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TELEKOM MALAYSIA BERHAD
(Company No. 128740-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

The resolution in respect of the above proposal will be tabled at the Thirty-Fourth Annual General Meeting (**34th AGM**) of Telekom Malaysia Berhad (**the Company**) to be held on Wednesday, 29 May 2019 at 10.00 a.m. at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia or at any adjournment thereof.

The Notice of the 34th AGM and the Proxy Form are set out in the Corporate and Financial Summary of the Company's 2018 Integrated Annual Report dispatched together with this Circular.

Last date and time for lodgement of the Proxy Form is not less than 24 hours before the time appointed for the taking of the poll or no later than on Tuesday, 28 May 2019 at 12:00 noon.

This Circular is dated 25 April 2019

DEFINITIONS

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

- Act : Companies Act, 2016, as amended from time to time and any re-enactment thereof
- AGM : Annual General Meeting
- Axiata : Axiata Group Berhad
- Axiata Group : Axiata and/or its subsidiaries
- Board : Board of Directors of our Company
- Bursa Securities : Bursa Malaysia Securities Berhad
- Celcom : Celcom Axiata Berhad
- Circular : This circular to the shareholders of the Company dated 25 April 2019
- CMSA : Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
- Constitution : Constitution of the Company, as amended from time to time
- Director : (a) A Director of our Company or our subsidiary, and shall have the same meaning as given in Section 2(1) of the CMSA; and
(b) For purposes of the Proposed Renewal of Shareholders' Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of our Company, our subsidiary or holding company, in accordance with the definition in Chapter 10 of the Main LR
- Khazanah : Khazanah Nasional Berhad, a Major Shareholder of our Company
- LPD : 31 March 2019, being the latest practicable date prior to the printing of this Circular
- Main LR : Main Market Listing Requirements of Bursa Securities, as amended from time to time
- Major Shareholder : (a) A person who has an interest or interests in one (1) or more voting shares in our Company or our subsidiary and the number or the aggregate number of those shares, is:
(i) ten percent (10%) or more of the total number of voting shares in our Company; or
(ii) five percent (5%) or more of the total number of voting shares in our Company where such person is the largest shareholder of our Company.

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

	(b) For the purposes of the Proposed Renewal of Shareholders' Mandate, it also includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of our Company, or any other corporation which is our Company's subsidiary or holding company
MoF Inc.	: Minister of Finance, a body corporate established under the Ministry of Finance (Incorporation) Act, 1957
NA	: Net assets attributable to shareholders of our Company
Person Connected	: In relation to any person (referred to as "said Person") means such person who falls under any one of the following categories: <ul style="list-style-type: none"> (a) a family member of the said Person; (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; (c) a partner of the said Person; (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (g) a body corporate which is a related corporation of the said Person.
Proposed Renewal of Shareholders' Mandate	: Proposed renewal of shareholders' mandate for RRPT to be entered into as set out in Appendix I of this Circular
Related Party	: A Director, Major Shareholder or Person Connected with such Director or Major Shareholder
Related Party Transaction	: A transaction entered into between our Company or a subsidiary of our Company which involves the interest, direct or indirect, of a Related Party
RRPT	: A Related Party Transaction which is recurrent, of a revenue or trading nature and which is necessary for our Group's day-to-day operations and are in the ordinary course of business of our Group
Shareholders	: Shareholders of our Company
TNB	: Tenaga Nasional Berhad
TNB Group	: TNB and/or its subsidiaries

TM or Company : Telekom Malaysia Berhad

TM Group or Group : TM and/or its subsidiaries

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

All references to “**you**” in this Circular are to the shareholders of TM.

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

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

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

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

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TELEKOM MALAYSIA BERHAD

(Company No. 128740-P)
(Incorporated in Malaysia)

Registered office:

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

25 April 2019

Directors:

Rosli Man (*Chairman, Non-Independent Non-Executive Director*)
Dato' Asri Hamidin @ Hamidon (*Non-Independent Non-Executive Director*)
Dr Farid Mohamed Sani (*Non-Independent Non-Executive Director*)
Dato' Mohd Naim Daruwish (*Non-Independent Non-Executive Director*)
Datuk Zalekha Hassan (*Senior Independent Non-Executive Director*)
Gee Siew Yoong (*Independent Non-Executive Director*)
Tunku Afwida Tunku Dato' A.Malek (*Independent Non-Executive Director*)
Balasingham A. Namasiwayam (*Independent Non-Executive Director*)
Hisham Zainal Mokhtar (*Independent Non-Executive Director*)
Suhendran Sockhanathan (*Independent Non-Executive Director*)
Faisal @ Pisal Abdul Ghani (*Alternate Director to Dato' Asri Hamidin @ Hamidon
Non-Independent Non-Executive Alternate Director*)

