

AXIATA GROUP BERHAD (“AXIATA” OR “COMPANY”)

- (I) PROPOSED ACQUISITION BY AXIATA INVESTMENTS (INDONESIA) SDN BHD (“AII”) AND PT XL AXIATA TBK (“XL”) OF 1,816,735,484 ORDINARY SHARES IN PT LINK NET TBK (“LINK NET”) (“LINK NET SHARES”), REPRESENTING APPROXIMATELY 66.03% EQUITY INTEREST IN LINK NET FOR A TOTAL CASH CONSIDERATION OF INDONESIAN RUPIAH (“IDR”) 8,720,330,323,200 (EQUIVALENT TO APPROXIMATELY RM2,546,336,454) (“PROPOSED ACQUISITION”); AND
- (II) PROPOSED MANDATORY TENDER OFFER (“MTO”) BY AII TO ACQUIRE ALL THE REMAINING LINK NET SHARES NOT OWNED BY AII AND XL AFTER THE PROPOSED ACQUISITION (“OFFER SHARES”) (“PROPOSED MTO”)

(COLLECTIVELY REFERRED TO AS “PROPOSALS”)

(Unless otherwise stated, the exchange rate of IDR100.00 : RM0.0292, being the middle rate prevailing at 5.00 p.m. on 26 January 2022 as published by Bank Negara Malaysia (“BNM”), has been applied in this Announcement for illustration purposes)

1. INTRODUCTION

On 30 July 2021, the Company announced that Axiata and XL, an indirect 61.48% owned subsidiary of Axiata, had on even date entered into a non-binding term sheet with Asia Link Dewa Pte. Ltd. (“ALD”) and PT First Media Tbk (“FM”) (collectively, “Sellers”) to facilitate discussions and negotiations for a potential acquisition of 1,816,735,484 Link Net Shares (“Sale Shares”) representing approximately 66.03% equity interest in Link Net, a company listed on the Indonesian Stock Exchange (“IDX”) (“Initial Announcement”). Pursuant to the terms of the non-binding term sheet, each of Axiata and XL, may at their sole and absolute discretion, designate any of their respective affiliates to be the entity that holds the Sale Shares.

On behalf of the Board of Directors of Axiata (“Board”), Maybank Investment Bank Berhad (“Maybank IB”) wishes to announce that AII, an indirect wholly-owned subsidiary of Axiata, and XL (collectively referred to as “Purchasers”) have on 27 January 2022 entered into a conditional share purchase agreement (“SPA”) with the Sellers in relation to the Proposed Acquisition.

Upon completion of the Proposed Acquisition, the aggregate shareholding of the Purchasers in Link Net will increase from nil to 66.03% resulting in a change of control of Link Net, following which AII will be obligated to undertake the Proposed MTO pursuant to OJK Regulation No. 9/POJK.04/2018 on Public Company Takeover issued by the Indonesian Financial Services Authority (Otoritas Jasa Keuangan (“OJK”)) (“MTO Rules”).

2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed Acquisition

The Proposed Acquisition entails the acquisition by the Purchasers of the Sale Shares for a total cash consideration of IDR8,720,330,323,200 (equivalent to approximately RM2,546,336,454) (“Purchase Consideration”) or IDR4,800 per Sale Share (equivalent to approximately RM1.40 per Sale Share).

All and XL shall acquire 46.03% and 20.00% respectively from the combined stake of ALD and FM in Link Net, representing 66.03% of total outstanding Link Net Shares. The number and proportion of Sale Shares held by each of the Sellers ("**Sale Percentage**") and the breakdown of the number of Sale Shares to be sold by the Sellers and to be acquired by the Purchasers, respectively, together with the breakdown of the Purchase Consideration to be satisfied by each of Purchasers are as follows:

Seller	Number of Sale Shares held by the Sellers	Percentage of total outstanding Link Net Shares (%) [^]	Sale Percentage (%)	Number of Sale Shares to be acquired by the Purchasers	
				All	XL
ALD	1,017,766,198	36.99	56.02	709,469,681	308,296,517
FM	798,969,286	29.04	43.98	556,949,607	242,019,679
	1,816,735,484	66.03	100.00	1,266,419,288	550,316,196

Percentage of total outstanding Link Net Shares	(%)[^]	46.03	20.00
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Purchase Consideration to be satisfied by the Purchasers	(IDR million)	6,078,813	2,641,518
	(RM million)	1,775	771

Note:

[^] Computed based on the issued and paid-up Link Net Shares (excluding 111,614,500 treasury shares ("**Link Net Treasury Shares**") of 2,751,580,984 as at 17 January 2022, being the latest practicable date prior to this Announcement ("**LPD**").

The salient terms of the SPA are set out in **Appendix I** of this Announcement.

2.1.1 Background information on Link Net

Link Net was incorporated in Indonesia on 14 March 1996 under the name of PT Seruling Indah Permai as a private limited company. It then changed its name to PT Link Net Tbk and commenced its commercial operations in 2000. Link Net was listed on the IDX on 2 June 2014. As at the LPD, Link Net has three (3) subsidiaries, namely PT First Media Television ("**FMTV**"), PT Infra Solusi Indonesia ("**ISOL**") and Link Net Global Solution Pte. Ltd. ("**LNGS**").

Link Net and its subsidiaries ("**Link Net Group**") are engaged in telecommunication activities by cable, telecommunication operations, internet service providers, communication system services, network access point services, other multimedia services, wireless telecommunication activities, satellite telecommunication activities, telephony value added services, internet telephony services for public, management consultancy activities, call centre activities, wholesale on a fee or contract basis, wholesale of computer and computer equipment, wholesale of software, wholesale of telecommunication equipment, wholesale of various goods, telecommunication installation, other computer programming activities, computer consultancy activities and other computer facilities management, other computer service and information technology activities.

The Link Net Group is among the leading providers of high-speed broadband and cable TV in Indonesia, serving the residential and enterprise markets across Greater Jakarta, Greater Surabaya and Bandung, Bali, Serang, Cilegon, Semarang, Solo, Medan, Batam, Purwakarta, Cirebon, Tegal, Yogyakarta and Kediri.

As at the LPD, Link Net has an issued and paid-up share capital of IDR286,319,548,400 comprising 2,863,195,484 issued and paid-up shares with a nominal value of IDR100 each.

As at the LPD, the commissioners of Link Net are as follows:

Name	Nationality	Designation
Jonathan Limbong Parapak	Indonesian	President Commissioner (Independent)
Alexander S. Rusli	Indonesian	Independent Commissioner
Sigit Prasetya	Singaporean	Commissioner
Suvir Varma	Singaporean	Commissioner
Edward Daniel Horowitz	American	Commissioner

As at the LPD, the directors of Link Net are as follows:

Name	Nationality	Designation
Marlo Budiman	Indonesian	President Director
Henry Jani Liando	Indonesian	Director
Andy Nugroho Purwohardono	Indonesian	Director
Wonbae Lee	Korean	Director
Victor Indajang	Indonesian	Director

As at the LPD, none of the commissioners and directors of Link Net has any direct or indirect shareholdings in Link Net.

As at the LPD, the substantial shareholders of Link Net and their respective direct shareholdings in Link Net are as follows:

	Country of Incorporation	No. of Link Net Shares	%[^]
ALD	Singapore	1,017,766,198	36.99
FM	Indonesia	798,969,286	29.04
		1,816,735,484	66.03

Note:

[^] Computed based on the issued and paid-up Link Net Shares (excluding Link Net Treasury Shares) of 2,751,580,984 as at the LPD.

