 13 notify the Grantee in writing of such amendment and/or modification.
- 13.3 Upon amending and/or modifying all or any of the provisions of the By-Laws, the Company shall submit a letter of compliance together with the amendments to and/or modifications of these By-Laws to Bursa Securities no later than five (5) Market Days after the effective date of the amendments and/or modifications to the By-Laws or in such other manner as may be required under the Listing Requirements.

14. LIQUIDATION OF COMPANY

- 14.1 Upon the receipt of a court order of the winding-up of the Company, all Grants shall be deemed revoked and be null and void and all Unvested Shares comprised in a Grant shall lapse and be null and void and of no further force and effect, and the Plan shall terminate.
- 14.2 Notwithstanding the above, the LTIP Committee will consider, to the extent permitted by law, whether or not to vest any Unvested Shares subject to such terms and conditions as may be prescribed and will take into account all circumstances on case-to-case basis, including (but not limited to) the contributions of the Grantees.

15. PLAN PERIOD

- 15.1 The Plan shall take effect on the Effective Date and shall continue to be in force for a period of ten (10) years from the Effective Date, being the date on which full compliance with the relevant requirements under this By-Laws and the MMLR of Bursa Securities provided that the following conditions have been fulfilled:

- (a) approval of Bursa Securities or approval-in-principle for the listing of and quotation for the TM Shares to be issued pursuant to the Plan;
- (b) approval of the shareholders of the Company at a general meeting to be convened;
- (c) the submission to Bursa Securities of the final copy of the By-Laws;
- (d) any other relevant regulatory authorities' approval where applicable; and
- (e) fulfillment of all conditions attached to the above approvals, if any.

All Unvested Shares comprised in any Grant (whether fully or partially) shall forthwith cease to be capable of vesting upon expiration of the LTIP Period.

- 15.2 Within five (5) Market Days after the Effective Date, the Company shall, where required under the Listing Requirements, submit a confirmation to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 15.1, stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Plan.
- 15.3 Notwithstanding anything set out in these By-Laws and subject always to compliance with the SC's, Bursa Securities' and/or any other regulatory authorities' guidelines or directives, the Company may, by notice in writing to all Grantees whose TM Shares have not been vested in them ("**Said Selected Grantee**"), terminate the Plan at any time during the LTIP Period, whereupon all Grants shall be deemed revoked and be null and void and any Unvested Shares shall be deemed to cease to be capable of vesting on the date specified in the notice which shall be after approvals or consents of any regulatory authorities having been obtained (if required) ("**Plan Termination Date**") provided that the LTIP Committee may in its discretion, permit the vesting of Unvested Shares (or any part thereof) in the Said Selected Grantees at any time prior to the Plan Termination Date subject to such terms and conditions as may be prescribed notwithstanding that:
- (a) the Vesting Date of the TM Shares is not due or has not occurred; and/or
 - (b) other terms and conditions set out in the Grant has not been fulfilled or satisfied.

16. RETENTION PERIOD

- 16.1 The TM Shares allotted and issued pursuant to the vesting of Shares to the Grantees under the Plan may be subject to any retention period and/or such other restrictions on transfer at the discretion of the LTIP Committee.
- 16.2 The expression "retention period" referred to in By-Law 16.1 shall mean the period in which the TM Shares allotted and issued pursuant to the Plan must not be sold, transferred, assigned or otherwise disposed of by the Grantees.

17. COSTS AND EXPENSES OF THE PLAN

- 17.1 All administrative costs and expenses incurred by the Company in relation to the Plan, including but not limited to the costs and expenses relating to the allotment and issuance of the TM Shares for the vesting of TM Shares comprised in any Grant, shall be borne by the Company.
- 17.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including without limitation, income taxes) that are incurred by any Grantees, pursuant or relating to the grant of the Grants and vesting of TM Shares comprised in a Grant, and any holding of or dealing in such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Grantee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

18. NO COMPENSATION

- 18.1 All Employees (including but not limited to Eligible Employee or Grantee) who cease to hold office or employment or their executors or administrators, shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under the Plan which they might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.
- 18.2 All Employees (including but not limited to Eligible Employee or Grantee) or their executors or administrators, shall not be entitled to bring any claim, action or proceeding against the Company, the Board, the LTIP Committee or any other party for any compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of the vesting of TM Shares comprised in a Grant, their TM Shares comprised in a Grant not vesting for any reason whatsoever, and/or their Grant ceasing to be valid pursuant to the provisions of these By-Laws.

