

**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 that this circular is accurate or complete, and expressly disclaims any liability for any loss arising from, or due to your reliance on, the whole or any part of the contents of this circular.



**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The ordinary resolution for the Proposed Shareholders' Mandate (as defined herein) will be tabled at the Thirty-First Annual General Meeting ("**31st AGM**") of Axiata Group Berhad ("**Axiata**"), which will be held on a virtual basis. This Circular is available at <https://www.axiata.com/investors/agm/> together with, amongst others, the Notice of the 31st AGM, Proxy Form and the Administrative Notes of Axiata. The date, time and broadcast venue of the AGM are as follows:

Date and time of the 31st AGM : Friday, 26 May 2023 at 9.30 a.m. or at any adjournment thereof.

Broadcast Venue of the 31st AGM : Auditorium, Level 32, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The Proxy Form for the 31st AGM should be completed and deposited at the office of Axiata's share registrar, Tricor Investor & Issuing House Services Sdn Bhd (11324-H) ("**Tricor**") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. As the voting at the 31st AGM will be conducted on a poll, the Proxy Form must be lodged on or before the following time and date:

Last day and time for deposit of Proxy Form : Thursday, 25 May 2023 at 9.30 a.m.

The proxy appointment may also be lodged electronically via Tricor's TIIH Online website at <https://tiah.online> no later than Thursday, 25 May 2023 at 9.30 a.m. For further information on the electronic lodgment of the Proxy Form, kindly refer to the Administrative Notes for the 31st AGM.

This Circular is dated 27 April 2023

## DEFINITIONS

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In this Circular, the following words and expressions shall bear the following meanings respectively, unless the context otherwise requires:

“Act”	:	Companies Act 2016, as amended from time to time and includes any re-enactment thereof
“AGM”	:	Annual general meeting of our Company
“Axiata” or “Company”	:	Axiata Group Berhad
“Axiata Group” or “Group”	:	Axiata and its subsidiaries, collectively
“BDT”	:	Bangladeshi Taka
“Board”	:	The board of directors of Axiata for the time being
“Board Audit Committee”	:	The audit committee of the Board, as detailed in section 2.6 of this Circular
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Connected Person” or “Person Connected”	:	<p>In relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories:</p> <ul style="list-style-type: none"><li>(a) a family member of the said Person;</li><li>(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;</li><li>(c) a partner of the said Person;</li><li>(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;</li><li>(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;</li><li>(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 twenty percent (20.0%) of the votes attached to voting shares in the body corporate; or</li><li>(g) a body corporate which is a related corporation of the said Person</li></ul>

“Director”	: A director within the meaning given in section 2(1) of the Capital Markets and Services Act, 2007 (as amended from time to time and includes any re-enactment thereof), and for the purposes of the Proposed Shareholders’ Mandate and in respect of any particular transaction, includes any person who is or was, within the six-month period preceding the date on which the terms of the transactions were agreed upon:
	(a) a director of our Company or our subsidiary or holding company; or
	(b) a chief executive officer of our Company or our subsidiary or holding company,
	and “Directors” shall be construed accordingly
“FYE”	: Financial year ended or where the context requires, financial year ending
“Integrated Annual Report”	: The integrated annual report of our Company
“Khazanah”	: Khazanah Nasional Berhad, a Major Shareholder of Axiata
“EPF”	: Employees Provident Fund, a Major Shareholder of Axiata
“IDR”	: Indonesian Rupiah
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, as amended from time to time and shall include any Practice Notes issued in relation thereto
“SLR”	: Sri Lankan Rupee
“LOA”	: Limits of authority, as described in section 2.6 of this Circular
“LPD”	: 31 March 2023, being the latest practicable date prior to the printing of this Circular
“Major Shareholder”	: A person who has an interest or interests in one or more voting shares in a corporation and the number or the aggregate number of those shares, is:
	(i) ten percent (10.0%) or more of the total number of voting shares in the corporation; or
	(ii) five percent (5.0%) or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation,
	and for the purposes of the Proposed Shareholders’ Mandate and in respect of any particular transaction, includes any person who is or was, within the six-month period preceding the date on which the terms of that transaction were agreed upon, a Major Shareholder of Axiata or its subsidiary or holding company. For the

purposes hereof, an interest in a share shall be determined by reference to section 8 of the Act. “Major Shareholders” shall be construed accordingly

“NPR”	:	Nepalese Rupee
“PHP”	:	Philippine Peso
“PN 12”	:	Practice Note 12 of the Listing Requirements
“Proposed Shareholders’ Mandate”	:	Proposed shareholders’ mandate for RRPTs to be entered into by the Axiata Group as described in Section 1 of Appendix I of this Circular
“Related Party”	:	A Director, Major Shareholder, or Person Connected with such Director or Major Shareholder, and “Related Parties” shall be construed accordingly
“Related Party Transaction”	:	A transaction entered into by Axiata or a subsidiary of Axiata 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 the day-to-day operations of the Axiata Group, and “RRPTs” shall be construed accordingly
“VAT”	:	Value added tax

All references in this Circular to “we”, “us”, “our” and “ourselves” are to Axiata and, where the context requires, to Axiata and its subsidiaries collectively. All references to “you” in this Circular are to the shareholders of Axiata.

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing any gender shall, where applicable, include all genders.

In this Circular, all references to a person shall include a reference to corporations.

All references to time in this Circular are references to Malaysian time, unless otherwise stated. Unless otherwise expressly provided herein, references in this Circular to Sections and Appendices are to the relevant sections and appendices of and to this Circular.

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

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group’s plans and objectives will be achieved.

Any exchange rate translations in this Circular are provided solely for convenience of readers and should not be constituted as representative that the translated amounts stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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**AXIATA GROUP BERHAD**  
Company No. 199201010685 (242188-H)  
(Incorporated in Malaysia)

**Registered office:**

Level 5, Corporate Headquarters,  
Axiata Tower,  
9, Jalan Stesen Sentral 5,  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur,  
Malaysia.

27 April 2023

**Board of Directors**

Tan Sri Shahril Ridza Ridzuan (*Chairman, Independent Non-Executive Director*)  
Vivek Sood (*Group Chief Executive Officer and Managing Director*)  
Dr. Shridhir Sariputta Hansa Wijayasuriya (*Group Executive Director and Chief Executive Officer, Telecommunications Business*)  
Dato Dr. Nik Ramlah Nik Mahmood (*Senior Independent Non-Executive Director*)  
Dr. David Robert Dean (*Independent Non-Executive Director*)  
Khoo Gaik Bee (*Independent Non-Executive Director*)  
Thayaparan S Sangarapillai (*Independent Non-Executive Director*)  
Tan Sri Dr. Halim Shafie (*Independent Non-Executive Director*)  
Maya Hari (*Independent Non-Executive Director*)  
Nurhisham Hussein (*Non-Independent Non-Executive Director*)  
Shahin Farouque Jammal Ahmad (*Non-Independent Non-Executive Director*)  
Ong King How (*Non-Independent Non-Executive Director*)  
Eysa Zulkifli (*Alternate Director To Ong King How*)

**To: Our Shareholders**

Dear Sir/Madam,

**Proposed Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature**

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**1. INTRODUCTION**

At the last AGM held on 26 May 2022, we had obtained a mandate from our shareholders for us to renew the RRPTs with our Related Parties as set out in the circular to shareholders dated 27 April 2022. This shareholders' mandate shall, in accordance with the provisions of the Listing Requirements, lapse at the conclusion of the forthcoming 31st AGM unless we, at that same AGM, again procure a mandate from you for us to enter into RRPTs with our Related Parties. Our Board had, on 23 February 2023, announced that we will be seeking your approval for the Proposed Shareholders' Mandate, at the forthcoming 31st AGM.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and in relation thereto, to seek your approval for ordinary resolution 10 which is to be tabled as special business at the forthcoming 31st AGM. This Circular is available at <https://www.axiata.com/investors/agm/> together with, amongst others, the Notice of the 31st AGM, Proxy Form and the Administrative Notes of Axiata.