In terms of the reported financials for the financial period ended (“**FPE**”) 30 September 2021 compared to the FPE 30 September 2020, Link Net’s revenue rose 9.8% to IDR 3,242 billion (equivalent to RM947 million) while earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) grew by 14.4% to IDR1,872 billion (equivalent to RM547 million) and PATAMI dropped by 1.7% to IDR687 billion (equivalent to RM201 million). With a staff strength of 882 permanent employees as of 30 September 2021, Link Net has secured numerous industry accolades in 2020 which include the Indonesia Customer Experience Award for Fixed Internet Broadband & Pay-TV, the Indonesia Content Marketing Awards, Service Quality Award, Indonesia WOW Brand Award and The Best Contact Centre Indonesia Award.

Further information on Link Net is set out in **Appendix II** of this Announcement.

2.1.2 Details of the Sellers

2.1.2.1 ALD

ALD was incorporated as a private company limited by shares in Singapore under the Accounting and Corporate Regulatory Authority of Singapore on 5 April 2011 and has been operating for approximately 11 years. ALD is a holding company primarily investing in Link Net's business operations and PT First Media Television.

As at the LPD, ALD has an issued and paid-up share capital of IDR1,481,515,370,000 comprising 10,000,000 ordinary shares with a nominal value of IDR10,000 for each ordinary share and 138,151,537 preference shares with a nominal value of IDR10,000 for each preference share.

As at the LPD, the directors of ALD are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Designation</u>
Tan Ting Luen	Malaysian	Director
Sigit Prasetya	Singaporean	Director
Richard Kidarsa	Indonesian	Director
Minki Brian Hong	American	Alternative Director to Sigit Prasetya

As at the LPD, none of the directors of ALD has any direct or indirect shareholding in ALD.

As at the LPD, the substantial shareholders of ALD and their respective direct and indirect shareholdings in ALD are as follows:

	<u>Country of Incorporation</u>	<u>Direct</u>		<u>Indirect</u>	
		<u>No. of ordinary shares</u>	<u>%[^]</u>	<u>No. of ordinary shares</u>	<u>%[^]</u>
Asia Link Company Limited ("ALC")	Cayman Islands	10,000,000	100.00	-	-
Asia Link Holdings Limited ("ALH")	Cayman Islands	-	-	10,000,000 ⁽¹⁾	100.00
CVC Funds ⁽³⁾	Cayman Islands	-	-	10,000,000 ⁽²⁾	100.00

Notes:

[^] Computed based on the issued and paid-up ALD ordinary shares of 10,000,000 as at the LPD.

(1) Deemed interest by virtue of its 97.73% equity interest in ALC.

(2) Deemed interest by virtue of its collective 97.73% equity interest in ALH.

(3) CVC Funds refers to CVC Capital Partners Asia Pacific III L.P., CVC Capital Partners Asia Pacific III Parallel Fund - A L.P. and CVC Strategic Co-Investment I L.P.

The CVC Funds are private equity funds that invest in companies which demonstrate the potential for growth in value. The CVC Funds control a broad portfolio of businesses which operate in a wide range of different sectors. The CVC Funds do not actively carry on any other business activities.

As at the LPD, the substantial preference shareholders of ALD and their respective direct and indirect shareholding in ALD are as follows:

	Country of Incorporation	Direct		Indirect	
		No. of preference shares	% [^]	No. of preference shares	% [^]
ALC	Cayman Islands	138,151,537	100.00	-	-
ALH	Cayman Islands	-	-	138,151,537 ⁽¹⁾	100.00
CVC Funds ⁽³⁾	Cayman Islands	-	-	138,151,537 ⁽²⁾	100.00

Notes:

[^] Computed based on the issued and paid-up ALD preference shares of 138,151,537 as at the LPD.

(1) Deemed interest by virtue of its 99.78% equity interest in ALC.

(2) Deemed interest by virtue of its collective 99.78% equity interest in ALH.

(3) CVC Funds refers to CVC Capital Partners Asia Pacific III L.P., CVC Capital Partners Asia Pacific III Parallel Fund - A L.P. and CVC Strategic Co-Investment I L.P.

The CVC Funds are private equity funds that invest in companies which demonstrate the potential for growth in value. The CVC Funds control a broad portfolio of businesses which operate in a wide range of different sectors. The CVC Funds do not actively carry on any other business activities.

2.1.2.2 FM

FM was incorporated in Indonesia as a private limited company on 6 January 1994 under the name of PT Safira Ananda and later changed its name to PT Tanjung Bangun Semesta in 1995. In 2000, it changed its name to PT Broadband Multimedia. FM was listed on the IDX on 25 February 2000. In 2007, it changed its name to PT First Media Tbk.

FM is principally engaged in integrated telecommunication and multimedia services in Indonesia.

As at the LPD, FM has an issued and paid-up share capital of IDR871,083,953,500 comprising 1,742,167,907 ordinary shares with a nominal value of IDR500 for each ordinary share.

As at the LPD, the commissioners of FM are as follows:

Name	Nationality	Designation
R.Soeparmadi	Indonesian	President Commissioner
Teguh Pudjowigoro	Indonesian	Independent Commissioner
Widjaya Hambali	Indonesian	Independent Commissioner
Lim Benni	Indonesian	Commissioner

As at the LPD, the directors of FM are as follows:

Name	Nationality	Designation
Harianda Noerlan	Indonesian	President Director (Independent)
Hernowo Hadiprodjo	Indonesian	Director
Johannes Tong	Indonesian	Director
Budi Erawanto	Indonesian	Director

As at the LPD, none of the commissioners and directors of FM has any direct or indirect shareholding in FM.

As at the LPD, the substantial shareholders of FM and their respective direct and indirect shareholdings in FM are as follows:

Name	Country of Incorporation	Direct		Indirect	
		No. of ordinary shares	% [^]	No. of ordinary shares	% [^]
PT Trijaya Putra Mulia	Indonesia	691,772,713	39.71	-	-
PT Reksa Puspita Karya	Indonesia	588,167,378	33.76	-	-
PT Ciptadana Capital	Indonesia	342,614,386	19.67	-	-
PT Multipolar Tbk	Indonesia	-	-	⁽¹⁾ 588,167,378	33.76
PT Lenox Pasifik Investama Tbk	Indonesia	-	-	⁽²⁾ 342,614,386	19.67

Notes:

[^] Computed based on the issued and paid-up FM ordinary shares of 1,742,167,907 as at the LPD.

(1) PT Multipolar Tbk is listed on the IDX and holds 100.00% equity interest in PT Reksa Puspita Karya. The controlling shareholder of PT Multipolar Tbk is PT Inti Anugerah Pratama which in turn is controlled by the Riady family who also controls the Lippo group.

(2) PT Lenox Pasifik Investama Tbk is listed on the IDX and is the single largest shareholder of PT Ciptadana Capital with an equity interest of 49.19%. The controlling shareholder of PT Lenox Pasifik Investama Tbk is PT Inti Anugerah Pratama which in turn is controlled by the Riady family who also controls the Lippo group.

2.1.3 Basis of and justification for the Purchase Consideration

The Purchase Consideration per Sale Share of IDR4,800 (equivalent to approximately RM1.40) was arrived at on a willing buyer willing seller basis after taking into consideration the following:

- internal assessment by the management of Axiata based on common valuation methodologies such as enterprise value (“**EV**”) to EBITDA multiples and discounted cash flow (“**DCF**”) valuation method;
- historical closing prices of Link Net Shares for the last two (2) years up to and including 26 January 2022, being the last trading day prior to this Announcement (“**LTD**”), ranging between IDR1,765 and IDR4,600 (equivalent to approximately RM0.52 and RM1.34 respectively);
- audited consolidated net assets (“**NA**”) of Link Net as at 31 December 2020 of IDR4,622,711 million (equivalent to approximately RM1,350 million) or IDR1,615 per Link Net Share (equivalent to approximately RM0.47 per Link Net Share);
- historical financial performance of the Link Net Group as set out in **Appendix II** of this Announcement;
- rationale and benefits of the Proposed Acquisition as set out in Section 3.1 of this Announcement; and
- prospects of the telecommunications industry in Indonesia as set out in Section 4 of this Announcement.

