

## **AXIATA GROUP BERHAD (“AXIATA”) PROPOSED INVESTMENTS BY SMART AXIATA CO., LTD**

*(Unless otherwise stated, the exchange rate of United States Dollar (“USD”) 1.00: Ringgit Malaysia (“RM”)4.23 being the middle rate prevailing as at 12.00 noon on 9 October 2017 as published by Bank Negara Malaysia, has been applied in this announcement for illustration purposes)*

### **1.0 INTRODUCTION**

We are pleased to announce that Smart Axiata Co., Ltd (“**Smart**”), an 82.5% subsidiary of Axiata held via Axiata (Cambodia) Holdings Limited (*formerly known as Glasswool Holdings Limited*), had, on 9 October 2017, entered into the following agreements in relation to its proposed investments in Sabay Digital Plus Co., Ltd (“**SDP**”):-

- i) Convertible Loan Agreement (“**CLA**”) with SDP under which Smart will make available a loan facility of USD1.5 million (“**Facility**”) to SDP which is convertible to ordinary shares in SDP (“**SDP Shares**”); and
- ii) Call Option Agreement (“**COA**”) with SDP and Sabay Digital Group Pte. Ltd. (“**SDG**”) for the acquisition of additional SDP Shares from SDG as follows:-
  - a) Such number of SDP Shares (“**Top Up Shares**”) resulting with the aggregate number of SDP Shares held by Smart is equivalent to 30% of the issued and paid-up capital of SDP; and
  - b) All or part of the remaining issued and paid-up capital of SDP (“**Balance Shares**”) from SDG at a price to be agreed by the parties.

hereinafter referred to as (“**Proposed Investments in SDP**”).

### **2.0 INFORMATION ON SMART, SDP AND SDG**

#### **2.1 Smart**

Smart (Registration No. Inv. 1395E/2008) is a private limited company incorporated in Cambodia on 9 September 2008. Smart engaged primarily in the establishment, operation, expansion and development of wireless telecommunication systems and services including transmission network and other services based on wireless telecommunication technology. The issued and paid-up share capital of Smart is USD76,500,000.00 consisting of 76,500 ordinary shares of USD1,000.00 each. Smart is the first mobile operator in Cambodia to provide full 4G services covering all 25 provinces of the country and its extensive nationwide network coverage now covers more than 98% of the Cambodian population, serving over 8 million subscribers. For the financial year ended 31 December 2016, Smart reported a revenue of RM1,088.8 million and net profit of RM278.4 million.

#### **2.2 SDG**

SDG (Company Registration No. 201409951K) is a private company limited incorporated under the laws of Singapore on 4 April 2014. The principal activity of SDG is investment holding. The issued and paid-up capital of SDG is SGD874.00 comprising 874 ordinary shares of SGD1.00 each.

#### **2.3 SDP**

SDP (Company Registration No. 00026913) is a private limited liability company incorporated under the laws of Cambodia on 26 July 2017. The principal activity of SDP is the provision of digital advertising services. The issued and paid-up capital of SDP is USD5,000.00 comprising 5,000 shares of USD1.00 each.

### **3.0 SALIENT TERMS OF THE PROPOSED INVESTMENTS IN SDP**

Under the terms of the CLA, the Facility will be provided based on utilisation requests supported by Business Plan and convertible to SDP Shares at conversion price of 2.5x Enterprise Value//Revenue of SDP after 12 months from the effective date of CLA. The entire amount drawn-down has to be repaid in a case of default or material breach.

The option for the Top Up Shares may be exercised prior to expiration of 15 months from the date of the first disbursement of the Facility and for the Balance Shares, on the 4th anniversary of the effective date of the COA.

The Top Up and Balance Shares shall be acquired free from any encumbrances, pre-emptive rights, options or third party rights.

### **4.0 RATIONALE**

The Proposed Investments in SDP is aligned with Axiata's digital services strategy and Smart's Strategy Framework 2017 where digital services and content are key focus. Combining Smart's data leadership with SDP's compelling portfolio such as its news portal and Video on Demand (VoD)/Over the Top (OTT) services will enable Smart to play a central role in the emerging digital content and online video value chain in Cambodia.

### **5.0 SOURCES OF FUNDS**

The Proposed Investments in SDP will be funded through internally generated funds.

### **6.0 FINANCIAL EFFECTS**

The Proposed Investments in SDP will not have any impact on the issued and paid-up share capital of Axiata and will not have any material impact on the earnings, gearing and net assets of the Axiata Group for the financial year ending 31 December 2017.

### **7.0 APPROVAL OF SHAREHOLDERS**

The Proposed Investments in SDP is not subject to the approval of the shareholders of Axiata.

### **8.0 DIRECTORS' AND MAJOR/SUBSTANTIAL SHAREHOLDERS' INTEREST**

None of the Directors and major shareholders of Axiata and/or persons connected to them have any interest direct and/or indirect in the Proposed Investments in SDP.

This announcement is dated 9 October 2017.