To: Our Shareholders

Dear Sir/Madam,

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

1. INTRODUCTION

- 1.1 At our Company's AGM held on 26 April 2018, our Company had obtained the renewal and additional shareholders' mandates 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 Mandates**).
- 1.2 The Existing Mandates shall, in accordance with the Main LR, lapse at the conclusion of our forthcoming 34th AGM, unless the authority for its renewal is obtained from our shareholders at our forthcoming 34th AGM.
- 1.3 Accordingly, our Board had announced on 26 February 2019 that we propose to seek your approval for the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

- 1.4 The purpose of this Circular is to provide you with the information on the Proposed Renewal of Shareholders' Mandate and to seek your approval for the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at our forthcoming AGM.

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

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Provisions under the Main LR

- (a) Pursuant to Paragraph 10.09(2) of Chapter 10 of the Main LR, a listed issuer may seek shareholders' mandate in respect of RRPT subject to the following:
- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
 - (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the integrated annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main LR;
 - (iii) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
 - (iv) in meeting to obtain the shareholders' mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Main LR; and
 - (v) a listed issuer must immediately announce to Bursa Securities when the actual value of a RRPT entered into by the listed issuer exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.
- (b) Transactions entered into between a listed issuer (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary are excluded from the requirements of Part E of Chapter 10 of the Main LR.
- (c) In accordance with Paragraph 3.1.4 of Practice Note 12 of the Main LR, the shareholders' mandate will take effect from the date on which Shareholders' approval is obtained and shall continue to be in force until:
- (i) the conclusion of the next AGM of a listed issuer following the general meeting at which the shareholders' mandate was granted, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed;
 - (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

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

whichever is the earlier.

- (d) Disclosure will be made in our Company's Integrated Annual Report in accordance with Section 3.1.5 of Practice Note 12 of the Main LR, 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 34th AGM and will continue to be in force until the conclusion of the next AGM or until the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act) unless revoked or varied by resolution passed by our Shareholders at a general meeting, whichever is earlier.

2.2 Our principal activities

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

2.3 Classes of Related Parties

The Proposal 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 I of this Circular.

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

The Outstanding RRPT Receivables from the companies within the Axiata Group and TNB Group (being our Related Parties) which have exceeded the credit term for the following periods as at 31 December 2018 are as follows:

No.	Nature of RRPT	Principal amount of Outstanding RRPT Receivables which exceed the credit term for a period of				Total
		1 year or less	More than 1 to 3 years	More than 3 to 5 years	More than 5 years	
		RM '000	RM '000	RM '000	RM '000	
1	Interconnect revenue from Axiata Group	942 ⁽¹⁾	723 ⁽²⁾	-	-	1,665
2	Provision of leased-line services to Axiata Group	5,598 ⁽³⁾	6,030 ⁽⁴⁾	-	-	11,628
3	Provision of data and bandwidth related services to Axiata Group	12,816 ⁽⁵⁾	3,163 ⁽⁶⁾	-	-	15,979
4	Site rental for telecommunication infrastructure, equipment and related charges by TM Group to Axiata Group	27,429	16,733	-	-	44,162
5	Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Axiata Group	127 ⁽⁷⁾	-	-	-	127
6	Provision of fibre optic, bandwidth, space & facility by Fibrecomm Network (M) Sdn Bhd to Axiata Group	342 ⁽⁸⁾	-	26 ⁽⁹⁾	-	368
7	Provision of contact centre and business process outsourcing services by VADS Berhad (VADS) to Axiata Group	4,162 ⁽¹⁰⁾	-	-	-	4,162
8	Provision of connectivity services, ICT equipment and security surveillance devices to TNB Group	502	-	-	-	502
	TOTAL	51,918	26,649	26	-	78,593

Notes:

- ⁽¹⁾ As at LPD, the outstanding amount due is RM299,000
⁽²⁾ As at LPD, the outstanding amount due is RM702,000
⁽³⁾ As at LPD, the outstanding amount due is RM4,966,000
⁽⁴⁾ As at LPD, the outstanding amount due is RM5,856,000
⁽⁵⁾ As at LPD, the outstanding amount due is RM4,490,000
⁽⁶⁾ As at LPD, the outstanding amount due is RM2,123,000
⁽⁷⁾ As at LPD, the outstanding amount due is RM19,000
⁽⁸⁾ As at LPD, the outstanding amount due has been fully received
⁽⁹⁾ As at LPD, the outstanding amount due has been fully received
⁽¹⁰⁾ As at LPD, the outstanding amount due is RM1,053,528

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**) is 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), Tunku Afwida Tunku Dato' A.Malek (Independent Non-Executive Director), Balasingham A. Namasiwayam (Independent Non-Executive Director) and Hisham Zainal Mokhtar (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 PLC 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 Integrated 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;
- (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; and
- (l) in addition, any RRPT having a percentage ratio (as defined under Paragraph 10.02(g) of the Main LR) of 0.25% or more will be reported to PLC 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 I of this Circular.

The RRPT are transactions in the ordinary course of our business, made on an arm's length basis, on terms not more 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 utilised towards pursuing our corporate objectives.

4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

4.1 Issued share capital

The Proposed Renewal of Shareholders' Mandate will not have any effect on our issued 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 2019.

4.3 NA and gearing

Based on our audited consolidated Statement of Financial Position as at 31 December 2018, the Proposed Renewal of Shareholders' Mandate is not expected to have any material effect on our consolidated NA and gearing.

4.4 Substantial shareholders' shareholdings

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

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

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

6. DIRECTORS' AND MAJOR SHAREHOLDERS' 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 AGM. MoF Inc. and Khazanah, through their representative(s) on our Board, have also undertaken to ensure that Persons Connected to them will abstain from voting, in respect of their direct and/or indirect shareholdings (if any) in our Company, deliberating or approving, the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.
- (b) Dato' Asri Hamidin @ Hamidon and his alternate Director, Faisal @ Pisal Abdul Ghani, are MoF Inc.'s representative on our Board. Dr Farid Mohamed Sani is Khazanah's representative on our Board. Gee Siew Yoong is an Independent Non-Executive Director on TM and TNB.

Accordingly, Dato' Asri Hamidin @ Hamidon, Faisal @ Pisal Abdul Ghani, Dr Farid Mohamed Sani and Gee Siew Yoong (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 AGM and have also undertaken to ensure that Persons Connected with them will abstain from voting, in respect of their direct and/or indirect shareholdings (if any) in our Company, deliberating or approving, the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.

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

Interested Parties	Direct		Indirect	
	No. of TM Shares	%	No. of TM Shares	%
Major Shareholders				
MoF Inc.	-	-	984,825,713 ⁽¹⁾	26.21
Khazanah	984,825,713	26.21	-	-
Directors				
Dato' Asri Hamidin @ Hamidon	-	-	-	-
Faisal @ Pisal Abdul Ghani (Alternate to Dato' Asri Hamidin @ Hamidon)	-	-	-	-
Dr Farid Mohamed Sani	-	-	-	-
Gee Siew Yoong	-	-	-	-

Note:

⁽¹⁾ Deemed interested through Khazanah under Section 8(4) 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 favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at our forthcoming AGM.

8. AGM

Our AGM will be held at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 at 10.00 a.m. 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 and Proxy Form are enclosed in the Corporate and Financial Summary of the Company's 2018 Integrated Annual Report dispatched together with this Circular.

If you are unable to attend and vote in person at our AGM, 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 Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), located at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than 24 hours before the time appointed for the taking of the poll or no later than on Tuesday, 28 May 2019 at 12:00 noon. You may attend and vote in person at our AGM, 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 AGM.