Please read and consider carefully the contents of this Circular before voting on the resolution pertaining to the Proposed Shareholders' Mandate at our forthcoming AGM.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Provisions Of The Listing Requirements

- (a) Paragraph 10.09(1), Part E, Chapter 10 of the Listing Requirements provides, among others, that a listed issuer must immediately announce an RRPT in relation to a listed issuer with an issued and paid-up capital of RM60.0 million and above:
  - (i) the consideration, value of the assets, capital outlay or cost of the RRPT is RM1.0 million or more; or
  - (ii) the percentage ratio of such RRPT is one percent or more,whichever is the higher.
- (b) Under paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for RRPTs 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 listed issuer's circular to shareholders for the shareholders' mandate includes such information as may be prescribed by the Bursa Securities;
  - (iv) in a meeting to obtain the shareholders' mandate:
    - (I) a Related Party with any interest, direct or indirect, in an RRPT that is subject to such mandate ("**Interested Related Party**") must not vote on the resolution to approve the shareholders' mandate and the RRPT;
    - (II) an Interested Related Party who is a Director or Major Shareholder must ensure that Persons Connected with it abstain from voting on the resolution to approve the shareholders' mandate and the RRPT; and
    - (III) where the Interested Related Party is a Person Connected with a Director or Major Shareholder, such person must not vote on the resolution to approve the shareholders' mandate and the RRPT; and
  - (v) the 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 as disclosed in this Circular by ten percent (10.0%) or more and must include such information as may be prescribed by the Bursa Securities in its announcement.
- (c) In accordance with paragraph 3.1.4 of PN 12, any authority conferred by the Proposed Shareholders' Mandate, if approved by you at the 31st AGM, is subject to annual renewal and shall only continue to be in force until:

- (i) the conclusion of our next AGM following the 31st AGM at which the Proposed Shareholders' Mandate is passed, at which time the authority will lapse, unless the authority is renewed by a resolution passed at the next AGM;
  - (ii) the expiration of the period within which our next AGM is required to be held under section 340(2) of the Act (but must not extend to such extension as may be allowed under section 340(4) of the Act); or
  - (iii) revoked or varied by resolution passed by you at a general meeting,
- whichever is the earlier.
- (d) Pursuant to paragraph 3.1.5 of PN 12, disclosure of the aggregate value of RRPTs conducted pursuant to the Proposed Shareholders' Mandate will be made in our next Integrated Annual Report, together with the breakdown of the aggregate value of the RRPTs made during the financial year, based on (among other things) the following information:
- (i) the type of RRPTs made; and
  - (ii) the names of the Related Parties involved in each type of RRPTs made and their relationship with us.

## **2.2 Our Principal Activities**

The principal activities of our Group are the provision of mobile communication services, telecommunication infrastructure and related services as well as digital services.

The principal activities of our Company are investment holding and provision of technical and management services on an international scale.

## **2.3 Related Parties**

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

- (a) our Major Shareholders and Connected Persons of our Major Shareholders; and
- (b) our Directors and Connected Persons of our Directors.

## **2.4 RRPT**

The details of the RRPTs under the Proposed Shareholders' Mandate are described in Appendix I of this Circular.

## **2.5 Details Of Overdue Trade Receivables**

The details of our Group's trade receivables pursuant to RRPTs which exceeded the credit term for the following periods as at the LPD are as follows:



Amount in RM('000)	Aging of the Outstanding Amount			
	< 1 year	1 < 3 years	3 < 5 years	> 5 years
<b><u>Revenue to Axiata Group</u></b>				
Leased line revenue from TM Group	-	46	-	-
Technical and management services fees and other services charges by Axiata Group to EDOTCO Group	3,025	-	-	-
Infrastructure leasing and related services including managed services by EDOTCO Group to Axiata Group	9	-	-	-
Infrastructure leasing and related services including managed services by EDOTCO Group to TM Group	17	1	-	-
<b>GRAND TOTAL</b>	<b>3,051</b>	<b>47</b>	<b>-</b>	<b>-</b>

There are no late payment charges on the overdue trade receivables as our Group does not impose late payment charges. The management of our Company has and will continue to meet and discuss with the relevant Related Parties to pursue for early settlement of the outstanding amounts due. Our Board Audit Committee and our Board have reviewed the outstanding amounts and are of the opinion that the outstanding amounts were part of normal business operations of our Group and are recoverable. In addition, our management is of the view that the Related Parties are long term business counterparties and have sound credit standing.

## 2.6 Review Procedures For The RRPTs

To ensure that the RRPTs are undertaken on an arm's length basis, are 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, our Board Audit Committee has been tasked with the review and approval of such transactions.

The current members of our Board Audit Committee are Thayaparan S Sangarapillai, Dr. David Robert Dean and Shahin Farouque Jammal Ahmad.

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

- (a) A list of Related Parties is established and made available to the chief financial officers or heads of the financial divisions (as the case may be) of each operating unit and subsidiary in our Group, who shall monitor and ensure that all RRPTs to be entered into by us or our subsidiaries are required to be undertaken on an arm's length basis, on terms which are not more favourable to the Related Parties than those generally available to the public, and which are not to the detriment of our minority shareholders;

- (b) Our operating units and our subsidiaries are made aware of the requirement to monitor, and shall put in place processes or systems to record and report on all RRPTs for compilation and reporting to our Group's finance division;
- (c) Our operating units and subsidiaries must ensure that proper records and supporting documents of the RRPTs are maintained so that all RRPTs entered into pursuant to the Proposed Shareholders' Mandate will be adequately disclosed;
- (d) The processes and procedures are in place to ensure RRPTs are entered into after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, as compared to the prevailing market prices and rates, industry norms and standards, as well as the general practices, adopted by the service providers of similar capacities and capabilities generally available in the open market;
- (e) All RRPTs are presented at our Board Audit Committee meetings. Our Board Audit Committee has the right to access information concerning our Related Parties, and is entitled to the services of any independent adviser, if required, for the discharge of its duties;
- (f) Our Board and our Board Audit Committee have overall responsibility for determining whether the guidelines and procedures on the RRPTs are appropriate and sufficient. Arising from business needs, a review of the RRPT processes and procedures will be carried out by our Board through the Board Audit Committee. If, during the review, the Board and the Board Audit Committee are of the view that the RRPT processes and procedures are:
  - (i) no longer valid; or
  - (ii) insufficient to ensure that the RRPTs are made on an arm's length basis or on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of our minority shareholders;

then, they shall have the discretion to change, vary, modify existing guidelines and procedures, or implement new or additional guidelines and procedures, provided that such amended, varied, modified, new or additional guidelines and procedures are no less stringent than the existing guidelines and procedures; and

- (g) Where any of our Board or our Board Audit Committee members has an interest (direct or indirect) in an RRPT, he must declare his interest in the RRPT and abstain from participating in the decision of the Board or the Board Audit Committee on the said RRPT.

All transactions (including RRPTs) are subject to approvals based on our Group's LOA. Our LOA, which have been duly approved by the respective boards of directors of our Group, contain the prescribed approval limits (including thresholds for board of directors' approvals) determined based on grounds of practicality from the business and operational viewpoint unique to our Group. The threshold for the utilisation of the approved mandate is also subject to our LOA prior to the award of contracts in relation to the transactions contemplated under the Proposed Shareholders' Mandate.