19. DISPUTES

- 19.1 In the event of a dispute between the Board and/or the LTIP Committee, and an Employee of any Group Company as to any matter or thing of any nature arising hereunder, the Board or the LTIP Committee shall determine such dispute or difference by a written decision (other than a matter to be certified by the Auditors or the Advisers) given to such Employee. The said decision of the Board or the LTIP Committee (as the case may be) shall be final and binding on the parties. The Board and the LTIP Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

20. INSPECTION OF AUDITED ACCOUNTS

- 20.1 To the extent permitted by the Listing Requirements and prevailing laws and guidelines issued by the relevant authorities, all Grantees shall be entitled to inspect a copy of the latest audited accounts of the Company, which shall be made available at the Company's official website as well as the Bursa Securities' website.

21. DIVESTMENT OF SUBSIDIARIES

- 21.1 Subject to By-Law 2.4, if a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group, such Grantee shall not be eligible for any future Grants under the Plan. Unless otherwise determined by the LTIP Committee, any Unvested Shares in respect of the Grantee shall cease to be capable of vesting.

22. ACQUISITIONS OF SUBSIDIARIES

- 22.1 Notwithstanding anything to the contrary, but subject to By-Law 2.4, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**") (subject to the approval of the LTIP Committee) may be eligible to participate in the Plan only for the remaining LTIP Period provided that, notwithstanding anything to the contrary, the number of TM Shares that may be offered to such an Affected Employee under this By-Law 22.1 will always be subject to the discretion of the LTIP Committee.

23. SCHEMES OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

- 23.1 Notwithstanding By-Law 7, in the event of any application being made to the court for sanction of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 176 of the CA, or its amalgamation with any other company or companies under section 178 of the CA, the LTIP Committee may, by notice in writing to the Grantee, at its discretion determine that a Grantee may be entitled to receive all or any part of the TM Shares comprised in a Grant that remain unvested commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme of arrangement and/or arrangement and reconstruction of the Company or amalgamation is approved (or on any other date specified by the LTIP Committee in its discretion notwithstanding that:

- (a) the Vesting Date is not due or has not occurred; and/or
- (b) other terms and conditions set out in the Grant has not been fulfilled or satisfied;

after which all Grants shall be null and void and (whether or not comprising TM Shares vested thereunder), shall cease to be capable of vesting.

24. THE ARTICLES OF ASSOCIATION OF THE COMPANY

- 24.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Articles, the provisions of the Articles shall prevail at all times save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements.

25. PLAN NOT A TERM OF EMPLOYMENT

- 25.1 The Plan shall not form part of, constitute or in any way be construed as any term or condition of employment of any employee within the Group. The Plan shall not confer or be construed to confer on any employee within the Group any special right or privilege over and above the employee's terms and conditions of employment under which the employee is employed nor any rights in addition to compensation or damages that the employee may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

26. DISCLAIMER OF LIABILITY

- 26.1 Notwithstanding anything to the contrary, the Board, the LTIP Committee, and/or the Company including any Group Company and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of the Plan, including but not limited to the Company's delay in allotting and issuing the TM Shares or in applying for or procuring the listing of the TM Shares on Bursa Securities.

27. NOTICE

- 27.1 Any legal notice or process (other than Grants) under the Plan ("**Notice**" or "**Process**") required to be given to or served upon an Eligible Employee or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Employee or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last known address. Any Notice or Process served by hand, by facsimile or by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.
- 27.2 Any Notice or Process required to be given to or served upon the Board or the LTIP Committee by an Eligible Employee or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the LTIP Committee may have stipulated for this purpose). Any Notice or Process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.

- 27.3 Any Grant to be made and normal correspondence (other than Notice or Process) under the Plan (“**Normal Correspondence**”) to be given to or served upon the Board, the LTIP Committee, Eligible Employee or Grantee, as the case may be, shall be given, served or made in writing and delivered by electronic mail to the address of the registered office of the Company and such electronic mail address specified by the Company (if to be given to or served upon the Board or the LTIP Committee) or to such last known mailing address provided by the employee to the Company and electronic mail address of the employee provided by the Company (if to be given to or served upon the Eligible Employee or Grantee) or such communication by other digital means as may be prescribed by the Board and/or the LTIP Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market Day immediate following the day on which the electronic mail is dispatched or (in the case of post), the day on the third (3rd) Market Day after the date of posting or (in the case of communication by other digital means) on the Market Day immediate following the day on which such communication is effected.
- 27.4 Notwithstanding By-Law 27.3, where any Normal Correspondence is required to be given by the Company or the LTIP Committee under these By-Laws in relation to matters which may affect any or all of the Eligible Employees or Grantees, as the case may be, the Company or the LTIP Committee may give the Normal Correspondence through an announcement to all employees of the Group to be made in such manner deemed appropriate by the LTIP Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 27.3 shall be deemed to be sufficiently given, served or made to all affected Eligible Employees or Grantees, as the case may be.