In addition, the Purchase Consideration per Sale Share of IDR4,800 (equivalent to approximately RM1.40) represents a premium to the closing price of Link Net Shares as at the LTD and volume weighted average market price (“**VWAMP**”) of Link Net Shares up to and including the LTD, as follows:

	Market Price / VWAMP		Premium		
	IDR	RM	IDR	RM	%
Closing price of Link Net Shares as at the LTD	4,340	1.27	460	0.13	10.60
VWAMP of Link Net Shares up to and including the LTD:					
5-day	4,352	1.27	448	0.13	10.29
1-month	4,105	1.20	695	0.20	16.93
3-month	4,160	1.21	640	0.19	15.38
6-month	4,171	1.22	629	0.18	15.08
12-month	3,928	1.15	872	0.25	22.20

(Source: Bloomberg)

Having considered the above, the Board believes that the Purchase Consideration is reasonable, premised on the following:

- (a) the Proposed Acquisition is in line with Axiata’s long-term strategy and will reinforce its strategic move into fixed broadband as well as will strengthen the presence of Axiata and its subsidiaries (“**Axiata Group**”) in Indonesia;
- (b) the Purchase Consideration is supported by fundamental analysis of the Link Net Group’s historical financial and operating performance and prospects; and
- (c) the Proposed Acquisition is expected to create potential synergies for Link Net, Axiata and XL.

2.2 Details of the Proposed MTO

Pursuant to the MTO Rules, the obligation to undertake an MTO is triggered upon an acquisition resulting in a change of control of an Indonesian public company. A change of control is generally deemed to occur where (i) more than 50% of the voting rights in the public company are acquired or (ii) if less than 50%, there is an effective change of the ability to determine, directly or indirectly, in any way the management and/or the policy of the public company.

As at the date of the SPA, the Purchasers do not hold any Link Net Shares. Upon completion of the Proposed Acquisition, the Purchasers will collectively hold 1,816,735,484 Link Net Shares which represents approximately 66.03% equity interest in Link Net. Pursuant to the MTO Rules, upon the completion of the transfer of the Sale Shares to All and XL, All will submit an MTO offer statement to OJK, IDX and Link Net pursuant to which All will undertake the Proposed MTO.

2.2.1 MTO Offer Price

Based on the MTO Rules, the offer price for the Proposed MTO (“**MTO Offer Price**”) will be the higher of (i) the average of the highest daily trading price in the last 90 days (“**90-day Average Trading Price**”) prior to the Initial Announcement; or (ii) the Purchase Consideration per Sale Share. As the commencement of the MTO did not take place within six (6) months from the Initial Announcement, the 90-day Average Trading Price will be based on a date which is six (6) months prior to the commencement date of the Proposed MTO.

For illustrative purposes only, assuming the commencement date of the Proposed MTO is 21 June 2022, the 90-day Average Trading Price prior to 21 December 2021 (being a date which is six (6) months prior to the commencement date of the Proposed MTO) is IDR4,153 per Link Net Share (equivalent to approximately RM1.21 per Link Net Share).

Based on the foregoing and for illustrative purposes only, the illustrative MTO Offer Price will be IDR4,800 per Offer Share (equivalent to approximately RM1.40 per Offer Share), being the Purchase Consideration per Sale Share. As such, All will be required to pay a total cash consideration of IDR4,487,258,400,000 (equivalent to approximately RM1,310,279,453) assuming All receives full acceptances from the holders of 934,845,500 Offer Shares under the Proposed MTO and assuming the Link Net Treasury Shares are not resold (“**MTO Offer Consideration**”).

2.2.2 Conditions of the Proposed MTO

The Proposed MTO will not be conditional upon any minimum level of valid acceptances of the Offer Shares as the Purchasers will hold more than 50% of the voting shares in Link Net upon completion of the Proposed Acquisition.

2.2.3 Listing status of Link Net

All intends to maintain the listing status of Link Net on the IDX.

Pursuant to the MTO Rules, in the event All receives valid acceptance under the Proposed MTO resulting in All holding more than 80% of the issued and paid-up Link Net Shares, All will divest the required number of Link Net Shares within two (2) years of the completion of the Proposed MTO so that at least 20% of the issued and paid-up Link Net Shares will be owned by the public shareholders (“**Sell Down Requirement**”). If All cannot fulfil the Sell Down Requirement, OJK may give sanction to All, in the form of a written warning or administrative sanction. To mitigate the failure to comply with the Sell Down Requirement, Link Net may take certain corporate actions so that the public may own 20% of the paid up capital.

In order to maintain the listing status of Link Net on the IDX, according to IDX Regulation No. I-A, as attached to the Decision of Board of Directors of IDX No. Kep-00101/BEI/12-2021 dated 21 December 2021, on Listing of Shares and Equity-Linked Securities other than Shares issued by a Listed Company, Link Net shall fulfill the following requirements:

- (i) maintaining a minimum of 50 million free float shares and a minimum of 7.5% of listed shares; and
- (ii) maintaining a minimum of 300 shareholders who own a single identity number (*Nomor Tunggal Identitas Pemodal*) issued by PT Kustodian Sentral Efek Indonesia.

2.3 Source of funding

The Proposals will be funded via a combination of internally generated funds and/or bank borrowings, the proportions of which will be determined at a later date after taking into consideration, among others, the internal cash requirements, gearing levels, interest cost and market conditions.

2.4 Liabilities to be assumed

Save for the liabilities of the Link Net Group which will be consolidated as a consequence of Link Net becoming a subsidiary of Axiata following the completion of the Proposed Acquisition, the Company will not assume any liabilities, including contingent liabilities and guarantees, pursuant to the Proposals.

As the Link Net Group is already in operations, there are no additional financial commitments required by Axiata in putting the business of Link Net on-stream.

3. RATIONALE AND BENEFITS OF THE PROPOSALS

3.1 Proposed Acquisition

3.1.1 Leading provider of broadband service in Indonesia

Link Net is among the leading providers of high-speed broadband and cable TV in Indonesia, reaching 2.8 million homes across 23 cities with a subscriber base of approximately 860,000. Based on independent market research, Indonesia is one of the most attractive fixed broadband markets globally, significantly underpenetrated at 13.4% in terms of household penetration. It is also one of the fastest growing broadband markets in the world with fixed connections poised for significant expansion at a compound annual growth rate (“**CAGR**”) of approximately 14.4%. Furthermore, household penetration is expected to increase to 27.5% by 2026, driven by a growing addressable market, escalating data use and the robust growth in Indonesia’s disposable income per capita.

Supported by approximately 17,000 kilometres of fibre optic backbone, Link Net provides its network and services to both its residential and enterprise customers.

3.1.2 Strengthening market position

The Proposed Acquisition will reinforce Axiata’s strategic move into the underpenetrated fixed broadband and fuels its expansion in Indonesia, paving the way towards offering converged service propositions bundled with the existing mobile offerings for retail consumers of XL and jointly expand into the enterprise segment.