Under normal circumstances, procurement is conducted in line with guidelines set by our Group's procurement division, which would require comparisons of at least three quotations for the same, or substantially similar types of, products, services, and the same (or substantially similar) quantity of products or services, from unrelated third parties. However, given the nature and type of transactions that we enter into, in a number of occasions, it is not possible to find at least two other contemporaneous transactions with unrelated third parties for similar products, services or quantities thereof which can be used as comparison to determine whether the prices and terms offered to or by our Company by or to our Related

Parties, as the case may be, are fair and reasonable and comparable to those offered to or by other unrelated third parties.

In these instances, prices are determined based on market knowledge and on normal commercial terms in accordance with our Group's policies, which require (among others) that transactions with Related Parties are undertaken on an arm's length basis, are carried out on normal commercial terms and are not detrimental to our minority shareholders, Company or Group.

Besides pricing, we also have a procurement policy that selects vendors and suppliers not based on pricing alone but also on other intrinsic factors, such as quality and nature of goods or services, reliability, lead time and all other relevant business circumstances and considerations.

## 2.7 Statement By Our Board Audit Committee

Our Board Audit Committee has seen and reviewed the procedures described in Section 2.6 of this Circular and is of the opinion that these procedures are adequate and sufficient to monitor, track and identify RRPTs in a timely and orderly manner, and to ensure that RRPTs are on an arm's length basis, are on terms that 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.

## 2.8 Rationale For And Benefits Of The Proposed Shareholders' Mandate

The RRPTs that have been entered into and that will be entered into by our Group are necessary for our business and are intended to meet our business needs on the best possible terms.

We should be able to have access to all available markets, products and services provided by all vendors including Related Parties, and to provide products and services to all persons, including our Related Parties. This will enhance our ability to explore beneficial opportunities as well as to promote cross-selling which is beneficial to our Group.

The RRPTs are likely to continue in the future on a frequent and recurrent basis from time to time. In addition, these transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek your prior approval on a case-by-case basis before entering into such transactions. The Proposed Shareholders' Mandate will, therefore, substantially reduce the expenses relating to the convening of general meetings on an ad hoc basis and improve administrative efficiency.

The RRPTs are transactions in the ordinary course of our business, are made on an arm's length basis, are 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.

## 2.9 Interests Of Directors, Major Shareholders And Their Connected Persons

Save for those disclosed herein, none of our Major Shareholders and their Connected Persons, and our Directors and their Connected Persons, have any interest, direct or indirect, in the Proposed Shareholders' Mandate. Their direct and indirect shareholdings in our Company, based on the Register of Substantial Shareholders as of the LPD are as set forth:

Interested parties	Direct		Indirect	
	Number of Axiata Shares	%	Number of Axiata Shares	%
<b><u>Major Shareholder</u></b>				
Khazanah	3,371,238,617	36.73	0.00	0.00
EPF	1,549,793,628	16.88	0.00	0.00

Khazanah and EPF, being the Major Shareholders of our Company, are deemed interested in the Proposed Shareholders' Mandate.

Our Directors, Ong King How (Director of Investments of Khazanah), Eysa Zulkifli (alternate to Ong King How) and Nurhisham Hussein (Chief Strategy Officer of EPF), together **"Representative Directors"**, who are full-time executives of Khazanah and EPF, are Khazanah's and EPF's representatives on our Board and accordingly, have abstained and will continue to abstain from deliberating and voting on the Proposed Shareholders' Mandate at our Company's relevant Board meetings. The Representative Directors do not have any direct or indirect interest in our Company.

Khazanah, EPF and the Representative Directors will abstain from voting in respect of their direct or indirect shareholdings in our Company (if any) on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at our forthcoming AGM and have also undertaken to ensure that Persons Connected to them will abstain from voting in respect of their direct or indirect shareholdings in our Company (if any), deliberating or approving the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at our forthcoming AGM.

### **3. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate is not expected to have any effect on our issued shares or the shareholdings of our substantial shareholders. However, the Proposed Shareholders' Mandate may have a material effect on our consolidated net assets and consolidated earnings for the financial year ending 31 December 2023.

### **4. APPROVALS REQUIRED**

The Proposed Shareholders' Mandate is subject to your approval at our forthcoming 31st AGM.

### **5. DIRECTORS' STATEMENT**

Our Board (save for Ong King How, Eysa Zulkifli and Nurhisham Hussein, who have abstained from deliberation and voting in respect of the Proposed Shareholders' Mandate), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of our Company and recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate at our forthcoming AGM.

### **6. AGM**

The resolution in respect of the Proposed Shareholders' Mandate will be tabled at the forthcoming AGM. This Circular is available at <https://www.axiata.com/investors/agm/> together with, amongst others, the Notice of the 31st AGM, Proxy Form and the Administrative Notes of Axiata.

The 31st AGM will be held on Friday, 26 May 2023 at 9.30 a.m. or at any adjournment thereof. The broadcast venue for the AGM is at Auditorium, Level 32, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The voting of the 31st AGM will be conducted on a poll. If you are unable to attend and vote by yourself at the 31st AGM, please complete, execute and deposit the Proxy Form, in accordance with the instructions therein, to our share registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than Thursday, 25 May 2023 at 9.30 a.m. The proxy appointment may also be lodged electronically via Tricor's TIH Online website at <https://tihih.online> no later than Thursday, 25

May 2023 at 9.30 a.m. For further information on the electronic lodgement of Proxy Form, kindly refer to the Administrative Notes.

You may attend and vote by yourself at our forthcoming AGM if you wish to do so even after you have completed and returned the Proxy Form so long as you revoke the appointment of your proxy prior to the 31st AGM.

## **7. Further Information**

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

Yours faithfully,  
For and on behalf of the Board of  
**AXIATA GROUP BERHAD**

**Tan Sri Shahril Ridza Ridzuan**  
Chairman, Independent Non-Executive Director

## DETAILS OF RRPTS TO BE ENTERED INTO WITH OUR RELATED PARTIES

Proposed Shareholders' Mandate						
Transacting Companies in Axiata Group	Transacting Related Parties	Interested Major Shareholder / Director	Nature of Relationship	Nature of RRPT	2022 Shareholders' Mandate	
					Estimated Value (RM'000)	Actual Value (RM'000) <sup>(1)</sup>
Axiata Group	TM Group	Khazanah, Ong King How and his alternate, Eysa Zulkifli	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group.  Ong King How and his alternate, Eysa Zulkifli are Khazanah's representatives on Axiata's Board.  In addition to EPF's shareholdings in Axiata Group, EPF is also the Major Shareholder of TM Group.  Nurhisham Hussein is EPF's representative on Axiata's Board	<u>Revenue</u>  <b>Telecommunication and related services</b>  Interconnect payment from TM Group  Dark fibre and leased-line from Celcom Group to Fibrecomm Network (M) Sdn. Bhd.  Leased-line from Celcom Group to Fiberail Sdn. Bhd.  Transmission revenue on the services by Axiata Group to TM  Infrastructure leasing and related services including managed services receivable from TM Group to Axiata Group  Domestic roaming revenue and Provision of 4G Multi-Operator Core Network ("MOCN") by Celcom Group to TM Group	15,000  4,000  1,000  8,000  82,000  110,000	10,000  -  -  -  110,000  -