28. MULTIPLE JURISDICTIONS

- 28.1 In order to facilitate the making of any Grant (and/or the benefit thereof) under the Plan, the LTIP Committee may provide for such special terms to apply to Grants to Grantees who are employed by a Group Company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the LTIP Committee may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. The LTIP Committee may approve such supplements to or amendments, restatements or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Plan as they are in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Plan. No such special terms, supplements, amendments or restatement, however, shall include any provision that is inconsistent with the terms of the Plan and these By-Laws as then in effect unless the Plan and these By-Laws have been amended to eliminate such inconsistency. Notwithstanding the above, any Grant offered to such Grantee pursuant to the Plan shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the LTIP Committee in the Grant.
- 28.2 No action has been or will be taken by the Company to make the Grant valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Grant with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Grantee to whom the Grant is offered, with all applicable laws and regulations in such other country or jurisdiction in which the Grantee will be vested the TM Shares under the Grant.

- 28.3 It is the responsibility of any Grantee to whom the Grant is offered to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they are vested the TM Shares under the Grant. Grantees who are employed by a Group Company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, should consult their legal advisers as to whether the Grant would result in the contravention of any laws of such countries or jurisdictions, and in the event that the Grant would result in the contravention of any laws of such countries or jurisdictions, the Grantees will have no rights or claims whatsoever against the Company in respect of their Grant. By participating in the Plan, each Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they will be vested the TM Shares under the Grant.
- 28.4 The Company shall not accept any responsibility and liability in the event that any application Grant to the Grantee is or becomes illegal, unenforceable, voidable or void or shall contravene the laws in any jurisdictions outside Malaysia.

29. SEVERABILITY

- 29.1 Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and/or provision contained in these By-Laws.

30. ERRORS AND OMISSIONS

- 30.1 If in consequences of an error or omission, the LTIP Committee discovers or determines that:
- (a) an Eligible Employee who was selected as a Grantee has not been given the opportunity to participate in the Plan on any occasion;
 - (b) an Eligible Employee was erroneously selected as a Grantee; or
 - (c) the number of TM Shares allotted to any Grantee on any occasion is found to be incorrect;

and such error or omission cannot be corrected, the LTIP Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Employee is given the opportunity to participate in the Plan and/or to withdraw the Grant given to the Employee who was erroneously selected as a Grantee and/or to ensure that the Grantee is credited with the correct number of TM Shares to which he is entitled to.

31. GOVERNING LAW

- 31.1 The Plan, these By-Laws, and all Grants made and granted and actions taken under the Plan shall be governed by and construed in accordance with Malaysian law and the Grantee, by participating in the Plan in accordance with these By-Laws and terms of the Plan and the Articles of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.

32. DECISION OF THE BOARD AND/OR THE LTIP COMMITTEE

32.1 Any decision and/or determination made by the Board and/or the LTIP Committee under these By-Laws shall be final and binding on all parties.

33. DELAY, PROHIBITION OR IMPOSSIBILITY OF PERFORMANCE

33.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the LTIP Committee.

34. IMPLEMENTATION OF THE PLAN

34.1 In implementing the Plan, the LTIP Committee may in its sole and absolute discretion decide that the vesting of any TM Shares comprised in a Grant be satisfied by any of the following methods:

- (a) allotment and issuance of new TM Shares by the Company to the Grantees;
- (b) cash payment by the Company to the Grantees in lieu of TM Shares; or
- (c) a combination of allotment and issuance of TM Shares and/or payment by cash in lieu of TM Shares, as stated in By-Law 34.1(a) and (b) above.

In considering the settlement mode of the Grants as detailed in By-Laws 34.1(a) to (c) above, the LTIP Committee will take into consideration factors, including but not limited to, the issue price of the new TM Shares, the prevailing market price of the TM Shares at the relevant time and the dilutive effects of such issuance on the capital base, future returns and cash requirements of the TM Group.