3.1.3 Deriving significant value creation and synergy realisation

The Proposed Acquisition is expected to 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 with Link Net’s business. As Link Net’s fixed broadband business complements XL’s mobile business, the Proposed Acquisition will enable these two (2) companies to enhance their services via a fixed-mobile converged proposition. It reinforces Axiata’s strategic move into the fixed broadband market, generating significant synergies between XL and Link Net through sharing of backbone and transmission networks, as well as cross-selling of various services to their respective customers.

The Proposed Acquisition is also critical to cementing Axiata’s position as a leading telecommunications group in the region. Indonesia has one of the fastest growing populations in the region and the projected increase in number of households, along with strong growth in Indonesia’s disposable income per capita, is expected to drive rapid growth in the fixed broadband market going forward

3.1.4 Capturing enterprise market in Indonesia

Link Net is also among the leading players in Indonesia's enterprise market under the "DataComm" brand and sells advertising time on its pay-TV offering. Serving more than 2,500 customers, its enterprise portfolio includes government, financial services, and large multinational corporate institutions, as well as digital businesses, in addition to the retail and hospitality sectors. Further, Link Net's network bolsters its position to cater for future data growth. These upsides coupled with XL's enterprise offerings including mobile connections are expected to enhance Link Net's prospects to capitalise on the growing enterprise market.

3.1.5 Access to strong performing company, strong cash flow and dividend payouts

Post the Proposed Acquisition, the Axiata Group will benefit from the Link Net Group's strong cash flow profile and consistent dividend payouts as well as entrench its position as one of the leading digital players in the region, with increased exposure to high average revenue per user customers and the higher potential and faster growing fixed broadband market.

3.2 Proposed MTO

The Proposed MTO will be undertaken after the completion of the Proposed Acquisition as it is an obligation under the MTO Rules.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Indonesian economy

Indonesia's economic outlook remains positive at the start of the Covid-19 recovery period. Indonesia's economy grew strongly at a CAGR of 8.5% from 2016 to 2019, supported by its large domestic market. Despite the economic fallout from Covid-19 in 2020, gross domestic product (GDP) is forecast to revert to strong growth at a CAGR of approximately 8.2% from 2020 to 2026. While Indonesia inflation declined in recent years due to government policy intervention, it is expected to rebound to approximately 3.0% to 3.3% in the coming years due to increase in global commodity prices. Foreign direct investments and exports have seen strong gains as a result of relaxation of rules on foreign investments, foreign ownership requirements and export of certain semi processed products.

These, along with Indonesia's recently passed Law No. 11 of 2020 ("**Omnibus Law**"), which set in place measures to streamline regulations over the economy, should drive further economic growth. On 25 November 2021, the Constitution Court of Indonesia ruled there were procedural flaws in the formation of the Omnibus Law and ordered the Government of Indonesia to remedy this within 2 years. In response, the Government of Indonesia had assured that the business climate in Indonesia would not change as it makes preparations to carry out the court's directives. Indonesia's political climate is also expected to remain stable following the last election which occurred in April 2019 with the next presidential election expected by 2024.

Indonesia is one of the world's most populous nations with a population of 275 million in 2020. Going forward, the population is expected to continue growing, which could increase the addressable market for connectivity services. Expected gradual increase in the number of households, along with strong growth in Indonesia's disposable income, is expected to drive growth in the fixed broadband market. Gradual growth in total number of households from current base of 76 million (in 2020) at a CAGR of approximately 1.3% from 2020 to 2026 will continue to expand the addressable market for residential broadband. Strong growth in median disposable income per household at a CAGR of approximately 7.0% from 2020 to 2026 will help to drive broadband affordability for households.

(Source: Independent market study report on Indonesia's telecommunications market prepared by Analysys Mason Pte. Limited ("IMR Report"))

4.2 Overview of Indonesia's telecommunications industry

In Indonesia, demand for broadband is currently met by fixed line, fixed-wireless and mobile networks. While mobile network coverage is ubiquitous, fixed coverage is lower at 42% of total households in 2020, with most coverage concentrated in urban areas.

The residential fixed broadband market has expanded rapidly supported by the deployment of network infrastructure by fixed line operators, reaching 10.1 million residential fixed broadband subscribers in 2020. Fixed broadband household connections grew at a CAGR of 27.2% from 2016 to 2020 however, penetration remains low at 13.4% as fixed line network roll-out by operators has largely been in bigger cities due to favourable economics (e.g. population density and higher incomes).

There are multiple technologies used for residential fixed broadband. Based on the assessment of viable high-speed broadband ("**HSBB**") technologies, fibre-to-the-premise ("**FTTP**") and cable (data over cable service interface specifications) are the most viable HSBB technology. Key considerations when choosing technology for deployment would include, capex requirement, coverage, headline speed and data allowance.

The residential fixed broadband market in Indonesia is served by a variety of players. Telkom, the incumbent operator, has the broadest network coverage and the highest number of subscribers. Link Net is the second largest player in the market in terms of network coverage and subscribers. Aside, from the two (2) largest players, several smaller players exist in the market such as MNC Play, Biznet, MyRepublic and XL.

The deployment of fixed-line broadband can be challenging. Fixed broadband operators looking to expand network coverage need to manage three (3) main stakeholders which include property developers, local community organisations or lenders and local governments to obtain the required right-of-way permits. It is not uncommon for residential developments to have only one (1) or two (2) operators in each development. This favours incumbents as operators will need to maintain relationships to gain access to future developments.

The recent regulatory changes brought in by the Omnibus Law mean that the telecoms market is opening up to foreign capital ownership, which could spur further investment in the broadband market in Indonesia.

5G is the next generation of mobile and wireless broadband technology. It will bring in new innovations paving the way for new business opportunities for enterprise services as well as high-speed broadband services via 5G fixed wireless access ("**FWA**").

In the short term, spectrum availability in Indonesia is a constrain for mobile network operators' ("MNO") 5G launch plans. The wider success of 5G deployment will depend on new spectrum being allocated – MNOs in Indonesia are already spectrum constrained, with some having announced plans to re-farm existing 2G/3G spectrum for 4G and 5G. Two (2) MNOs have already launched 5G but capacity is expected to be limited since spectrum is used for 4G and 5G. The timing of new 5G spectrum release in Indonesia is uncertain and the earliest potential would be in 2022. Once 5G spectrum is available, MNOs can use this spectrum for 5G mobile broadband, enterprise services and 5G FWA. 5G is likely to be a complement to fixed-line networks, and fill coverage gaps especially in more rural areas where fixed-line deployments are challenging. 5G is not expected to be a viable substitute for existing fibre broadband services. In fact, MNOs are expected to deploy more fibre or work with existing fixed-line operators for 5G backhaul.

Take up of residential fixed broadband is forecasted to remain strong due to favourable market conditions and a growing addressable market. In particular, the ongoing Covid-19 pandemic has highlighted the importance of fixed broadband. Work-from-home arrangements could persist after the pandemic which will drive take-up of fixed broadband services. Overall, residential fixed broadband connections are expected to grow strongly at a CAGR of approximately 14.4% through to 2026, to an estimated 22.7 million connections (27.5% household penetration).

Strong growth in data usage on residential fixed broadband networks is expected as consumers continue to spend a great deal of time online, using data-intensive applications. The average data consumption per connection on fixed broadband networks in Indonesia has grown at a CAGR of 44.4% from 2016 to 2020, and is expected to continue increasing at a CAGR of approximately 27.9% from 2020 to 2026. Key drivers of data consumption on residential fixed broadband networks in Indonesia includes social media, media and gaming and e-commerce.