## DETAILS OF RRPTS TO BE ENTERED INTO WITH OUR RELATED PARTIES (cont'd)

Transacting Companies in Axiata Group	Transacting Related Parties	Interested Major Shareholder / Director	Nature of Relationship	Nature of RRPT	2022 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) <sup>(2)</sup>
					Estimated Value (RM'000)	Actual Value (RM'000) <sup>(1)</sup>	
Axiata Group	TM Group	Khazanah, Ong King How and his alternate, Eysa Zulkifli	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group.	<b>Costs</b>			
				<b>Telecommunication and related services</b>			
				Interconnect cost to TM Group	22,000	5,460	5,000
				Voice Over Internet Protocol related services by TM Group to Axiata Group	1,000	-	-
		EPF and Nurhisham Hussein	Ong King How and his alternate, Eysa Zulkifli are Khazanah's representatives on Axiata's Board.  In addition to EPF's shareholdings in Axiata Group, EPF is also the Major Shareholder of TM Group.  Nurhisham Hussein is EPF's representative on Axiata's Board	Leased-line related costs to TM Group	28,000	12,200	5,000
				Provision of data and bandwidth related services by TM Group to Axiata Group	130,000	97,957	10,000
				Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group	35,000	15,610	30,000
				Leasing of fibre optic core and provision of bandwidth services from Fiberail Sdn. Bhd. to Celcom Group	500	-	-

## DETAILS OF RRPTS TO BE ENTERED INTO WITH OUR RELATED PARTIES (cont'd)

Transacting Companies in Axiata Group	Transacting Related Parties	Interested Major Shareholder / Director	Nature of Relationship	Nature of RRPT	2022 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) <sup>(2)</sup>
					Estimated Value (RM'000)	Actual Value (RM'000) <sup>(1)</sup>	
Axiata Group	TM Group	Khazanah, Ong King How and his alternate, Eysa Zulkifli  EPF and Nurhisham Hussein	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group.  Ong King How and his alternate, Eysa Zulkifli are Khazanah's representatives on Axiata's Board.  In addition to EPF's shareholdings in Axiata Group, EPF is also the Major Shareholder of TM Group.  Nurhisham Hussein is EPF's representative on Axiata's Board	Purchase of dark fibre, bandwidth, space & facility from Fibrecomm Network (M) Sdn Bhd to Celcom Group	5,500	2,781	-
				Non-telecommunication services			
				Site rental payable for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group	48,000	23,804	
TOTAL					490,000	260,550	170,000



## DETAILS OF RRPTS TO BE ENTERED INTO WITH OUR RELATED PARTIES (cont'd)

Transacting Companies in Axiata Group	Transacting Related Parties	Interested Major Shareholder / Director	Nature of Relationship	Nature of RRPT	2022 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) <sup>(2)</sup>
					Estimated Value (RM'000)	Actual Value (RM'000) <sup>(1)</sup>	
Axiata Group	edotco Group Sdn. Bhd. ("EDOTCO") and/or its subsidiaries ("EDOTCO Group")	Khazanah, Ong King How and his alternate, Eysa Zulkifli	In addition to Khazanah's shareholdings in Axiata Group, Khazanah, through its wholly owned subsidiary, Mount Bintang Sdn. Bhd. is also the Major Shareholder of EDOTCO.	<u>Revenue to Axiata Group/ Cost to EDOTCO Group</u>			
				<b>Telecommunication and related services</b>	20,000	4,643	20,000
				Repair & maintenance & other service charges by Axiata Group to EDOTCO Group			
				Technical and management services fees and other services charges by Axiata Group to EDOTCO Group	15,000	11,736	20,000
			Kenneth Shen is Khazanah's representative on EDOTCO's Board.	<u>Cost to Axiata Group/ Revenue to EDOTCO Group</u>			
				<b>Telecommunication and related services</b>	1,380,000	845,856	710,000
				<b>TOTAL</b>	<b>1,415,000</b>	<b>862,235</b>	<b>750,000</b>

## DETAILS OF RRPTS TO BE ENTERED INTO WITH OUR RELATED PARTIES (cont'd)

Transacting Companies in Axiata Group	Transacting Related Parties	Interested Major Shareholder / Director	Nature of Relationship	Nature of RRPT	2022 Shareholders' Mandate <sup>(4)</sup>		Estimated value of the Proposed Shareholders' Mandate (RM'000) <sup>(2)</sup>
					Estimated Value (RM'000)	Actual Value (RM'000)	
Axiata Group	Khazanah Nasional Bhd and/or its other related entities ("Khazanah Group")	Khazanah, Ong King How and his alternate, Eysa Zulkifli	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of these companies.	<u>Revenue to Axiata Group/ Cost to other related entities in Khazanah Group</u>			
				<b>Telecommunication and related services</b>			
				Leased line services	30,000	27,743	80,000
				Cybersecurity, Network and Managed Services	34,000	19,516	-
				<b>Non-telecommunication services</b>			
				Disposal of Asset - Recycling services	2,000	722	-
				<u>Cost to Axiata Group/ Revenue to other related entities in Khazanah Group</u>			
				<b>Telecommunication and related services</b>			
				Provision of telecommunication services	9,000	1,718	-
				Site rental	2,000	-	-
				<b>Non-telecommunication services</b>			
				Transportation and Dismantling Costs	3,000	1,566	-
<b>TOTAL</b>				<b>80,000</b>	<b>51,265</b>	<b>80,000</b>	

**Notes:**

<sup>(1)</sup> The actual values represent RRPTs transacted from 1 June 2022 to 31 March 2023.

<sup>(2)</sup> The estimated values of the transactions from 26 May 2023 (date of our forthcoming AGM) for an estimated validity period of one (1) year are based on best estimates by our management using historical trends and projected business transaction growth. The actual value may vary, exceed or be lower than, the estimates shown above.

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## 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 the omission of which would make any statement in this Circular misleading.

## 2. MATERIAL CONTRACTS

Neither we nor any of our subsidiaries have entered into any contract outside the ordinary course of business which are or may be material during the two years immediately preceding the LPD, save as follows:

- (a) On 30 November 2021, edotco Malaysia Sdn. Bhd., a wholly owned subsidiary of edotco Group Sdn. Bhd. which in turn is a 63.0% owned subsidiary of Axiata, entered into a share sale agreement ("**SSA**") with Touch Group Holdings Sdn. Bhd. ("**TGHSB**") for the acquisition of the entire issued and paid-up share capital of Touch Mindscape Sdn. Bhd. comprising 14,100,000 ordinary shares, and 10,900,000 preference shares held by TGHSB for a total purchase consideration of RM1,700.0 million. Axiata also entered into a memorandum of understanding with TGHSB to jointly explore potential opportunities to collaborate in the information and communications technology infrastructure industry in Malaysia.

The acquisition was completed on 20 December 2021 for a net purchase consideration of RM1,586.4 million after adjustments provided under the terms and conditions of the SSA. Accordingly, our Group's equity interest in Touch Mindscape Sdn. Bhd. is 63.0%.

The acquisition of Touch Mindscape Group and its high-quality attractive tower and tenancy portfolio cements EDOTCO's home market leadership and is complementary to its existing presence in the states of Pahang, Negeri Sembilan and Melaka in Malaysia. It also enabled EDOTCO to achieve inorganic growth via acquisition of tower portfolios in Malaysia and secure a strategic fibre network to be able to create operational synergies.

Goodwill arising from the acquisition was attributable to the expansion of the market share of tower business and fibre footprint in Malaysia. Acquisition-related costs of RM4.2 million was also recognised in the profit or loss within "Other operating costs" in the previous financial year.

If the acquisition had occurred at the beginning of the previous financial year, the Group's pro forma revenue and profit for the financial year ended 31 December 2021 from continuing operations would have been RM20,109.5 million and RM364.2 million respectively.