(The rest of this page has been intentionally left blank)

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

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2015 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 Berhad (Axiata) and/or its subsidiaries (Axiata Group)	Minister of Finance Incorporated (MoF Inc.), Khazanah Nasional Berhad (Khazanah), Dato' Sri Mohamad Isa Hussain, Asri Hamidin @ Hamidon, Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin, Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil, Dato' Fauziah Yaacob and Dato' Siti Zauyah Md Desa	In addition to their shareholdings in our Company, MoF Inc. and Khazanah have direct and indirect shareholdings of 38.23% in Axiata. Dato' Sri Dr. Mohamad Isa and his Alternate, Asri, are representatives of MoF Inc. on our Board. Tunku Dato' Mahmood Fawzy and his Alternate, Nik Rizal Kamil, are representatives of Khazanah on our Board. Dato' Fauziah and her Alternate, Dato' Siti Zauyah were previously representatives of MoF Inc. on our Board. They resigned on 30 October 2015.	Revenue - Interconnect revenue from Axiata Group. - Provision of leased-line services to Axiata Group. - Provision of data and bandwidth related services to Axiata Group. - Site rental for telecommunication infrastructure, equipments and related charges by our Group to Axiata Group. - Provision of Internet access and broadband services to Axiata Group. - Rental of office premises ⁽³⁾ to Axiata Group. - Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group. - Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Axiata Group.	92,237	79,832	84,263
					20,320	12,855	12,838
					64,608	55,244	64,899
					46,551	35,341	60,701
					90	73	19
					16,127	14,552	18,576
					56,059	51,456	36,356
					2,186	3,918 ⁽⁴⁾	3,713

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2015 Shareholders' Mandate		Estimated Value of the Proposed Mandate ⁽²⁾ (RM 000)
					Estimated Value (RM 000)	Actual Value ⁽¹⁾ (RM 000)	
				- Provision of dark fibre, bandwidth, space & facility by Fibrecomm Network (M) Sdn Bhd to Axiata Group.	4,072	4,521 ⁽⁶⁾	5,087
				<u>Cost</u>			
				- Interconnect charges by Axiata Group.	80,420	86,957	70,826
				- Leased-line charges by Axiata Group.	2,484	2,038	3,532
				- Dark fibre and leased-line charges by Axiata Group to Fibrecomm Network (M) Sdn Bhd.	1,417	968	980
				- Core rental and mobile services from Axiata Group to TM Group.	2,003	2,260 ⁽⁶⁾	22,128
				- Domestic Roaming charges by Celcom Axiata Berhad to P1.	0	0	144,916
				- Site rental for telecommunication infrastructure, equipments and related charges by Axiata Group to TM Group.	1,199	987	43,030
				TOTAL	389,773	351,002	571,864

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2015 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	Astro Malaysia Holdings Berhad (AMH) and its subsidiaries (AMH Group)	Khazanah, Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin and Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil	In addition to their shareholdings in our Company, Khazanah is a major shareholder of AMH with deemed interest of 20.71%. Tunku Dato' Mahmood Fawzy and his Alternate, Nik Rizal Kamil are representatives of Khazanah on our Board.	Revenue - Provision of data centre services by VADS Berhad to AMH Group. - Provision of internet access, broadband and fibre circuit services to AMH Group. - Provision of ICT products, radio transmission and connectivity services to AMH Group. Cost - Provision of content by AMH to TM Group.	2,265	2,754 ⁽⁷⁾	14,450
					6,539	5,063	5,274
					21,383	21,192	24,226
					93,112	76,756	35,402
				TOTAL	123,299	105,765	79,352

Notes:

⁽¹⁾

The Actual Values transacted from 1 May 2015 on which the existing Mandate was obtained up to 31 March 2016.

⁽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 location of the office premises rented to Axiata Group is at Menara Celcom, No. 82 Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur and the monthly rental is RM1,407,241.67.

⁽⁴⁾ The Actual Value of the transaction exceeded the Estimated Value by RM1,732,215 (approximately 79.24%) due to renewal of fibre optic core rental and additional project management services from Celcom.

⁽⁵⁾ The Actual Value of the transaction exceeded the Estimated Value by RM449,976 (approximately 11.05%) due to renewal of circuits from Celcom.

⁽⁶⁾ The Actual Value of the transaction exceeded the Estimated Value by RM256,622 (approximately 12.81%) due to the extension of existing core rental and mobile services provided by Celcom.

⁽⁷⁾ The Actual Value of the transaction exceeded the Estimated Value by RM489,400 (approximately 21.60%) due to new recurring revenue on managed services at data centre.

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. WRITTEN CONSENT AND CONFLICT OF INTERESTS IN RELATION TO PART A OF THIS CIRCULAR**2.1 CIMB**

CIMB, being our Adviser for the Proposed LTIP, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear.