Residential fixed broadband average spend per user ("ASPU") is expected to show a mild decline due to the dilution caused by new subscribers taking up lower-value packages and enjoying promotions in competitive areas. As affluent neighbourhoods become saturated, new rollout will likely move to neighbourhoods with lower average incomes. More neighbourhoods are likely to see new competitors challenging Telkom's market position – it is understood that players have been offering discounts to entice customer sign ups. The resultant revenue growth in the residential fixed broadband market is expected to be strong at a CAGR of 12.8% between 2020 and 2026, as the expected increase in subscribers offsets the mild decline in ASPU.

(Source: IMR Report)

4.3 Overview of Indonesia's pay-TV industry

In Indonesia, pay-TV penetration is fairly low, at 11.4% in 2020. The relatively low penetration may be attributable to a variety of factors, including the popularity of free-to-air TV, a significant amount of piracy (offline and online), and the increased prominence of over-the-top ("OTT") media. However, penetration has been growing, primarily on the back of aggressive FTTP expansion and bundling of broadband with pay-TV packages.

The volume of pay-TV connections increased over the period 2016 to 2020. Internet protocol TV ("IPTV") is now the most common technology for pay-TV, driven by the bundling of broadband and IPTV packages by Telkom. Growth in IPTV connections have offset declines in satellite subscriptions by MNC Vision and other players which have since ceased operations. Cable TV subscriptions have also grown due to the increasing take-up of cable broadband and TV bundles.

Modest take-up of pay-TV is expected in the future, driven by increasing fixed broadband penetration and continued bundling of pay-TV with fixed broadband by multiple players in the market. Notably, the rise of OTT will have a negative impact on the take-up of pay-TV in Indonesia.

OTT platforms with strong intellectual property are rapidly growing, eroding value of pay-TV content in a bundle. OTT providers include Disney+ Hotstar, Viu, Vidio, Netflix and HBO Go. Many of the top foreign content is now available on OTT platforms, having been accessible only through (selected) pay-TV providers previously. OTT provider's local content acquisition and production strategy has further enhanced their appeal to local consumers. However, OTT platforms generally offer niche content and not a full portfolio.

Pay-TV ASPU remained largely stable between 2016 and 2020. However, in the future, ASPU is expected to drop as bundling discounts become more common and subscribers take up or switch to lower-cost packages. Revenue growth in the pay-TV market in Indonesia, is thus expected to be mild at a CAGR of approximately 2.0% as modest growth in pay-TV connections is partially offset by declining ASPU.

(Source: IMR Report)

4.4 Prospects of the Axiata Group post the Proposals

After the completion of the Proposals, the Axiata Group's position in Indonesia will be further reinforced, as Link Net's fixed broadband business complements XL's mobile business, and for these two (2) companies to enhance their services via fixed-mobile converged proposition for consumer and enterprise customers.

Premised on the prospects of the Link Net Group, the overview and outlook of the Indonesian economy and mobile telecommunications industry, the Board is of the opinion that the Proposals are expected to contribute positively to the future earnings of the Axiata Group and support its long-term strategies and objectives, hence enhancing value for shareholders of Axiata in the future.

5. RISKS OF THE PROPOSALS

Both the Axiata Group and the Link Net Group are involved in the telecommunications sector. Accordingly, the Board does not foresee any material change to the risk profile of the Axiata Group arising from the Proposals as the Axiata Group is already exposed to inherent risks in the telecommunications sector. However, there are other risks that may arise from or associated with the Proposals as set out below, which are by no means exhaustive:

5.1 Non-completion risk of the Proposals

The completion of the Proposed Acquisition is conditional upon the conditions precedent as set out in **Appendix I** of this Announcement being fulfilled or waived, several of which are beyond the control of the Purchasers or the Sellers. These include, among others, obtaining the relevant approvals and consents from the relevant authorities. There can be no assurance that such approvals and consents will be obtained or that the conditions precedent will be fulfilled to the satisfaction of the parties or otherwise waived within the prescribed timeframe.

Should any of the conditions precedent not be fulfilled or waived, the SPA may be terminated and the Proposed Acquisition will not be completed. Nevertheless, Axiata anticipates that this risk can be mitigated by proactively engaging with the relevant authorities and third parties to obtain within the stipulated timeframe all necessary approvals, documents and consents required for the completion of the Proposed Acquisition.

5.2 Investment risk

There can be no assurance that the anticipated benefits of the Proposals will be realised or that the Axiata Group will be able to generate sufficient returns from this investment to offset the cost of this investment. There can also be no assurance that the expected financial performance of the Link Net Group could be achieved post completion of the Proposed Acquisition.

In addition, there may be a need to accelerate investments in the short term for network quality and customer upgrades which may impact Axiata Group's cash flow. However, these investments coupled with synergies are expected to improve the cash flow profile of the Axiata Group in the medium to long term.

The Axiata Group is an experienced telecommunications operator with existing operations in Indonesia and other parts of Asia. Axiata has evaluated the investment in Link Net and believe it will contribute positively to the Axiata Group's financial performance. The Axiata Group has sought to mitigate this abovementioned risk by conducting a thorough financial and legal due diligence, and adopting prudent investment criteria in evaluating the Proposals.

5.3 Synergy realisation risk

Upon completion of the Proposals, there will be various synergistic benefits which are expected to be reaped from the Proposals.

Time and commitment are required to successfully integrate the Link Net Group with the Axiata Group, and any delays or difficulties in the integration process may affect the Axiata Group's ability to derive the synergistic benefits from the Proposals.

5.4 General economic, political and regulatory conditions

The performance of the Link Net Group may be impacted by the changes in the political, economic and regulatory conditions in Indonesia. The various political, economic and regulatory conditions could range from changes in political leadership, judicial decisions, introduction of new laws and regulations, war, economic downturn, changes in interest rates and foreign exchange regulations. In mitigating such risk, the Axiata Group will take a proactive approach in monitoring key developments and where needed, review its business strategies and strategic priorities to respond to significant changes.

5.5 Regulations on taxation

The performance of the Link Net Group may be impacted by the changes in the taxation conditions in Indonesia. Changes in taxation related laws, regulations or government policy in Indonesia may result in increased tax expenses for the Link Net Group's business and/or shareholders of Link Net, including the Axiata Group.

As announced during the tabling of Malaysia's Budget 2022, foreign-sourced income earned by Malaysian tax resident companies and received in Malaysia will no longer be exempted from tax effective from 1 January 2022. Notwithstanding the Finance Act 2021 incorporating this amendment, the Ministry of Finance had announced on 30 December 2021 that foreign-sourced dividend received by Malaysian tax resident companies in Malaysia will continue to be exempt from tax from 1 January 2022 to 31 December 2026, subject to conditions to be prescribed by the Malaysian Inland Revenue Board. Axiata will continue to monitor the development and assess the impact to the Axiata Group. At the current stage, Axiata believes that the tax proposal does not have a material impact on the Proposals.

5.6 Regulations on licences

The operation of mobile telecommunications business, pay-TV business and content regulations and provision of related services in Indonesia are subject to certain approvals, licences, registrations and permissions granted by the Government of Indonesia and are regulated by the Minister of Communication and Information Technology of Indonesia (*Menteri Komunikasi dan Informatika Republik Indonesia*) (the “**MOCI**”). Changes in laws, rules and regulations or government policy in Indonesia or in relation to the licences to the mobile telecommunications industry in Indonesia or in relation to the licences or spectrum allocations held by the Link Net Group or its competitors, could adversely affect the Link Net Group’s businesses. Changes in other regulations such as regulations on telecom rates in interconnect and international termination price may also adversely affect the Link Net Group and Indonesia’s telecommunications industry.