- (b) On 21 June 2021, Axiata entered into the following agreements:
- (i) a conditional share purchase agreement with Digi.com Berhad ("**Digi**"), where subject to the terms and conditions of the share purchase agreement, 100.0% equity interest of Celcom Axiata Berhad ("**Celcom**") held by Axiata shall be transferred to Digi for a total consideration of RM18,299.3 million ("**Combination Consideration**") and the Combination Consideration shall be settled by:

- (A) the issuance by Digi of 3,883,129,144 new ordinary shares in Digi ("**Digi Shares**") or such number of Digi Shares representing 33.10% of the enlarged issued share capital of Digi to Axiata on the closing of the share purchase agreement;
  - (B) the issuance by Digi of 73,378,844 new Digi Shares or such number of Digi Shares representing 0.63% of the enlarged issued share capital of Digi ("**Relevant Digi Shares**") to Telenor Asia Pte. Ltd. ("**Telenor Asia**") as nominee of Axiata on the closing of the share purchase agreement subject to, amongst others, the receipt by Axiata of a cash consideration of RM297.9 million ("**Relevant Digi Shares Cash Consideration**") for the purpose of the Proposed Equalisation (as defined hereunder) in accordance with the master transaction agreement;
  - (C) subject to adjustment as set out in the share purchase agreement, the payment by Digi of a cash consideration of RM2,468.9 million to Axiata on the closing of the share purchase agreement ("**Digi Cash Consideration**"); and
- (ii) a master transaction agreement with Telenor Asia and Telenor ASA ("**Telenor**"), where amongst others, Telenor and Axiata agree to, and shall procure their respective affiliates to, co-operate with each other for the purpose of achieving the closing of the share purchase agreement, and subject to the terms of the share purchase agreement, Telenor Asia shall on the closing of the share purchase agreement:
- (A) subscribe for the Relevant Digi Shares; and
  - (B) pay Axiata the Relevant Digi Shares Cash Consideration on the closing of the share purchase agreement ("**Proposed Equalisation**").

On 30 November 2022, the merger of Celcom and Digi was completed. As part of the completion process, Celcom and Digi were merged by way of a transfer of Axiata's entire equity interest in Celcom to Digi, where Axiata received: (i) the Digi Shares, valued at RM15,532.5 million based on the closing price of Digi as at 30 November 2022 of RM4.00 per ordinary share; (ii) the Digi Cash Consideration which is subject to the finalisation of completion adjustments under the terms of the share purchase agreement or such other extended period as may be mutually agreed by Axiata and Digi; and (iii) the Relevant Digi Shares Cash Consideration from Telenor Asia in accordance with the terms of the master transaction agreement to facilitate the equalisation of the merger between Telenor Asia and Axiata.

Following the merger, Telenor Asia and Axiata now hold an equal shareholding of 33.10% in Digi. Accordingly, Celcom and its subsidiaries ("**Celcom Group**") ceased to be subsidiaries of the Group and the financial result for the period ended 30 November 2022 of Celcom Group were classified as discontinued operations as Celcom Group represented a separate major line of business of the Group.

In conjunction with the completion of the merger, Axiata had on 30 November 2022 entered into the Shareholders Agreement ("**SHA**") with Telenor Asia and Telenor. As per the SHA, the parties have agreed to, among others, the parties' respective rights and obligations with respect to the activities and governance of Digi, the ownership and disposition of Digi's securities, the board composition and nomination of directors to Digi, the merger integration plan and the objective for the Digi's group of companies to establish an innovation centre to foster technology transformation and digitalisation in Malaysia.

- (c) On 27 January 2022, Axiata Investments (Indonesia) Sdn Bhd ("**AI**"), an indirect wholly-owned subsidiary of Axiata, and PT XL Axiata Tbk ("**XL**"), an indirect 61.48% owned subsidiary of Axiata, entered into a conditional share purchase agreement to jointly acquire an aggregate of 1,816,735,484 ordinary shares representing 46.03% and 20.00% equity interest respectively in PT Link Net Tbk ("**Link Net**") and its subsidiaries from Asia Link Dewa Pte. Ltd. and PT First Media Tbk at IDR4,800 per ordinary share in Link Net for a total consideration of IDR8,720,330.3 million (RM2,546.3 million). The acquisition was completed on 22 June 2022 and Link Net became a 58.33%-owned subsidiary of the Group.

The acquisition is to reinforce the Group's strategic move into the underpenetrated fixed broadband market and fuel the expansion in Indonesia, create significant synergies for Link Net and XL through their combined position in wireless communication services, sharing of backbone and transmission networks and extensive relationships with customers in Indonesia and strong strategic alignment between the two businesses.

Goodwill arising from the acquisition was attributable to the market share of fixed broadband in Indonesia. Acquisition-related costs of RM31.9 million was also recognised in the profit or loss within "Other operating costs" during the financial year.

If the acquisition had occurred at the beginning of the financial year, the Group's pro forma revenue and loss for the financial year ended 31 December 2022 from continuing operations would have been RM22,324.5 million and RM4,833.0 million respectively.

- (d) On 8 April 2022, the Minister of Finance approved the grant of a licence under section 10(4) of the Financial Services Act 2013 to a new entity to be owned by RHB Bank Berhad ("**RHB Bank**") and Boost Holdings Sdn. Bhd. ("**Boost Holdings**"), a 78.12% directly-owned subsidiary of Axiata Digital Services Sdn. Bhd., which in turn is a 96.66% owned subsidiary of Axiata. The new entity is to be incorporated under the Companies Act 2016 to be licensed as a bank to carry on a digital banking business in Malaysia ("**DB Licence**"). Bank Negara Malaysia ("**BNM**") subsequently issued Boost Holdings and RHB Bank an approval letter on 29 April 2022 which set out the conditions of the DB Licence that must be fulfilled before the proposed digital bank can commence its digital banking business and operations ("**Approval Letter**").

In compliance with the conditions of the Approval Letter, Boost Holdings and RHB Bank had on 1 March 2023 jointly incorporated a company known as Boost Berhad which will, subject to approval from BNM, be the legal entity to carry out the digital banking business ("**Proposed Digital Bank**"). Subsequently, Boost Holdings, RHB Bank and Boost Berhad had on 31 March 2023, entered into the following agreements:

- (i) a share subscription agreement ("**SSA**") for Boost Holdings and RHB Bank to subscribe for a total of 100 million new ordinary shares (60.0% to be subscribed by Boost Holdings and 40.0% to be subscribed by RHB Bank) in Boost Berhad for a cash consideration of RM100.0 million for Boost Berhad to meet the minimum capital funds requirements for a digital bank of RM100.0 million unimpaired by losses ("**Subscription**"); and
- (ii) a shareholders' agreement ("**SHA**") to regulate the affairs of Boost Berhad as the Proposed Digital Bank, and Boost Holdings and RHB Bank's relationship between themselves as shareholders of Boost Berhad.

Upon completion of the Subscription, Boost Berhad will seek the approval of BNM to be designated as the legal entity for the Proposed Digital Bank.

- (e) On 19 April 2022, ISOC edotco Towers, Inc. ("**edotco Towers**"), a wholly owned subsidiary of edotco Group Sdn. Bhd., which in turn is a 63.0% owned subsidiary of Axiata, had entered into a Sale and Purchase Agreement with Smart Communications, Inc. and Digitel Mobile Philippines, Inc. for the acquisition of 2,973 telecom towers and related assets in the Philippines for a total purchase consideration of PHP42,000.0 million (equivalent to RM3,420.0 million), which will be disbursed in phases in accordance with the successful transfer of the assets in batches ("**Proposed Acquisition**").

Upon completion of the Proposed Acquisition, Axiata expects that edotco Tower's position will be cemented as the 6th largest independent tower company globally, one of the leading tower companies in Asia and the leading independent tower company in the Philippines. In addition, the Proposed Acquisition will reduce edotco Tower's exposure to Axiata operating companies from 56.0% to 48.0% with an increased portfolio concentration towards emerging markets from the frontier footprint.