CIMB, its related and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company (the "**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role as Adviser for the Proposed LTIP. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates and/or any other entity or person(s), hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of the CIMB Group generally acting independently of each other and accordingly, there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest in or take actions that may conflict with the interests of our Company and/or our affiliates. Nonetheless, CIMB is required to comply with applicable laws, rules and regulations, including policies and guidelines issued by the Securities Commission Malaysia, Bank Negara Malaysia and all relevant authorities governing its advisory business which require CIMB to, amongst others, have a clear segregation between its dealing and advisory activities, and maintain a Chinese wall between different business divisions.

CIMB confirms that as at the LPD, it is not aware of any circumstance that would give rise to a possible conflict of interest situation in its capacity as the Adviser to our Company for the Proposed LTIP.

2.2 Scheme Adviser

Towers Watson (Malaysia) Sdn Bhd ("**Towers Watson**"), our Scheme Adviser for the Proposed LTIP, has given and has not subsequently withdrawn its written consent to include its name and all references thereto in this Circular in the form and context in which they appear.

Towers Watson is not aware of possible conflict of interest which exists or is likely to exist in its capacity as our Scheme Adviser for the Proposed LTIP.

3. MATERIAL CONTRACTS

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

- (i) Agreement dated 17 December 2015 made between our Company and the Government of Malaysia ("**Government**") for the implementation of the High Speed Broadband 2 ("**HSBB 2**") in collaboration with the Government to deploy the access and domestic core networks to deliver an end-to-end HSBB infrastructure, whereby the Government will be investing RM500 million and TM RM1.3 billion to provide high-speed broadband access to over 390,000 premises by 2017.
- (ii) Agreement dated 17 December 2015 made between our Company and the Government for the implementation of the Sub Urban Broadband ("**SUBB**") in collaboration with the Government to deploy the access and domestic core networks to deliver an end-to-end SUBB infrastructure, whereby the Government will be investing RM600 million and TM RM1.0 billion to provide high-speed broadband access to over 420,000 premises by 2019.

4. 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:

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

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

The claim by HBA was premised upon an alleged wrongful termination of an Agreement to Lease dated 14 August 2003 between MIL and TMF ("**Agreement**"). Under the Agreement, TMF had agreed to take a lease of a telecommunication tower to be constructed at the Mukim of Kuah in Langkawi, from MIL, a joint venture company between Lembaga Pembangunan Langkawi and HBA, for a lease period of fifteen (15) years and at a lease rental of RM17,000,000.00 per annum.

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

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

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

(f) Costs.

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

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

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

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

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

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

On 26 May 2014, MIL withdrew the Summary Judgment Application. The legal suit then proceeded for trial on 26 to 27 May 2014 and on 23 to 24 June 2014. On 31 October 2014, the High Court dismissed MIL's claim and awarded costs in the sum of RM50,000.00 in favour of TMF. MIL filed its appeal against the said decision of the High Court on 12 November 2014.

On 15 April 2015, the Court of Appeal allowed the extension of time sought by MIL in respect of the filing of the Record of Appeal with cost in the sum of RM2,000.00 to be paid to TMF.

On 2 December 2015, the Court of Appeal allowed MIL's solicitors' application to discharge themselves from representing MIL with no order as to costs. The Court of Appeal further allowed TMF's application for security for costs in the sum of RM30,000.00 with costs of RM3,000.00 to be paid by MIL to TMF. The appeal shall, unless the security for costs is paid to TMF within a period of fourteen (14) days, be dismissed by the Court of Appeal with costs to be paid by MIL to TMF.

On 3 February 2016, TMF's solicitors served the sealed copy of the order to MIL and demanded the payment of the security for costs within a period of fourteen (14) days from the date of service, failing which TMF's solicitors will file a motion by way of application to strike out MIL's appeal. Any further development will be notified accordingly. On 24 March 2016, a Notice of Motion to strike out the appeal was filed and TMF is currently waiting for a hearing date to be set by the Court of Appeal.

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

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

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

5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

5.1 Material commitments

As at the LPD, save as disclosed below, our Board is not aware of any material commitments incurred or known to be incurred by our Group which may have a material impact on the profits or NA of our Group.