Any breach of the terms and conditions of the licences by Link Net Group or failure to comply with the applicable regulations on Link Net Group’s part may result in Link Net Group being imposed with certain type of sanctions, among others being fined or its licences being suspended and/or revoked by the MOCI or the Government of Indonesia. Any revocation or unfavourable amendments to the terms of the licences, failure to renew them on comparable terms or failure to obtain spectrum allocation in a timely manner could have a material adverse effect on the Link Net Group’s businesses and performance.

5.7 Regulations on foreign investment and repatriation of profits

The Axiata Group’s acquisition of Link Net will also be subject to the foreign investment policies of the Government of Indonesia. Any breach or non-compliance to such policies may adversely affect its investment in Link Net. Changes in policies on foreign ownership such as an introduction of limits on foreign shareholding may also adversely affect the Axiata Group in that the Axiata Group may be required to reduce its effective shareholdings in Link Net and/or its subsidiaries. In addition, the ability of the Axiata Group to repatriate the profits from Link Net will depend largely on the relevant legislation relating to the repatriation of profits prevailing at the point of repatriation. Details of the current policies on the foreign investment and repatriation of profits of Indonesia is set out in Section 6 of this Announcement.

5.8 Foreign exchange risk

The operating and reporting currency of Link Net is mainly denominated in IDR. As the financial results of the Axiata Group are reported in RM, any fluctuation of the IDR against the RM may impact the profits or the financial position of the Axiata Group or both.

There can be no assurance that fluctuations in foreign exchange rates will not have a material and adverse effect on the Axiata Group’s financial performance caused by fluctuations in the exchange rate of foreign denominated debt taken for the acquisition. Nevertheless, the Axiata Group will assess the need to utilise financial instruments to hedge its foreign exchange exposure to mitigate both transaction and/or translation exchange risk exposure.

5.9 Goodwill and impairment risk

Axiata expects to recognise goodwill arising from the Proposed Acquisition, the amount of which will depend on the fair value of Link Net at the time of completion of the Proposed Acquisition. The identifiable assets and liabilities of Link Net will initially be recorded in Axiata's books at its provisional fair values as at the acquisition date pending the conclusion of the purchase price allocation ("**PPA**") exercise which shall be completed at the earliest practicable date following the completion of the Proposed Acquisition, as required by the Malaysian Financial Reporting Standards ("**MFRS**") or International Financial Reporting Standards ("**IFRS**") 3 – Business Combinations. However, the outcome of the PPA exercise cannot be ascertained at this juncture. Any fair value adjustment to the assets and liabilities arising, and the effect of the amortisation of intangible assets identified from the Proposed Acquisition may affect the financial position and performance of the Axiata Group. In addition, any impairment on the carrying amount of intangible assets (including any goodwill arising from the Proposed Acquisition) pursuant to impairment tests will also affect the financial position and performance of the Axiata Group.

The Axiata Group will mitigate the abovementioned risks by closely monitoring the financial performance of Link Net and will work closely with the management team of Link Net in order to develop appropriate business strategies towards the achievement of the financial targets of Link Net.

5.10 Competition risk

The Law of the Republic of Indonesia No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition ("**Anti-Monopoly Law**") prohibits a business entity from conducting mergers, consolidations, or acquisitions that may result in monopolistic practices or unfair business competition. From a competition law perspective, a transaction is prohibited if it may substantially lessen competition (due to the parties' market overlap that creates or increases their market dominance) or may restrict the access of competitors to suppliers or customers (due to the parties' dominance in their vertically integrated business).

The Anti-Monopoly Law is enforced by the Business Competition Supervisory Commission (*Komisi Pengawas Persaingan Usaha* or "**KPPU**") which requires Axiata to notify the KPPU after the completion of the Proposed Acquisition. The KPPU will subsequently determine whether the Proposed Acquisition involves prohibited elements elaborated in the first paragraph above. Axiata anticipates that this risk can be mitigated by proactively engaging the KPPU to obtain their views and approvals required, if any.

6. POLICIES ON FOREIGN INVESTMENT AND REPATRIATION OF PROFITS OF INDONESIA

6.1 Foreign investment

6.1.1 Overview of the Indonesian foreign investment regulatory regime

Foreign direct investments in Indonesia are regulated by Law No. 25 of 2007 regarding investment as recently amended by the Omnibus Law.

The Presidential Regulation No. 10 of 2021 on Investment Business Lines as last amended by Presidential Regulation No. 49 of 2021 (“**2021 Investment List**”) does not include fixed telecommunication network and internet service provider business lines, and therefore these business lines should now be 100% open for foreign investment. The 2021 Investment List and Government Regulation No. 52 of 2005 regarding Broadcasting Operation of Subscription Broadcasting Institution provide that a pay-TV company is subject to foreign capital ownership restriction of maximum 20%. Further, telecommunication construction business is subject to 67%-70% maximum foreign ownership restriction and certain qualitative requirements under the Government Regulation No. 5 of 2021 regarding Implementation of Risk-Based Licensing.

The 2021 Investment List includes a general exemption where the foreign ownership restrictions in the list do not apply to any indirect or portfolio investment made through the domestic capital market. This means that the exemption will generally apply if the target company is a public company whose shares are listed on the IDX and the investment is made through the IDX system.

The Constitutional Court on 25 November 2021 issued a decision declaring the Omnibus Law to be conditionally unconstitutional and required the legislators to amend the Omnibus Law within two (2) years since the Constitutional Court’s decision to satisfy certain deficiencies. The Constitutional Court declared that the Omnibus Law shall continue to be valid until the amendment of the Omnibus Law is issued within the prescribed period. If the amendment is not issued within the prescribed period, the Omnibus Law will become permanently unconstitutional and the relevant laws or provisions of laws that were amended or revoked by the Omnibus Law shall be reinstated. Given the decision has only recently been issued and declared to the public, it remains unclear at this stage whether any further amendment to the Omnibus Law may affect the current investment law regime.

6.1.2 Foreign ownership restrictions applicable to the Link Net Group

Currently, there is no foreign ownership restriction applicable to Link Net (which operates as a telecommunication network service provider, and specifically an internet service provider and fixed telecommunication network provider). Link Net is currently registered as an Indonesian or domestic investment company. As the Proposals will be settled through the IDX system, and the Purchasers will not be recorded in the corporate deed of Link Net following the completion of the Proposals, the Purchasers’ investment in Link Net will be deemed as a domestic investment and therefore, Link Net should not be required to convert its status to become a “foreign investment company” (*Perusahaan Penanaman Modal Asing* or “**PMA Company**”). If Link Net is required to convert to a PMA Company status following the Proposals, Link Net may not be able to maintain its current shareholding ownership in its subsidiaries, i.e., FMTV and ISOL. Each of Link Net, FMTV and ISOL should arguably be able to continue maintaining its status as a domestic investment company following the Proposals unless required otherwise by the relevant Indonesian authorities.

6.2 Repatriation of profits

In general, there are no exchange control restrictions in Indonesia that would restrict Indonesian limited liability companies from making any payments of dividends, or other distributions due or made in respect of its issued shares. However, the transfer of foreign currency to and from abroad is subject to reporting obligations to Bank Indonesia. Furthermore, transfer of IDR to an account outside of Indonesia is prohibited.