### **3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, neither we nor any of our subsidiaries are engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which may materially adversely affect our income from, title to, or possession of any of our assets and/or business, and we are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially adversely affect the financial position or business of our Group, save as follows:

- (a) **Robi Axiata Limited ("Robi") vs Commissioner of Large Taxpayer Unit ("LTU-VAT") and Ors. (SIM Replacement Tax)**

#### **Robi SIM Replacement Dispute 2007-2011**

On 17 May 2015, the LTU-VAT of the National Board of Revenue ("**LTU-VAT of the NBR**") issued a revised demand letter for BDT4,145.5 million (RM171.3 million) [the earlier show cause letter dated 23 February 2012 for BDT6,549.9 million (RM270.6 million)] ("**2007 to 2011 Revised Claim**") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi for the duration from March 2007 to June 2011 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.

In August 2015, Robi filed an appeal against the 2007 to 2011 Revised Claim to the Customs, Excise and VAT Appellate Tribunal. Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. This appeal was first heard on 28 September 2016 by the Customs, Excise and VAT Appellate Tribunal and later reheard on 11 April 2017 by a reconstituted bench of the Customs, Excise and VAT Appellate Tribunal. The Customs, Excise and VAT Appellate Tribunal dismissed Robi's appeal.

In September 2017, Robi filed an appeal to the High Court Division against the Customs, Excise and VAT Appellate Tribunal's decision ("**VAT Appeal No. 1**"). This VAT Appeal No. 1 is currently pending for hearing before the High Court Division.

#### **Robi SIM Replacement Dispute July 2012 to July 2015**

On 20 November 2017, the LTU-VAT of the NBR issued a demand letter for BDT2,852.0 million (RM117.8 million) ("**2012 to 2015 Claim**") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of certain number of SIM cards to new customers of Robi for the duration from July 2012 to June 2015 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.



On 18 February 2018, Robi filed an appeal against the 2012 to 2015 Claim to the Customs, Excise and VAT Appellate Tribunal on the basis that replacement cards do not establish new connections and do not change existing subscribers' numbers. Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. This appeal was dismissed by the Customs, Excise and VAT Appellate Tribunal.

Robi then filed an appeal to the High Court Division against the Customs, Excise and VAT Appellate Tribunal's decision ("**VAT Appeal No.2**").

On 23 November 2020, both VAT Appeal No.1 and VAT Appeal No.2 pending in the High Court Division were fixed for hearing whereupon the High Court Division ordered parties to file the remaining paper books.

On 3 December 2020, the High Court Division took the view that Robi needed to file a revision application for the VAT Appeal No. 2 under the new VAT and Supplementary Duty Act 2012 which became effective on 1 July 2019, and pursuant thereto, to deposit a further 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR.

Robi had filed written arguments against such views on the basis that the new VAT and Supplementary Duty Act 2012 is not applicable. This legal point was heard on 2 March 2021 in which the High Court Division dismissed Robi's argument on the basis that the appeal was not maintainable, and advised Robi to file a revision application under the new VAT and Supplementary Duty Act 2012, to which Robi had on 23 March 2021 filed the Civil Miscellaneous Petition For Leave To Appeal ("**CMP**") before the Appellate Division contending the dismissal.

Pending the hearing of the CMP by the Appellate Division, the High Court Division issued a certified copy of the judgement on maintainability on 23 August 2021. Robi subsequently filed a Civil Petition for Leave to Appeal ("**CP**") before the Appellate Division of the Supreme Court of Bangladesh. The CP is now pending for hearing.

For all of the aforementioned SIM replacement dispute matters, the solicitors are of the opinion that the claims by the LTU-VAT of the NBR have no legal basis and Robi will successfully defend its position.

**(b) Robi vs LTU-VAT of the NBR (VAT Audit)**

The LTU-VAT of the NBR issued 5 show cause cum demand notices to Robi for a total amount of BDT9,245.0 million (RM382.0 million). Robi filed writ petitions for judicial review on 3 May 2018 to challenge these claims. The details are as below. The LTU-VAT of the NBR referred the matter to the Directorate General of Audit Intelligence and Investigation ("**DGAI**") to re-examine the claims and as such, Robi is not pursuing the Writ Petitions.

- (i) The first show cause cum demand notice for BDT7,118.2 million (RM294.1 million) was issued based on the credit balance of VAT payable General Ledger ("**GL**") and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, the LTU-VAT of the NBR asked for month-on-month movement of output and withholding GL from Systems, Applications and Products i.e., SAP (Opening, debit balance during the month, credit balance during the month and closing balance). Robi had submitted the required documents. The LTU-VAT of the NBR just considered the total credit balance of SAP GL as payable and compared it with VAT return without considering the documents or explanation submitted by Robi.



- (ii) The second show cause cum demand notice for BDT910.5 million (RM37.6 million) alleges unpaid VAT on merger and spectrum fee. The LTU-VAT of the NBR which collected merger fee/spectrum information from the Bangladesh Telecommunication Regulatory Commission ("**BTRC**") in relation to merger directly, thereafter arbitrarily calculated VAT without considering Robi's documents and information regarding actual payment to BTRC. This issue has already been covered in item (i), nevertheless the LTU-VAT of the NBR still arbitrarily made the same claim separately.
- (iii) The third show cause cum demand notice for BDT16.5 million (RM0.7 million) is to claim that VAT is payable on interconnection charges from Bangladesh Telecommunications Limited ("**BTCL**") for 2012. The output VAT for BTCL service to customer is centrally collected by the LTU-VAT of the NBR and that BTCL cannot adjust input VAT on interconnection charges payable to Robi. Therefore, BTCL did not pay the VAT on same to Robi. This issue has already been covered in item (i), nonetheless the LTU-VAT of the NBR still arbitrarily made the same claim separately.
- (iv) The fourth show cause cum demand notice for BDT35.7 million (RM1.5 million) is to claim that VAT is payable on interconnection charges from BTCL for 2013 to 2016 (the issue is same as item (iii) of this case but relating to different period (2013-2016)).
- (v) The fifth show cause cum demand notice for BDT1,164.1 million (RM48.1 million) is for VAT rebate cancellation on imported telecom items. The LTU-VAT of the NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

Pursuant to re-examinations of the aforementioned demand notices by the DGAI, the LTU-VAT of the NBR issued 4 new show cause notices dated 22 March 2020 to Robi on the cumulative amount of BDT7,459.5 million (RM308.2 million) for the period of January 2013 to December 2016, details of which are set out as follows:

- (i) The first show cause notice is on BDT3,676.0 million (RM151.9 million) in relation to VAT deducted at source on grounds of (I) withholding VAT on handsets; (II) withholding VAT on dealer's commission; (III) withholding VAT not paid on revenue sharing on the basis of audited financial statements; (IV) less withholding VAT paid on the basis of audited accounts etc.
- (ii) The second show cause is on BDT394.3 million (RM16.3 million) in relation to VAT of BDT368.6 million (RM17.9 million) and supplementary duty payment of BDT25.7 million (RM1.1 million) based on Robi's audited financial statements.
- (iii) The third show cause notice is on BDT1,308.0 million (RM54.0 million) in relation to VAT on revenue sharing.
- (iv) The fourth show cause notice is on BDT2,081.2 million (RM86.0 million) in relation to VAT rebate cancellation.

Robi had filed writ petitions for judicial review on 27 June 2020 to the High Court Division against these 4 new show-cause notices. The High Court Division subsequently issued rules nisi in favour of Robi on 31 August 2020. The rules nisi are pending for hearing.

