

AXIATA GROUP BERHAD (“AXIATA”)

- (I) **PROPOSED AUTHORITY FOR AXIATA TO PURCHASE ITS OWN SHARES OF UP TO 10% OF ITS ISSUED AND PAID-UP SHARE CAPITAL (“PROPOSED SHARE BUY-BACK”); AND**
- (II) **PROPOSED EXEMPTION UNDER PARAGRAPH 24 OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 (“CODE”) FOR KHAZANAH NASIONAL BERHAD (“KHAZANAH”) FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER ON THE REMAINING SHARES IN AXIATA NOT ALREADY OWNED BY IT, UPON THE PURCHASE BY AXIATA OF ITS OWN SHARES PURSUANT TO THE PROPOSED SHARE BUY-BACK (“PROPOSED EXEMPTION”)**

(COLLECTIVELY THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of Axiata (“**Board**”), CIMB Investment Bank Berhad (“**CIMB**”) is pleased to announce that Axiata proposes to seek from its shareholders, at its forthcoming annual general meeting (“**AGM**”), the authority to purchase its own shares of up to 10% of its issued and paid-up share capital at any time during the Authority Period (as defined below).

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Buy-Back

2.1.1 Axiata proposes to seek from its shareholders the authority for the Proposed Share Buy-Back, which will be subject to compliance with Section 67A of the Companies Act, 1965 (“**Act**”), Axiata's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) and any other prevailing laws and rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

2.1.2 The authority for the Proposed Share Buy-Back, if granted by Axiata's shareholders, shall be effective upon the passing of the ordinary resolution at Axiata's forthcoming AGM until:

- (i) the conclusion of the next AGM; or
- (ii) the expiry of the period within which the next AGM is required by law to be held,

unless earlier revoked or varied by an ordinary resolution passed by Axiata's shareholders in a general meeting, whichever is the earlier (“**Authority Period**”).

- 2.1.3 For illustrative purposes, based on Axiata's issued and paid-up share capital as at 25 March 2011 comprising 8,445,154,455 ordinary shares of RM1.00 each ("**Axiata Shares**"), the maximum number of Axiata Shares that can be purchased pursuant to the Proposed Share Buy-Back is 844,515,445 Axiata Shares.

Nonetheless, Axiata has granted options under its existing employee share option scheme ("**ESOS Options**"), which are exercisable into Axiata Shares. Hence, the maximum number of Axiata Shares that Axiata can purchase may change if Axiata's issued and paid-up share capital increases as a result of grantees exercising the ESOS Options.

The Proposed Share Buy-Back will allow Axiata's Board to exercise its power to purchase Axiata Shares at any time during the Authority Period. However, having this authority does not imply that Axiata's Board is obliged to exercise the same.

It is Axiata's intention to use its internally generated funds to finance the purchase of its own shares, the purchase of which will depend on, amongst others, the availability of funds, Axiata's internal estimation of the fair value of Axiata Shares as well as market conditions and sentiments.

Notwithstanding the above, the maximum amount of funds to be used for the purchase of Axiata Shares pursuant to the Proposed Share Buy-Back will not exceed the aggregate of Axiata's retained earnings and share premium account. Based on Axiata's latest audited financial statements as at 31 December 2010, the retained earnings and share premium accounts were RM5,718.3 million and RM1,973.0 million respectively.

- 2.1.5 In accordance with Section 67A of the Act, Axiata's Board may, at its discretion, deal with the purchased Axiata Shares in the following manner:

- (i) cancel the Axiata Shares so purchased; and/or
- (ii) retain the Axiata Shares so purchased as treasury shares, which may subsequently be cancelled and/or distributed as share dividends to Axiata's shareholders and/or resold on Bursa Securities in accordance with the Listing Requirements,

or in any other manner as may be prescribed by the prevailing laws and rules, regulations, orders, guidelines and requirements issued by the relevant authorities at that time.

2.2 Proposed Exemption

As at 25 March 2011, Khazanah holds approximately 41.3% equity interest in Axiata. Future purchases by Axiata of its own shares pursuant to the Proposed Share Buy-Back may cause Khazanah's shareholdings in Axiata to increase by more than 2% in any 6-month period. As a result, Khazanah would trigger an obligation to undertake a mandatory take-over offer on the remaining voting shares in Axiata pursuant to Part III of the Code.

In this regard, Khazanah intends to submit an application to the Securities Commission (“SC”) to seek an exemption under Paragraph 24 of Practice Note 9 of the Code. Pursuant to the Code, the SC may consider granting the Proposed Exemption if the approval of Axiata’s non-interested shareholders is obtained. Accordingly, Axiata proposes to table the Proposed Exemption together with the Proposed Share Buy-Back at its forthcoming AGM.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Buy-Back

The authority for the Proposed Share Buy-Back is sought so as to provide Axiata with additional flexibility in respect of its capital management initiatives, whereby it has the option, if so implemented, to use any surplus funds in an efficient manner to purchase Axiata Shares from the open market. The Proposed Share Buy-Back, if implemented, may also assist in stabilising the supply and demand as well as market price of Axiata Shares.

Further, the purchase by Axiata of its own shares is expected to result in an improvement to Axiata’s consolidated earnings per share (“EPS”) (given the decreased share base used for the computation of the same), which in turn would benefit Axiata and its shareholders. Alternatively, any purchased Axiata Shares which are retained as treasury shares may be resold on Bursa Securities at a potentially higher price and/or distributed as share dividends to shareholders.

3.2 Proposed Exemption

The Proposed Exemption, if approved by Axiata’s shareholders and the SC, will allow Axiata to purchase its own shares pursuant to the Proposed Share Buy-Back without causing Khazanah to trigger a mandatory take-over obligation under Part III of the Code, which is not the objective of the Proposed Share Buy-Back.