Since IDR cannot be transferred outside of Indonesia, transfer of funds from Indonesia to another jurisdiction will require that IDR is first converted into a foreign currency acceptable to the receiving bank, and accordingly the transferor must purchase foreign currency (e.g. United States Dollars (“**USD**”)) using IDR. Under Bank Indonesia Regulation No. 18/18/PBI/2016 on Foreign Exchange Transactions against IDR between Banks and Domestic Parties (“**PBI 18/18/2016**”), any purchase of foreign currency using IDR in Indonesia by any party in an amount exceeding certain thresholds (e.g. USD25,000 for spot transactions, USD1 million for option transactions, USD5 million for forward transactions and USD100,000 for standard derivative transactions) must be supported by valid underlying and supporting documentation. A valid underlying transaction for the purposes of PBI 18/18/2016 may consist of: (i) domestic and international trade of goods and services; (ii) investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia; and/or (iii) the granting of facility or financing from a bank in foreign currencies and/or IDR for trade and investment activities.

Under Bank Indonesia Regulation No. 21/15/PBI/2019 on the Supervision of Foreign Exchange Activities between Banks and Customers, as amended (“**PBI No. 21/15/PBI/2019**”), any outgoing transfer from Indonesia to another jurisdiction in foreign currencies exceeding USD100,000 (or its equivalent) by any party through an Indonesian bank (save for any transfer of such party’s own bank deposit to its own bank account outside of Indonesia) must be supported by valid underlying and supporting documentation as prescribed in PBI No. 21/15/PBI/2019. Such documentation includes copies of export duty, letter of credit or invoice. The maximum amount of outgoing transfers must be equal to the amount stated in the supporting documentation plus 2.5%.

7. EFFECTS OF THE PROPOSALS

7.1 Share capital and substantial shareholders' shareholding

The Proposals will not have any effect on the share capital and shareholding of the substantial shareholders of Axiata as the Proposals do not involve any issuance of new ordinary shares in Axiata ("Axiata Shares").

7.2 NA and gearing

For illustrative purposes only, based on the latest audited consolidated statements of financial position of the Company as at 31 December 2020 and on the assumption that the Subsequent Event (as defined in Note 2 below) and the Proposals (with scenarios as described below) had been completed on that date, the pro forma effects⁽¹⁾ of the Proposals on the NA and gearing of the Axiata Group are set out below:

Scenario 1 : Assuming All does not receive any valid acceptance under the Proposed MTO, the Axiata Group will continue to hold 1,816,735,484 Link Net Shares through All and XL in the proportions set out in Section 2.1 of this Announcement, representing an effective equity interest of 58.33%⁽³⁾ in Link Net. The MTO Offer Price is assumed to be IDR4,800 per Offer Share.

Scenario 2 : Assuming All receives full and valid acceptance under the Proposed MTO, the Axiata Group will hold an additional 934,845,500 Link Net Shares through All, representing an incremental effective equity interest of 33.97% in Link Net. The MTO Offer Price is assumed to be IDR4,800 per Offer Share. After the completion of the Proposed MTO, Axiata Group's total effective equity interest in Link Net will be 92.30%.

		Pro forma I	Pro forma II	Pro forma III(a)	Pro forma III(b)
	Audited as at 31 December 2020	⁽²⁾ After the Subsequent Event	⁽³⁾ After Pro forma I and Proposed Acquisition	After Pro forma II and Proposed MTO assuming Scenario 1	After Pro forma II and Proposed MTO assuming Scenario 2
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	13,883,028	13,883,028	13,883,028	13,883,028	13,883,028
Retained earnings	6,582,821	6,677,090	⁽⁴⁾ 6,639,197	⁽⁵⁾ 6,624,638	^{(5),(8)} 5,787,850
Reserves	(2,824,707)	(2,765,886)	(2,765,886)	(2,765,886)	(2,765,886)
Total equity / NA attributable to owners of the Company	17,641,142	17,794,232	17,756,339	17,741,780	16,904,992
Non-controlling interests	6,238,288	6,507,178	^{(6),(7)} 7,058,096	7,058,096	⁽⁸⁾ 6,608,980
Total equity	23,879,430	24,301,410	24,814,435	24,799,876	23,513,972
Number of Axiata Shares in issue ('000)	9,169,541	9,169,541	9,169,541	9,169,541	9,169,541
NA per Axiata Share (RM) ⁽⁹⁾	1.92	1.94	1.94	1.93	1.84
Total interest-bearing borrowings (including lease liabilities)	27,374,035	27,374,035	^{(6),(7),(11)} 30,372,913	30,372,913	⁽¹¹⁾ 31,656,269
Gearing (times) ⁽¹⁰⁾	1.15	1.13	1.22	1.22	1.35

Notes:

- (1) Unless otherwise stated, the pro forma effects have been arrived at using an exchange rate of IDR100.00 : RM0.0286, being the middle rate prevailing at 5.00 p.m. on 31 December 2020 as published by BNM.
- (2) After taking into account the disposal by All of 533,409,349 ordinary shares in XL representing 5.00% effective equity interest in XL at a disposal consideration of IDR1,440,205 million (equivalent to approximately RM422.0 million) to Ferrymount Investments Limited, which was completed on 27 October 2021 ("**Subsequent Event**"). Upon completion of the Subsequent Event, the Axiata Group's effective shareholding in XL reduced from 66.48% to 61.48%. An exchange rate of IDR100.00 : RM0.0293, being the middle rate prevailing at 5.00 p.m. on 27 October 2021 as published by BNM was used to translate the purchase consideration.
- (3) Upon completion of the Proposed Acquisition, the Axiata Group will hold an aggregate of 1,816,735,484 Link Net Shares representing an effective equity interest of 58.33% in Link Net as follows:

	Held by	Number of Link Net Shares	Equity interest in Link Net (%)	Effective equity interest of Axiata Group in Link Net (%)
(i)	All	1,266,419,288	46.03	46.03
(ii)	XL	550,316,196	20.00	12.30*
	Total	1,816,735,484		58.33

* Being 20.00% multiplied by 61.48%, the Axiata Group's effective equity interest in XL.

- (4) Includes estimated gross transaction costs relating to the Proposed Acquisition of approximately RM37.9 million.
- (5) Includes estimated gross transaction costs relating to the Proposed MTO of approximately RM14.6 million for Scenario 1 and approximately RM17.1 million for Scenario 2.
- (6) Subject to changes due to the adoption of MFRS/IFRS and alignment to the Axiata Group's accounting policies by Link Net.
- (7) Subject to changes to goodwill and finalisation of the PPA exercise. The final determination of the PPA will be based on established fair value of the assets acquired, including the fair value of the identifiable intangible assets, liabilities assumed as of the acquisition date, in accordance with MFRS 3/IFRS 3 Business Combinations. The excess of the purchase price over the fair value of the NA acquired is allocated to goodwill, or vice versa be reflected as discount on acquisition. In accordance with paragraph 45 of MFRS 3/IFRS 3 Business Combinations, the acquirer has measurement period of not exceeding one (1) year from the date of acquisition. The acquirer may adjust the provisional amounts recognised for a business combination to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.
- (8) Upon completion of the Proposed MTO, the Axiata Group will hold an additional 934,845,500 Link Net Shares through All representing an incremental effective equity interest of 33.97% in Link Net. For illustrative purposes, the Proposed MTO as described in Scenario 2 is treated as an equity transaction with non-controlling shareholders of Link Net subsequent to All obtaining control of Link Net. The difference between the total Proposed MTO price paid and the Axiata Group's share of 33.97% NA of Link Net is recognised as a reduction to the total equity/NA attributable to owners of the Company.
- (9) Computed based on total equity/NA attributable to owners of the Company divided by total number of Axiata Shares in issue.
- (10) Computed based on total interest-bearing borrowings (including lease liabilities) divided by total equity.
- (11) The Proposals will be funded via a combination of internally generated funds and/or bank borrowings, the proportions of which will be determined at a later date after taking into consideration, among others, the internal cash requirements, gearing levels, interest cost and market conditions. For illustration purposes, the pro forma assumes external borrowings of approximately RM2.5 billion to finance the Proposed Acquisition and approximately RM1.3 billion to finance the Proposed MTO.