The solicitors are of the opinion that the grounds on which Robi has challenged the notices are legally sound.

**(c) Robi vs BTRC**

The BTRC conducted an audit on Robi's information system for the years between 1997 to 2014 and issued a claim of BDT8,672.4 million (RM358.3 million) against Robi on 31 July 2018 ("**Information System Audit Claim**"). This Information System Audit Claim is disputed by Robi and a Notice of Arbitration was served on BTRC on 30 May 2019.

On 13 June 2019, notwithstanding Robi's Notice of Arbitration, the BTRC directed Robi to make payment for the Information System Audit Claim within 10 days. Challenging the demand, Robi filed a suit on 25 August 2019 before the Joint District Judge, Dhaka seeking a declaration and permanent injunction against BTRC's Information System Audit Claim. The District Court admitted the suit.

Additionally, Robi filed an application seeking an ad interim relief in relation to: (i) temporary injunction restraining BTRC from demanding payment of the Information System Audit Claim; (ii) temporary injunction restraining BTRC from causing any interference with the operation of Robi's mobile telecommunication services; and (iii) direction from the court to the effect that BTRC shall issue all relevant No Objection Certificate(s) for the importation of telecommunication equipment and software, and grant all relevant approvals for tariff, service, package, etc. as and when required by Robi from time to time.

The abovementioned application for ad interim relief was dismissed on 1 September 2019 by the Joint District Judge, Dhaka. Robi referred an appeal before the High Court Division in respect of the rejection of temporary injunction application on 5 September 2019.

On 5 January 2020, the High Court Division issued an injunction upon BTRC on condition that Robi deposit BDT1,380.0 million (RM69.0 million) in five instalments. Robi has deposited these five equal instalments up to 31 May 2020. Robi had on 31 March 2022 filed its written statement at the High Court Division. This matter is currently pending for hearing before the Joint District Judge in Dhaka.

The solicitors are of the opinion that Robi has reasonable grounds for success.

**(d) Robi vs LTU-VAT of the NBR (VAT Rebate Cancellation)**

For the period of 2010 to 2016, Robi claimed rebate for input VAT payable on certain services and goods related to capital machineries (i.e. antenna, cable, media gateway switch, battery, modem, telephone and telegraphic switch, power system, optical multi service systems, universal service router, printed service board, racks, etc.). The LTU-VAT of the NBR cancelled the rebates and issued the following demand notices cumulatively for BDT3,636.2 million (RM150.2 million) to which Robi is challenging:

- (i) The demand notice for the period of March 2012 to April 2013 is for BDT830.6 million (RM34.3 million).
- (ii) The demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM24.7 million).
- (iii) The demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM41.0 million).
- (iv) The demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM1.7 million).
- (v) The demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM29.2 million).

- (vi) The demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM19.3 million).

Robi filed VAT appeals to the High Court Division on 26 August 2013 for item (i), 21 January 2019 for items (ii) to (v), and on 1 June 2020 for item (vi). For item (i), Robi paid the amount in full. For items (ii) to (vi), Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on the provisions of the VAT Act 1991.

All the cases are currently pending for hearing before the High Court Division and the solicitors are of the opinion that Robi has reasonable grounds for success.

**(e) Robi vs Commissioner of Taxes**

The Commissioner of Taxes assessed the income tax return of Robi and disallowed certain losses and expenses (i.e. subsidy on acquisition expenses/promotional expense (SIM tax subsidy), foreign exchange losses, non-adjustment of depreciation allowances, etc.) and further determined the income tax payable as follows:

- (i) for the assessment year 2013-2014, BDT2,273.6 million (RM93.9 million) and interest of BDT378.2 million (RM15.6 million);
- (ii) for the assessment year 2014-2015, BDT2,246.3 million (RM92.8 million) and interest of BDT414.4 million (RM17.1 million); and
- (iii) for the assessment year 2015-2016, BDT2,263.2 million (RM93.5 million) and interest of BDT295.3 million (RM12.2 million).

Robi has referred its appeals to the High Court Division against the Commissioner of Taxes' respective determination and such appeals are pending hearing before the High Court Division.

The solicitors are of the opinion that Robi has reasonable grounds for success.

**(f) Robi vs BTRC (VAT Payment Dispute Related To 2G Licence Fee Payment)**

During the 2G licence renewal in 2011, BTRC demanded VAT on spectrum fees. Mobile operators agreed to withhold the VAT in compliance with the VAT Act 1991. However, BTRC refused and demanded the spectrum fees without any deductions. As such, all the mobile operators filed writ petitions at the High Court Division, including Robi.

Robi challenged the provisions in the VAT rules and argued that there should be no VAT on spectrum and even if there was any, any services provided by BTRC is VAT exempted under the VAT Act 1991. Robi also argued that BTRC is not a VAT registered entity and is unable to issue VAT receipts (a requirement under relevant VAT laws). The High Court Division ordered BTRC to register for VAT and ordered Robi to deposit the amount, including VAT, of BDT1,468.6 million (RM60.7 million); which Robi duly did. However, BTRC refused to register for VAT or the VAT receipt and appealed against the High Court Division's decision to the Appellate Division. Robi also filed an appeal before the same Appellate Division.

Despite clear provisions in the relevant legislations, BTRC has yet to register for VAT, which defeats the legitimate demand of receipt by the mobile operators which will then enable the mobile operators to obtain rebate/credit for the VAT paid. BTRC had also included this claim in the BTRC audit claim.

In relation to the 2nd instalment of spectrum fees (2G License), Robi claimed rebate of BDT826.8 million (RM34.2 million), but the LTU-VAT of the NBR cancelled the rebate, as there was no VAT receipt issued by BTRC. Robi challenged the

cancellation by a separate writ petition being Writ Petition No. 14977 of 2012 which is still pending before the High Court Division.

The solicitors are of the opinion that it is difficult to assess the likely outcome of this matter at this juncture.

**(g) Robi vs LTU-VAT of the NBR (Demand For Payment Of Interest Charge For Robi's Alleged Late Payment)**

The LTU-VAT of the NBR alleged that Robi failed to deposit the amount of BDT1,818.0 million (RM75.1 million) as VAT and supplementary duty levied on 2.3 million pieces of SIM cards sold by Robi for the period of August 2006 to March 2007.

Robi filed a writ petition against the said demand which was stayed by the High Court Division. Later, the LTU-VAT of the NBR filed an appeal against the stay and the stay was vacated. As a result, the LTU-VAT of the NBR coercively realised the demanded amount of BDT1,818.0 million (RM75.1 million). Although the LTU-VAT of the NBR realised the demanded amount, the LTU-VAT of the NBR further issued a demand letter for payment of BDT2,660.5 million (RM109.9 million) as interest on the amount charged for the late payment. Therefore, Robi filed another writ petition in relation to the claim of BDT2,660.5 million (RM109.9 million).

Both the cases are pending before the High Court Division. The solicitors are of the opinion that Robi has reasonable grounds for success.

**(h) Mahtab Uddin Ahmed vs Robi and 4 Others**

Former managing director and chief executive officer of Robi, Mahtab Uddin Ahmed ("MUA") filed a civil suit on 22 August 2022, being Title Suit 568 of 2022 ("Suit") against Robi and four others, before the 1st Court of the Joint District Judge, Dhaka. MUA is claiming BDT2,270.2 million (RM93.8 million) in retirement benefits and compensation, allegedly owed to MUA. The case is currently pending before the Court.

The solicitors are of the opinion that Robi will have a good prospect of success in prevailing in the Suit.