4. EFFECTS OF THE PROPOSALS

The Proposed Exemption will not have any effect on Axiata’s share capital, EPS, net assets (“NA”) and NA per share, working capital and substantial shareholders’ shareholdings in Axiata.

4.1 Share capital

The Proposed Share Buy-Back will not have any effect on Axiata’s issued and paid-up share capital unless the Axiata Shares purchased are cancelled.

For illustrative purposes, based on Axiata’s issued and paid-up share capital as at 25 March 2011 and assuming Axiata purchases the maximum permissible number of Axiata Shares pursuant to the Proposed Share Buy-Back (“**Maximum Purchase**”), Axiata’s issued and paid-up share capital would decrease from RM8,445.2 million to RM7,600.6 million.

4.2 EPS

The effects of the Proposed Share Buy-Back on Axiata's consolidated earnings and EPS would depend on various factors including the number of Axiata Shares purchased as well as any income foregone in connection with funding such purchases. Nonetheless, as highlighted in Section 3.1 above, the purchase of Axiata Shares would result in a lower number of shares being taken into account for purposes of EPS computation, which is expected to improve Axiata's consolidated EPS.

4.3 NA and NA per share

Pursuant to the Proposed Share Buy-Back, Axiata's consolidated NA would decrease by the purchase value of Axiata Shares upon purchase.

Axiata's consolidated NA would increase by the sale value of Axiata Shares upon resale, whereby Axiata would recognise a net increase if the resale value is higher than the purchase value and a net decrease if the resale value is lower than the purchase value. If the treasury shares are subsequently cancelled and/or distributed as share dividends, there will be no additional effect on Axiata's consolidated NA.

Further, Axiata's consolidated NA per share would increase if the purchase price of Axiata Shares is less than the NA per share at the time of purchase, and decrease if the purchase price of Axiata Shares is more than the NA per share at the time of purchase. The converse effect would also apply if the treasury shares are subsequently resold.

4.4 Working capital

The Proposed Share Buy-Back is not expected to have a material effect to the Axiata group of companies' ("Axiata Group") working capital in view that Axiata will only purchase its own shares if it has surplus funds, after taking into consideration the capital expenditure and working capital requirements of the Axiata Group.

4.5 Substantial shareholders' shareholdings

Based on Axiata's Register of Substantial Shareholders and issued and paid-up share capital as at 25 March 2011, the proforma effects of the Proposed Share Buy-Back (assuming Maximum Purchase) on Axiata's substantial shareholders' shareholdings in Axiata are as follows:

	-----As at 25 March 2011-----				After Maximum Purchase pursuant to -----the Proposed Share Buy-Back-----			
	-----Direct-----		-----Indirect-----		-----Direct-----		-----Indirect-----	
	No. of shares held (million)	%	No. of shares held (million)	%	No. of shares held (million)	%	No. of shares held (million)	%
Khazanah	3,484.7	41.3	-	-	3,484.7	45.8	-	-
Employees Provident Fund Board	1,226.8	14.5	-	-	1,226.8	16.1	-	-
Amanah Raya Trustees Berhad - Skim Amanah Saham Bumiputera	576.8	6.8	-	-	576.8	7.6	-	-

5. APPROVALS REQUIRED

The authority for the Proposed Share Buy-Back is subject to the approval of Axiata's shareholders at its forthcoming AGM.

The Proposed Exemption is subject to the approval of the SC and the approval of Axiata's non-interested shareholders by way of a poll (as prescribed under the Code) at its forthcoming AGM.

The Proposed Share Buy-Back and Proposed Exemption are inter-conditional. In the event approval for the Proposed Exemption is not granted, Axiata will not proceed with the Proposed Share Buy-Back.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of Axiata's Directors and major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposals.

6.1 Proposed Share Buy-Back

Save for the proportionate increase in the percentage shareholdings and/or voting rights in Axiata as a consequence of the implementation of the Proposed Share Buy-Back, none of Axiata's Directors and major shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Share Buy-Back or future resale of treasury shares (if any).

6.2 Proposed Exemption

Khazanah, being a major shareholder of Axiata, is deemed interested in the Proposed Exemption.

Axiata's Directors, Tan Sri Dato' Azman Hj Mokhtar (who is also the Managing Director of Khazanah) and Dr. Farid Mohamed Sani (collectively referred to as the "**Representative Directors**"), are Khazanah's representatives on Axiata's Board and accordingly, have abstained and will continue to abstain from deliberating and voting on the Proposed Exemption at Axiata's relevant Board meetings.

Khazanah and the Representative Directors will abstain from voting in respect of their direct and/or indirect shareholdings in Axiata (if any) on the resolution pertaining to the Proposed Exemption to be tabled at Axiata's forthcoming AGM and have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in Axiata (if any) on the resolution pertaining to the Proposed Exemption to be tabled at Axiata's forthcoming AGM.

Khazanah's direct and indirect shareholding in Axiata as at 25 March 2011 is set out in Section 4.5 above. As at 25 March 2011, none of the Representative Directors has any direct or indirect shareholding in Axiata.

7. DIRECTORS' STATEMENT

The Directors of Axiata (other than the Representative Directors who have abstained from deliberation and voting in respect of the Proposed Exemption), having considered all aspects, are of the opinion that the Proposals are in the best interest of Axiata.

8. ADVISERS

CIMB has been appointed by Axiata as the Adviser for the Proposed Share Buy-Back.

An Independent Adviser for the Proposed Exemption will be appointed in due course, subject to the approval of the SC.

This announcement is dated 11 April 2011.