(a) Capital commitments for property, plant & equipment	RM'000
Expenditure approved and contracted	<u>3,671,616.8</u>
Expenditure approved but not contracted	<u>3,582,244.5</u>

(b) High Speed Broadband 2 (HSBB2) and the Sub-Urban Broadband (SUBB) Projects

On 17 December 2015, TM signed two (2) agreements with the Government of Malaysia for the implementation of the High Speed Broadband 2 (HSBB2) Project and the Sub-Urban Broadband (SUBB) Project to deploy access and domestic core networks to deliver an end-to-end HSBB and SUBB infrastructure.

The total cost of the HSBB2 investment for a period of ten (10) years is RM1.8 billion whereby the Government will be investing RM500 million and the remaining RM1.3 billion will be invested by TM. The total cost of the SUBB investment for a period of ten (10) years is RM1.6 billion with the Government investing RM600 million and TM investing RM1.0 billion.

5.2 Contingent liabilities

As at the LPD, save for the contingent liabilities that may arise pursuant to the material litigation disclosed in Section 3 above, if any, our Group does not have any other contingent liabilities which upon becoming enforceable, may have a material impact on the results on our Group's financial position.

6. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed LTIP and the Proposed Renewal of Shareholders' Mandate, we have not announced any other corporate proposals which have yet to be completed prior to the printing of this Circular.

The Proposed LTIP is not conditional upon any other corporate proposals.

7. 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 EGM:

- (a) our Company's Memorandum and Articles of Association;
- (b) our audited consolidated financial statements for the past two (2) financial years ended 31 December 2014 and 31 December 2015;
- (c) letters of consent referred to in Section 2 above;
- (d) material contracts referred to in Section 3 above;
- (e) the relevant cause papers relating to the material litigation referred to in Section 4 above; and
- (f) draft By-Laws for the Proposed LTIP.

(The rest of this page has been intentionally left blank)



TELEKOM MALAYSIA BERHAD

(Company No. 128740-P)

(Incorporated in Malaysia under the Companies Act 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Telekom Malaysia Berhad (“**TM**” or “**Company**”) will be held at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu 50672 Kuala Lumpur, Malaysia on Thursday, 28 April 2016 at 12.30 p.m. or immediately after the conclusion of our 31st Annual General Meeting which will be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment of the EGM, for the purpose of considering and if thought fit, passing with or without modifications the following ordinary resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF TM (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE EMPLOYEES AND EXECUTIVE DIRECTORS OF TM AND ITS SUBSIDIARIES (“PROPOSED LTIP”)

“**THAT** subject to the approvals of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and any other relevant authorities or parties being obtained and to the extent permitted by law and the Memorandum and Articles of Association of the Company, approval be and is hereby given to the Company to establish, implement and administer the Proposed LTIP which comprises a restricted share grant of ordinary share of RM0.70 each in TM (“**TM Shares**”) (“**RS Grant**”) and a performance share grant of ordinary share of RM0.70 each in TM (“**PS Grant**”) for the benefit of the eligible employees and executive directors of the Company and its subsidiaries who fulfil the conditions of eligibility for participation in the Proposed LTIP and are granted the RS Grant and/or the PS Grant (collectively the “**Grants**”) (“**Grantees**”) in accordance with the by-laws of the Proposed LTIP (“**By-Laws**”), a draft of which is set out in Appendix I of this Circular to Shareholders dated 13 April 2016 (“**Circular**”);

THAT the Board of Directors of TM (“**Board**”) be and is hereby authorised:

- (a) to allot and issue from time to time such number of new TM Shares as may be required by the committee appointed and authorised by the Board to implement and administer the Proposed LTIP in accordance with the By-Laws (“**LTIP Committee**”) pursuant to the vesting of the Grants under the Proposed LTIP, provided always that the total number of TM Shares allotted and issued upon the vesting of TM Shares shall not in aggregate exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time and from time to time over the duration of the Proposed LTIP;
- (b) to add, modify, alter, delete and/or amend the Proposed LTIP, the By-Laws and/or all rules, regulations and administration relating to the Proposed LTIP and/or the administration thereof, from time to time as may be required or permitted or deemed necessary by the authorities or the Board or the LTIP Committee, provided that such additions, modifications, alterations, deletions and/or amendments are effected and permitted in accordance with the provisions of the By-Laws; and
- (c) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed LTIP and terms of the By-Laws;

THAT the proposed By-Laws, as set out in Appendix I of the Circular, which is in compliance with the Main Market Listing Requirements of Bursa Securities, be and is hereby approved;

AND THAT the Board be and is hereby empowered and authorised with full powers to amend and/or assent to any conditions, modifications, variations and/or amendments as the Board may deem fit, necessary and/or expedient in the best interest of the Company or as may be imposed by the relevant regulatory authorities and to take all steps as it may consider necessary or expedient to implement, finalise and give full effect to and in connection with the above.”