**(i) Dialog Broadband Networks (Private) Limited (Amalgamated with Suntel Limited) ("DBN") vs Electroteks Network Services (Private) Limited ("Electroteks")**

On 20 November 2001, DBN initiated a claim against Electroteks for SLR68.8 million (RM0.9 million) to recover an outstanding amount due for the provision of telecommunication facilities. This claim has concluded and is currently at execution stage.

On 30 May 2002, Electroteks filed a counterclaim for SLR4,200.0 million (RM56.9 million) together with the interest thereon and it was allowed by the court ("Counterclaim Judgment"). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for SLR1,000.0 million (RM13.5 million) and a corporate guarantee for SLR3,200.0 million (RM43.4 million) to stay execution of the Counterclaim Judgment.

Parties filed written submissions on 30 November 2016. The Judgment was delivered by the Supreme Court of Sri Lanka on 14 December 2018 allowing the appeal of DBN and setting aside the Judgment of the Commercial High Court. Principal sum with the legal interest as at 14 December 2018 is SLR11,608.9 million (RM157.3 million).

Electroteks has filed a revision application in the Supreme Court of Sri Lanka under Case Number SC/MISC/3/2019 against the Judgment delivered by the Supreme Court of Sri Lanka and the matter came up for support on 17 May 2019. On that date, the Presiding Judge of the Supreme Court bench referred the matter to be mentioned on 12 June 2019 before a bench comprising the judges who delivered the Judgment. However, when the matter came up on 12 June 2019, no direction was made by the Supreme Court.

On 14 September 2020, the order was reserved by the Supreme Court, but no date was provided on when the Supreme Court will deliver said order. Based on the merits of the case, the solicitors are of the opinion that Electroteks' application for leave to proceed is likely to be refused by the Supreme Court.

(j) **Axiata Investments (UK) Limited ("Axiata UK") and Ncell Axiata Limited ("Ncell") vs Nepal**

**Arbitration of Axiata UK and Ncell vs Nepal**

On 16 April 2019, the Large Taxpayer Office of Nepal ("**LTPO**") issued demand letter for Ncell to pay NPR39,060.7 million (RM1,310.2 million) in allegedly outstanding capital gains tax ("**CGT**") (including interest and penalties) in connection with Axiata UK's acquisition of 100.0% of the share of Reynolds Holding Limited ("**Reynolds**"), which owns 80.0% of the shares of Ncell ("**Transaction**") with such payment to be made within seven days. Axiata UK and Ncell have filed a Request for Arbitration ("**Request**") with the International Centre for the Settlement of Investment Disputes ("**ICSID**") pursuant to the Agreement dated 2 March 1993 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Nepal for the Promotion and Protection of Investments ("**Bilateral Investment Treaty**").

Axiata UK and Ncell's claims as set out in the Request relate to Nepal's conduct in contravention of its international law obligations under the Bilateral Investment Treaty on the Transaction.

Axiata UK and Ncell dispute the entirety of the CGT allegedly payable by Ncell in connection with the Transaction and will argue, among other things, that the imposition of CGT by Nepal in relation to the Transaction is unlawful. Axiata UK and Ncell will seek remedies including restitution of sums already paid, a permanent injunction against further attempts to collect CGT from Ncell in connection with the Transaction and damages for all losses suffered in consequence of Nepal's unlawful conduct. Ncell has paid a total of NPR47,009.9 million (RM1,576.9 million) in alleged outstanding CGT.

Pursuant to the ICSID, Axiata UK and Ncell appointed Albert Jan van den Berg (Dutch) on 23 July 2019 as their chosen arbitrator. The arbitration tribunal ("**Tribunal**") was fully constituted on 18 October 2019, the other members being Paul Friedland (American) and Professor Joongi Kim (Korean, presiding arbitrator).

On 18 December 2019, the Tribunal granted Axiata UK and Ncell's application for provisional measures in large part and ordered that Nepal, its organs, agencies and officials, including the LTPO and the IRD, immediately be restrained from:

- (i) taking any steps to enforce or otherwise give effect to the demand letter served by the LTPO against Ncell dated 6 December 2019 in which the LTPO demanded that Ncell pay NPR22,445.1 million (RM752.9 million) in allegedly outstanding CGT (including interest and penalties) in connection with the Transaction; and

- (ii) taking any steps which would alter the status quo between Axiata UK, Ncell and Nepal or aggravate the present dispute (together, the **“Provisional Measures Order”**).

A merits hearing was originally scheduled to take place in two (and potentially three) sessions. The first session was scheduled for 29 November 2021 to 3 December 2021, with the second session to take place on 11-16 April 2022, and with 4-5 July 2022 in reserve. However, by a decision of 28 November 2021, the Tribunal postponed the November/December 2021 session of the hearing due to the emergency hospitalisation of one of Nepal's lawyers.

By Procedural Order No. 9 dated 3 December 2021, the Tribunal ordered that the hearing be deferred to 11-22 April 2022, with 4-5 July 2022 in reserve. The hearing has been concluded on 22 April 2022, following which the Tribunal will make a decision. The award is expected to be delivered within 6-12 months.

The solicitors are of the opinion that Axiata UK and Ncell have strong prospects of success in the arbitration proceedings against Nepal.

**(k) Ncell vs LTPO and Others**

**Amended assessment notice by LTPO of Nepal on income tax return filed by Ncell for fiscal year 2015 to 2016**

Notwithstanding letters dated 12 April 2020 and 15 April 2020 by the LTPO to confirm that Ncell has fully discharged all of its tax obligations under the ITA arising from the Transaction, the LTPO issued a notice dated 25 December 2020 (**“Reassessment Notice”**) under section 101(6) of the ITA to amend its earlier tax assessment of the income tax return filed by Ncell for the fiscal year of 2015 to 2016, being the fiscal year when the Transaction took place.

The LTPO had reassessed Ncell's income tax return for the fiscal year of 2015 to 2016 and determined that based on section 57 of the ITA, Ncell's taxable income for such fiscal year is now NPR127,827.6 million (RM4,287.7 million). Ncell responded to the Reassessment Notice on 12 January 2021 disagreeing, among other things, with the applicability of the assessment and the method used by LTPO to make the assessment.

Ncell has filed a writ petition (**“First Writ”**) against LTPO and related government agencies. On 13 January 2021, Ncell obtained an order from the SC that all decisions and proceedings in relation to the Reassessment Notice be stayed until the matter is heard by the SC. On 14 January 2021, the Tribunal also issued its procedural order recording the undertaking given by Nepal and its organs and agencies will not take any measures against Ncell in relation to the section 57 demand and the Transaction.

Notwithstanding the order from the SC, LTPO had on the same day issued a further notice (**“Demand Notice”**) under section 102 of the ITA for additional tax liability of NPR57,852.3 million (RM1,940.5 million). Ncell has filed another writ petition (**“Second Writ”**) to dispute the Demand Notice as the remedies sought in the First Writ have been rendered inapplicable by the Demand Notice. On 7 February 2021, the SC issued an interim order directing the respondents in the Second Writ not to execute the Demand Notice and not to withhold any benefits or facilities that Ncell is legally entitled to.

The hearing which was originally scheduled to take place on 2 November 2021 has been postponed by the SC to 4 April 2023.

Our Board, based on the external legal advice received, are of the view that the likelihood of probable cash outflow for the Demand Notice in relation to section 57 of the ITA is remote.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of our forthcoming AGM:

- (i) the Constitution of our Company;
- (ii) the audited consolidated financial statements of our Company for the past two (2) financial years up to the FYE 31 December 2022;
- (iii) the material contracts referred to in section 2, Appendix II of this Circular; and
- (iv) the relevant cause papers in respect of material litigation referred to in section 3, Appendix II of this Circular.