9. FURTHER INFORMATION

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

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

Rosli Man
Chairman
Non-Independent Non-Executive Director

APPENDIX I

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

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2018 Shareholders' Mandate		Estimated Value of the Proposed Mandate (RM '000)
					Estimated Value (RM '000)	Actual Value (RM '000)	
Our Company and/or our subsidiaries	Axiata Group	MoF Inc., Khazanah, Dato' Asri Hamidin @ Hamidon, Faisal @ Pisal Abdul Ghani, Dr Farid Mohamed Sani and Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil	In addition to their shareholdings in our Company, Khazanah and MoF Inc. have direct and indirect shareholdings of 37.16% in Axiata. Dato' Asri and his Alternate, Faisal @ Pisal Abdul Ghani are representatives of MoF Inc. on our Board. Dr Farid Mohamed Sani is Khazanah's representative on our Board. Nik Rizal Kamil was previously Khazanah's representative on our Board. He resigned on 31 December 2018.	Revenue			
				- Interconnect revenue from Axiata Group.	51,148	37,931	32,837
				- Provision of leased-line services to Axiata Group.	7,801	3,483	420
				- Provision of data and bandwidth related services to Axiata Group.	67,455	68,339	91,157
				- Site rental for telecommunication infrastructure, equipment and related charges by our Group to Axiata Group. ⁽³⁾	39,360	61,169	28,388
				- Provision of Internet access and broadband services to Axiata Group. ⁽⁴⁾	49	235	193
				- Rental of office premises to Axiata Group. ⁽⁵⁾	14,919	9,710	0
				- Provision of contact centre and business process outsourcing services by VADS Berhad (VADS) to Axiata Group.	43,152	39,398	35,182
				- Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Axiata Group.	1,891	330	360
				- Provision of fibre optic, bandwidth, space & facility by Fibrecomm Network (M) Sdn Bhd (Fibrecomm) to Axiata Group. ⁽⁶⁾	820	1,303	2,556
				Cost			
				- Interconnect charges by Axiata Group.	58,850	35,088	27,026
				- Leased-line charges by Axiata Group. ⁽⁷⁾	2,675	3,395	3,061
- Fibre optic and leased-line charges by Axiata Group to Fibrecomm.	906	980	1,128				

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/Director	Nature of relationship	Nature of RRPT	2018 Shareholders' Mandate		Estimated Value of the Proposed Mandate ⁽²⁾ (RM '000)
					Estimated Value (RM '000)	Actual Value ⁽¹⁾ (RM '000)	
				<ul style="list-style-type: none"> - Core rental and mobile services from Axiata Group to TM Group. - Network sharing charges using Domestic Roaming and Multi Operator Core Network technologies by Celcom to Webe Digital Sdn Bhd. - Site rental for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group. 	5,177	2,514	2,187
				<ul style="list-style-type: none"> - Network sharing charges using Domestic Roaming and Multi Operator Core Network technologies by Celcom to Webe Digital Sdn Bhd. 	315,701	254,240	216,228
				<ul style="list-style-type: none"> - Site rental for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group. 	48,984	34,883	66,516
				TOTAL	658,888	552,998	507,239
Our Company and/or our subsidiaries	TNB Group	MoF Inc., Khazanah, Dato' Asri Hamidin @ Hamidon, Faisal @ Pisal Abdul Ghani, Dr Farid Mohamed Sani, Gee Siew Yoong and Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil	In addition to their shareholdings in our Company, Khazanah and MoF Inc. have direct and indirect shareholdings of 28.76% in TNB. Dato' Asri and his Alternate, Faisal @ Pisal Abdul Ghani are representatives of MoF Inc. on our Board. Dr Farid Mohamed Sani is Khazanah's representative on our Board. Gee Siew Yoong is an Independent Non-Executive Director on both TM and TNB Boards. Nik Rizal Kamil was previously Khazanah's representative on our Board. He resigned on 31 December 2018.	Revenue	37,000	23,201	26,809
				<ul style="list-style-type: none"> - Provision of connectivity services, ICT equipment and security surveillance devices to TNB Group. 	19,538	18,107	21,133
				<ul style="list-style-type: none"> - Provision of fibre optic and bandwidth for telecommunication services by TNB Group. 	2,185	278	401
				<ul style="list-style-type: none"> - Commission on collection of TNB bills by Telekom Sales and Services Sdn Bhd from TNB Group. 	0	0	2,417
				Cost			
				<ul style="list-style-type: none"> - Leasing of fibre optic from TNB Group. - Leasing of infrastructure for telecommunication services from TNB Group. 	24,124	21,537	24,336
					10,359	9,121	10,319
				TOTAL	93,206	72,244	85,415

Notes:

- (1) The Actual Values transacted from 1 May 2018 on which the existing Mandate was obtained up to 31 March 2019.
- (2) The Estimated Value of transactions shown above represents the best estimates by our management. Accordingly, the Actual Value transacted may vary from the estimates shown above.
- (3) The Actual Value of the transaction exceeded the Estimated Value by RM21,809,555 (approximately 55.41%) due to additional contribution from rental of telecommunication infrastructure to Celcom.
- (4) The Actual Value of the transaction exceeded the Estimated Value by RM185,408 (approximately 376.84%) due to increase in new subscription.
- (5) 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 RM1,356,278.266.
- (6) The Actual Value of the transaction exceeded the Estimated Value by RM482,961 (approximately 58.91%) due to higher renewal price.
- (7) The Actual Value of the transaction exceeded the Estimated Value by RM720,003 (approximately 26.92%) due to backdated charges from Celcom.
- (8) The location of the office premises rented to TNB Group is at Level 16 and Level 30, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur and the monthly rental is RM109,415.00 and RM92,000.00 respectively.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

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

3. MATERIAL LITIGATION

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

Mahkamah Tinggi Malaya di Kuala Lumpur (Guaman Sivil No: WA-22NCC-130-03/2019) Malaysian Football League LLP (formerly known as Football Malaysia LLP) vs TM

On 21 March 2019, TM received a Writ Summons and Statement of Claim dated 18 March 2019 from Malaysian Football League LLP (MFL) seeking for the following reliefs from TM:

- (a) A Declaration that the Term Sheet dated 29 January 2018 (Term Sheet) had not expired on 31 October 2018 and is subsisting beyond 31 October 2018;
- (b) A Declaration that TM had breached the Term Sheet;
- (c) A Declaration that MFL had lawfully terminated the Term Sheet by way of its Notice of Termination dated 16 March 2019;
- (d) An Order that TM is liable to pay MFL the amount of RM186,844.00 being the amount due for Season 2018 within seven (7) days of the date of this Judgment;
- (e) An Order that TM is liable to pay MFL the costs incurred by MFL for the removal of all TM's unifi marks and/or references to TM from all of MFL's property and merchandise for the year 2019 within seven (7) days of this Judgment;
- (f) An Order compelling TM to remove, take down and delete all references of TM as a sponsor or Official Telecommunication and Broadcast Partner of MFL in all TM's materials published or issued by TM or TM's directors, partners, officers, employees, representatives or agents within forty eight (48) hours from the date of this Judgment;
- (g) Pre-judgment interest at the rate of 5% p.a. on the amount in prayer (4) and (5) above from 18 March 2019 until the date of the judgment in accordance with section 11 of the Civil Law Act 1956;
- (h) An Order that TM is liable to pay MFL the amount of RM25,850,000.00 being Payment 1 for the Sponsorship and Broadcast Consideration for year 2019 within seven (7) days of the date of this Judgment;

- (i) Pre-judgment interest at the rate of 5% p.a. on the amount in prayer (8) above from 2 January 2019 until the date of the judgment in accordance with Section 11 of the Civil Law Act 1956;
- (j) An Order that TM is liable to pay MFL the amount of RM25,850,000.00 being Payment 2 for the Sponsorship and Broadcast Consideration for 2019 on or before 2 June 2019;
- (k) An Order that TM is liable to MFL the amount of RM376,600,000.00 being the remaining Sponsorship and Broadcast Consideration for years 2020, 2021, 2022, 2023, 2024, and 2025 within seven (7) days of the date of this Judgment;
- (l) Damages for breach of contract to be assessed by Senior Assistant Registrar;
- (m) Alternatively, an Order that TM is liable to pay MFL the difference between the total amount of Sponsorship and Broadcast Considerations MFL is entitled to receive from TM under the Term Sheet and any other amount MFL secures in place of the Sponsorship and Broadcast Considerations for years 2020, 2021, 2022, 2023, 2024, and 2025;
- (n) Post-judgment interest at the rate of 5% p.a. on the judgment sum in prayers (4), (5), (8), (11), (12) and (13) above from the date of Judgment until the date of full and final satisfaction of the Judgment;
- (o) Costs; and
- (p) Any further reliefs and/or other Order that the Honourable Court deems fit and proper.

On 2 April 2019, the High Court gave the following directions:

- (a) TM to file its Statement of Defence by 26 April 2019;
- (b) MFL to file its Reply by 10 May 2019;
- (c) Any interlocutory applications to be filed on or before 17 May 2019; and
- (d) A case management is fixed on 10 May 2019.

The Directors, based on legal advice, are of the view that TM has a good chance of successfully defending the legal suit.

4. DOCUMENTS FOR INSPECTION

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

- (a) our Constitution;
- (b) our audited consolidated financial statements for the past two (2) financial years ended 31 December 2017 and 31 December 2018; and
- (c) the relevant cause papers relating to the material litigation referred to in Section 3 above.