ORDINARY RESOLUTION 2

PROPOSED GRANT TO TAN SRI DATO’ SRI ZAMZAMZAIRANI MOHD ISA, MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER

“**THAT** subject to the passing of Ordinary Resolution 1 above and subject further to the approvals of Bursa Securities and any other relevant authorities or parties being obtained, the Board (save for Tan Sri Dato’ Sri Zamzamzairani Mohd Isa) be and is hereby authorised, at any time and from time to time during the duration of the Proposed LTIP, to procure the allocation and Grants to Tan Sri Dato’ Sri Zamzamzairani Mohd Isa, Managing Director/Group Chief Executive Officer of the Company, of up to 5,000,000 TM Shares under the Proposed LTIP, subject to the vesting conditions and such other terms and conditions of the By-Laws for the Proposed LTIP;

AND THAT the Board be and is hereby authorised to allot and issue new TM Shares pursuant to the Proposed LTIP to him from time to time pursuant to the vesting of his Grant.”

ORDINARY RESOLUTION 3

PROPOSED GRANT TO DATUK BAZLAN OSMAN, EXECUTIVE DIRECTOR/GROUP CHIEF FINANCIAL OFFICER

“**THAT** subject to the passing of Ordinary Resolution 1 above and subject further to the approvals of Bursa Securities and any other relevant authorities or parties being obtained, the Board (save for Datuk Bazlan Osman) be and is hereby authorised, at any time and from time to time during the duration of the Proposed LTIP, to procure the allocation and Grants to Datuk Bazlan Osman, Executive Director/Group Chief Financial Officer of the Company, of up to 2,400,000 TM Shares under the Proposed LTIP, subject to the vesting conditions and such other terms and conditions of the By-Laws for the Proposed LTIP;

AND THAT the Board be and is hereby authorised to allot and issue new TM Shares pursuant to the Proposed LTIP to him from time to time pursuant to the vesting of his Grant.”

ORDINARY RESOLUTION 4

PROPOSED GRANT TO DANIAL ZAMZAMZAIRANI, ASSISTANT MANAGER

“**THAT** subject to the passing of Ordinary Resolution 1 above and subject further to the approvals of Bursa Securities and any other relevant authorities or parties being obtained, the Board (save for Tan Sri Dato’ Sri Zamzamzairani Mohd Isa) be and is hereby authorised, at any time and from time to time during the duration of the Proposed LTIP, to procure the allocation and Grants to Danial Zamzamzairani, Assistant Manager of the Company, of up to 40,000 TM Shares under the Proposed LTIP, subject to the vesting conditions and such other terms and conditions of the By-Laws for Proposed LTIP;

AND THAT the Board be and is hereby authorised to allot and issue new TM Shares pursuant to the Proposed LTIP to him from time to time pursuant to the vesting of his Grant.”

ORDINARY RESOLUTION 5

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

"**THAT**, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Appendix II of the Circular, which are necessary for the day-to-day operations **PROVIDED THAT** such transactions are entered into in the ordinary course of business of the Company and/or its subsidiaries, are carried out on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT such approval shall continue to be in full force and effect until:

- (i) the conclusion of the next annual general meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (ii) the expiration of the period within which the Company's next annual general meeting is required to be held under Section 143(1) of the Companies Act, 1965 ("**Act**") (but shall not extend to such extension as may be allowed under Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier;

AND THAT the Board be and is hereby empowered and authorised to do or procure to be done all acts, deeds and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association ("**AA**"), as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

BY ORDER OF THE BOARD

Idrus Ismail (LS0008400)
Hamizah Abidin (LS0007096)
Zaiton Ahmad (MAICSA 7011681)
Company Secretaries

Kuala Lumpur
13 April 2016

NOTES:

Proxy and/or Authorised Representatives

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy or representative may but need not be a member of the Company. A member may appoint any person to be his/her proxy without restriction to the proxy's qualification and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.
2. A member shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportions of the shareholdings to be represented by each proxy are specified.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a Power of Attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney. If the proxy form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, and no notice of revocation has been received". If the proxy form is signed under the hand of an attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under a Power of Attorney which is still in force, and no notice of revocation has been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with the proxy form.
5. A corporation which is a member may by resolution of its directors or other governing body authorises such person as it thinks fit to act as its representative at the meeting, in accordance with Article 92 of the AA.
6. The instrument appointing a proxy together with the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The Share Registrar will also provide a box at the ground floor of its office building for drop-in of proxy forms.

