

## **MEDIA STATEMENT**

**Kuala Lumpur, 15 January 2008**

### **Adjustments made to Khazanah Exchangeable Trust Certificates due 2011 into Telekom Malaysia Berhad (“Certificates”)**

Khazanah Nasional Berhad (“Khazanah”) as the Asset Manager to the Khazanah Exchangeable Trust Certificates due 2011 into Telekom Malaysia Berhad (“Certificates”) wishes to inform the Certificate holders on the adjustments pursuant to the proposed demerger of the fixed line and mobile businesses of Telekom Malaysia Berhad (“TM”).

These adjustments will take into account the basis of distribution of one (1) TM International shares for one (1) TM shares held at the entitlement date (to be determined later) as informed in the Demerger Announcement by TM. Another adjustment will be made following the announced special gross dividend of 65 sen per share and the paid interim gross dividend of 26 sen per share, each with less Malaysian income tax of 27% for the financial year ended 31 December 2007.

### **TM Demerger Announcement**

On 10 December 2007, TM announced the final terms of the proposed demerger (“TM Demerger Announcement”). Essentially, this consists of an internal restructuring of TM, whereby all the mobile and non-Malaysian businesses of TM Group are repositioned under its wholly-owned subsidiary, TM International Sdn Bhd (“TM International”). Subsequently, TM’s entire shareholdings in TM International will be distributed to TM’s existing shareholders. TM International shall be separately listed on Bursa Malaysia Securities Berhad (“Bursa Malaysia”). TM expects the proposed demerger to be completed in the 2<sup>nd</sup> quarter 2008.

Upon completion of the proposed demerger, TM will host the retail, domestic and global wholesale fixed-line voice, data and broadband services and other telecommunications and non-telecommunication related businesses in Malaysia and regionally. Meanwhile, the enlarged TM International (following the acquisition of, among others, Celcom Malaysia Berhad) will undertake the mobile and non-Malaysian businesses of the TM Group, which is currently being carried out by Celcom and the various operating subsidiaries and associated companies of TM International. In accordance with the Conditions of Certificates, the Exchange Property will be adjusted such that it will consist of both TM shares and TM International shares (“Adjusted Exchange Property”).

According to the TM Demerger Announcement, the basis of distribution of TM International shares will be 1 for every TM share held as at the entitlement date (to be determined later). As such, the number of TM and TM International shares that comprise the Adjusted Exchange Property are expected to be equal.

### **TM Dividends**

Together with the proposed demerger, TM announced that its board of directors has approved a special gross dividend of 65 sen per share less Malaysian income tax (“Tax”) of 27% in respect of

the financial year ended 31 December 2007. In addition, TM had also paid interim gross dividend of 26 sen per share less Tax of 27% in respect of the same financial year.

In respect of the financial year 31 December 2006, TM had paid a total gross dividend of 46 sen per share, comprising interim gross dividend of 16 sen per share less Tax of 28% and final gross dividend of 30 sen per share less Tax of 27%.

### **Utilisation of Dividend Income**

As per the Conditions of the Certificates, Khazanah, as the Asset Manager, shall apply the Dividend towards the purchase of additional TM shares (not then comprised in the Exchange Property) to the extent that it is classified as Capital Distribution. Subsequently, Khazanah shall accumulate the Reference Amount per Certificate equivalent to gross dividend of 45 sen per share into the Sinking Fund subject to Terms and Conditions of the Certificates.

All capitalized terms not defined have the same meaning given to them in the Conditions of the Certificates.

Khazanah would advise for this media release be read in conjunction with TM's announcement to Bursa Malaysia in respect of the proposed demerger on 10 December 2007 and the Terms and Conditions of the Certificates as stated in the Rafflesia Capital Limited's Offering Circular dated 27 September 2006.

### **End**

For further clarification, please contact Mohd Asuki Abas at +603 2034 0000, or via e-mail to [asuki.abas@khazanah.com.my](mailto:asuki.abas@khazanah.com.my).

### **About Khazanah Exchangeable Trust Certificates due 2011 into Telekom Malaysia Berhad ("Certificates")**

On 27 September 2006, Khazanah Nasional Berhad via a special purpose company, Rafflesia Capital Limited, successfully launched and priced the Certificates.

The offering comprises US\$750 million 5-year certificates due 2011, and is exchangeable into ordinary shares of RM1.00 each of Telekom Malaysia Berhad ("TM") held by Khazanah.

The Certificates were priced at 100% of the principal amount with a yield to maturity of 5.07% per annum and will carry an annual periodic payment of 1.25% and exchange premium of 19% over the 1-day volume weighted average price of TM shares on 27 September 2006.