

I. PROPOSED PRIVATE PLACEMENT OF EDOTCO SHARES OF UP TO USD400.0 MILLION TO INNOVATION NETWORK CORPORATION OF JAPAN; AND
II. PROPOSED DIVESTMENT OF EDOTCO SHARES EQUIVALENT TO USD200.0 MILLION TO KHAZANAH NASIONAL BERHAD

(Unless stated otherwise, the exchange rates of RM1.00:USD4.425 based on Bloomberg as at 12.00 p.m., 13 December 2016, being the latest practicable date, are used throughout this announcement for illustration purpose)

We are pleased to announce that Axiata Group Berhad (“**Axiata**”) and its wholly-owned subsidiary, edotco Group Sdn Bhd (“**edotco**”) had on 13 December 2016 entered into a binding term sheet with the following parties:-

- i) Innovation Network Corporation of Japan (“**INCJ**”) to raise up to USD400.0 million (equivalent to RM1,769.9 million) in a private placement of new ordinary shares with par value of RM1.00 each (“**edotco Shares**”) to INCJ (“**Proposed Private Placement**”); and
- ii) Khazanah Nasional Berhad (“**Khazanah**”) for the divestment by Axiata of edotco Shares to Khazanah for a cash consideration of USD200.0 million (equivalent to RM885.0 million) (“**Proposed Divestment**”).

The Proposed Private Placement and Proposed Divestment are separate transactions and are not inter-conditional.

(Both the transactions are referred to hereafter collectively as “**Proposals**”).

The selection of INCJ and Khazanah was made after a formal evaluation process involving a diverse mix of investors comprising both international and local asset management companies, financial institutions and strategic investors. The actual price and number of edotco Shares to be issued and/or divested under the Proposals have yet to be determined at this juncture. Definitive agreements in relation to the Proposals (“**Definitive Agreements**”) are expected to be finalised and signed in January 2017. Further announcement on the details of the Proposals will be made in due course upon execution of the Definitive Agreements.

The Proposals were undertaken after various methods of fund raising considered by the Board of Axiata/edotco and viewed as the most appropriate avenues of fund raising at this juncture enabling Axiata/edotco to raise funds expeditiously. Upon completion of the Proposals, the enlarged capital base of edotco is also expected to further strengthen its financial position. Axiata will remain as the majority shareholder of the enlarged issued and paid-up share capital of edotco.

The proceeds from the Proposals will be primarily used to fund mergers and acquisitions and in-country organic growth as well as other general corporate, investment, and working capital purposes.

J.P. Morgan is the Sole Placement Agent for edotco for the Proposals.

Directors' and Substantial Shareholder's Interest

None of the Directors, major shareholders and/or persons connected with the Directors and/or major shareholders of Axiata have any interest, directly or indirectly, in the Proposed Private Placement.

The Proposed Divestment is a related party transaction by virtue of Khazanah being a major shareholder of Axiata. As of 13 December 2016, Khazanah is a major shareholder of Axiata holding 37.58% of the issued and paid-up share capital of Axiata.

Tan Sri Dato' Azman Hj. Mokhtar and Kenneth Shen who are Khazanah's representatives on the Board of Directors of Axiata have abstained and will continue to abstain from all deliberation and voting in relation to the Proposed Divestment and/or Definitive Agreement(s) in relation to the Proposals involving Khazanah at the Board meetings of Axiata.

The terms and conditions of the Proposed Divestment and/or Definitive Agreement(s) in relation to the Proposals involving Khazanah will be reviewed by the Board Audit Committee of Axiata to determine whether they are in the best interest of Axiata, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders, together with the basis for its views.

This announcement is dated 13 December 2016.