Members entitled to attend

7. For the purpose of determining a member who shall be entitled to attend the EGM and to speak and vote thereat, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 74(3)(a) of the Company's AA and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors ("**ROD**") as at 20 April 2016. Only a depositor whose name appears on the Register of Member/ROD as at 20 April 2016 shall be entitled to attend, speak and vote the said meeting or appoint proxies to attend, speak and vote on his/her behalf.



TELEKOM MALAYSIA BERHAD
(Company no. 128740-P)
(Incorporated in Malaysia under the
Companies Act, 1965)

PROXY FORM

[Before completing the form, please revert to the notes overleaf]

“A”

I/We _____

(NAME AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

(PASSPORT NO.) _____ (COMPANY NO.) _____

of _____

(FULL ADDRESS)

being a Member/Members of TELEKOM MALAYSIA BERHAD (128740-P) (“Company”) hereby appoint

(NAME AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

(PASSPORT NO.) _____ of _____

(FULL ADDRESS)

or failing him/her _____

(NAME AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

(PASSPORT NO.) _____ of _____

(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our **first** proxy/proxies to vote for me/us and on my/our behalf at the Extraordinary General Meeting (“**EGM**”) of the Company to be held at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia on Thursday, 28 April 2016 at 12.30 p.m. or immediately after the conclusion of our 31st Annual General Meeting (“**31st AGM**”) which will be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment of the EGM.



“B”

If you wish to appoint a second proxy, please complete this section.

I/We _____

(NAME AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

(PASSPORT NO.) _____ (COMPANY NO.) _____

of _____

(FULL ADDRESS)

being a Member/Members of TELEKOM MALAYSIA BERHAD (128740-P) (“**Company**”) hereby appoint

(NAME AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

(PASSPORT NO.) _____ of _____

(FULL ADDRESS)

or failing him/her _____

(NAME AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____

(PASSPORT NO.) _____ of _____

(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our **second** proxy/proxies to vote for me/us and on my/our behalf at the EGM to be held at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia on Thursday, 28 April 2016 at 12.30 p.m. or immediately upon the conclusion of our 31st AGM which will be held at the same venue and on the same day at 10.00 a.m., whichever is later or at any adjournment of the EGM.

For appointment of two proxies, percentage of shareholdings to be represented by the respective proxies must be indicated below:	
	Percentage (%)
Proxy “A”	
Proxy “B”	
Total	100%

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

No.	Resolutions		Proxy "A"		Proxy "B"	
			For	Against	For	Against
1.	Proposed LTIP	Ordinary Resolution 1				
2.	Proposed Grant to Tan Sri Dato' Sri Zamzamzairani Mohd Isa, Managing Director/Group Chief Executive Officer	Ordinary Resolution 2				
3.	Proposed Grant to Datuk Bazlan Osman, Executive Director/Group Chief Financial Officer	Ordinary Resolution 3				
4.	Proposed Grant to Danial Zamzamzairani, Assistant Manager	Ordinary Resolution 4				
5.	Proposed Renewal of Shareholders' Mandate	Ordinary Resolution 5				

Signed this day of 2016

No. of Ordinary Shares Held	
CDS Account No. of the Authorised Nominee*	
Telephone No.	

Signature(s)/Common Seal of Member(s)

*Applicable to shares held under nominee account only

NOTES:

Proxy and/or Authorised Representatives

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy or representative may but need not be a member of the Company. A member may appoint any person to his/her proxy without restriction to the proxy's qualification and the provisions of Section 149(1)(a) and (b) of the Companies Act 1965 shall not apply to the Company.
2. A member shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting provided that where a member of the Company is an authorised nominee as defined in accordance with the provision of the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportions of the shareholdings to be represented by each proxy are specified.



4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a Power of Attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney. If the proxy form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, and no notice of revocation has been received". If the proxy form is signed under the hand of an attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under a Power of Attorney which is still in force, and no notice of revocation has been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with the proxy form.
5. A corporation which is a member may by resolution of its directors or other governing body authorises such person as it thinks fit to act as its representative at the meeting, in accordance with Article 92 of the Company's Articles of Association.
6. The instrument appointing a proxy together with the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The Share Registrar will also provide a box at the ground floor of its office building for drop-in of proxy forms.

Personal Data Privacy

7. By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/ service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the meeting, and any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Malaysia

1st fold here