7.3 Earnings and earnings per Axiata Share (“EPS”)

For illustrative purposes only, based on the latest audited consolidated financial statements of the Company for the financial year ended (“FYE”) 31 December 2020 and on the assumption that the Subsequent Event and the Proposals (with scenarios as described below) had been effected on 1 January 2020, being the beginning of the FYE 31 December 2020, the pro forma effects⁽¹⁾ of the Proposals are set out below:

Scenario 1 : Assuming All does not receive any valid acceptance under the Proposed MTO and the Axiata Group will continue to hold 1,816,735,484 Link Net Shares through All and XL in the proportions set out in Section 2.1 of this Announcement, representing an effective equity interest of 58.33%⁽²⁾ in Link Net. The MTO Offer Price is assumed to be IDR4,800 per Offer Share.

Scenario 2 : Assuming All receives full and valid acceptance under the Proposed MTO, the Axiata Group will hold an additional 934,845,500 Link Net Shares through All, representing an incremental effective equity interest of 33.97% in Link Net. The MTO Offer Price is assumed to be IDR4,800 per Offer Share. After the completion of the Proposed MTO, Axiata Group’s total effective equity interest in Link Net will be 92.30%.

	RM'000
Audited consolidated PATAMI of Axiata for the FYE 31 December 2020	365,155
Less: Consolidated PATAMI of XL for the FYE 31 December 2020 attributable to a reduction of 5.00% effective equity interest in XL ⁽³⁾	(4,407)
Pro forma consolidated PATAMI of Axiata after the Subsequent Event	360,748
Add: Consolidated PATAMI of Link Net for the FYE 31 December 2020 attributable to 58.33% effective equity interest in Link Net ⁽⁴⁾	158,747
Less: Estimated gross transaction costs relating to the Proposed Acquisition ⁽⁵⁾	(37,893)
Less: Estimated finance costs on external borrowings ⁽⁶⁾	(93,983)
Pro forma consolidated PATAMI of Axiata after the Proposed Acquisition	387,619
Less: Estimated gross transaction costs relating to the Proposed MTO assuming Scenario 1 ⁽⁷⁾	(14,559)
Pro forma consolidated PATAMI of Axiata after the Proposed MTO assuming Scenario 1	373,060
Pro forma consolidated PATAMI of Axiata after the Proposed Acquisition	387,619
Add: Consolidated PATAMI of Link Net for the FYE 31 December 2020 attributable to 33.97% effective equity interest in Link Net ⁽⁴⁾	92,450
Less: Estimated gross transaction costs relating to the Proposed MTO assuming Scenario 2 ⁽⁷⁾	(17,107)
Less: Estimated incremental finance costs on external borrowings ⁽⁶⁾	(47,099)
Pro forma consolidated PATAMI of Axiata after the Proposed MTO assuming Scenario 2	415,863
Weighted average number of Axiata Shares in issue ('000)	9,167,584

	<u>sen</u>
Basic EPS of Axiata ⁽⁸⁾ :	
• Based on the audited consolidated PATAMI of Axiata for the FYE 31 December 2020	4.0
• Based on pro forma consolidated PATAMI of Axiata after the Subsequent Event	3.9
• Based on pro forma consolidated PATAMI of Axiata after the Proposed Acquisition	4.2
• Based on pro forma consolidated PATAMI of Axiata after the Proposed MTO assuming Scenario 1	4.1
• Based on pro forma consolidated PATAMI of Axiata after the Proposed MTO assuming Scenario 2	4.5

Notes:

- (1) For illustrative purposes, the pro forma effects have been arrived at using the average exchange rate of IDR100.00 : RM0.0289, being the average middle rate prevailing at 5.00 p.m. for the FYE 31 December 2020 as published by BNM.
- (2) Upon completion of the Proposed Acquisition, the Axiata Group will hold an aggregate of 1,816,735,484 Link Net Shares representing an effective equity interest of 58.33% in Link Net as follows:

	Held by	Number of Link Net Shares	Equity interest in Link Net (%)	Effective equity interest of Axiata Group in Link Net (%)
(i)	All	1,266,419,288	46.03	46.03
(ii)	XL	550,316,196	20.00	12.30*
	Total	1,816,735,484		58.33

* Being 20.00% multiplied by 61.48%, the Axiata Group's effective equity interest in XL.

- (3) PATAMI impact following the reduction of the Axiata Group's effective shareholding in XL from 66.48% to 61.48% resulting from the Subsequent Event.
- (4) The pro forma effects have not accounted for effects arising from:
- (i) Adoption of MFRS/IFRS and alignment to the Axiata's accounting policies by Link Net;
- (ii) Intercompany transaction eliminations between the Link Net Group and the Axiata Group; and
- (iii) PPA adjustments.
- (5) Includes estimated gross transaction costs relating to the Proposed Acquisition of approximately RM37.9 million.
- (6) The Proposals will be funded via a combination of internally generated funds and/or bank borrowings, the proportions of which will be determined at a later date after taking into consideration, among others, the internal cash requirements, gearing levels, interest cost and market conditions. For illustration purposes, the pro forma assumes external borrowings of approximately RM2.5 billion to finance the Proposed Acquisition and approximately RM1.3 billion to finance the Proposed MTO.
- (7) Includes estimated gross transaction costs relating to the Proposed MTO of approximately RM14.6 million for Scenario 1 and approximately RM17.1 million for Scenario 2.
- (8) Computed based on the relevant PATAMI divided by weighted average number of Axiata Shares in issue during the FYE 31 December 2020.

8. APPROVALS / CONSENTS REQUIRED

The Proposals are subject to the following being obtained:

- (i) approval of the shareholders of Axiata for the Proposals at an extraordinary general meeting (“**EGM**”) to be convened;
- (ii) approval of the shareholders of FM for the Proposed Acquisition at a general meeting of shareholders;
- (iii) approval of BNM under the Foreign Exchanges Notices (consolidated) issued by BNM on 15 April 2021 for Axiata or All to pay All’s portion of the Purchase Consideration and MTO Offer Consideration pursuant to the Proposals;
- (iv) notification to the MOCI of the sale of the Sale Shares by the Sellers; and
- (v) approval or consents of any other regulatory authorities or parties, as required.

Barring any unforeseen circumstances, the applications to the relevant authorities in relation to the Proposals are expected to be made within four (4) months from the date of this Announcement.

9. INTEREST OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of Axiata and/or persons connected with them has any interest, direct or indirect, in the Proposals.

10. DIRECTORS’ STATEMENT

The Board having considered all aspects of the Proposals, including salient terms of the SPA, basis of and justification for the Purchase Consideration, rationale and benefits of the Proposals, effects of the Proposals and prospects of the Link Net Group, is of the opinion that the Proposals are in the best interest of Axiata.

11. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposals, assuming full acceptances under the Proposed MTO, pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 68.85%, computed based on the audited net profit attributable to the owners of Link Net for the FYE 31 December 2020 compared with the audited net profit attributable to the owners of Axiata for the FYE 31 December 2020.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposals are expected to be completed by the third quarter of 2022.

13. ADVISERS

Maybank IB is the Principal Adviser to the Company for the Proposals.

Morgan Stanley Asia (Singapore) Pte. is the International Financial Adviser to the Company and XL for the Proposals.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA is available for inspection at the registered office of the Company at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This Announcement is dated 27 January 2022.

SALIENT TERMS ON THE SPA**1. Sale and purchase of the Sale Shares**

- 1.1. Subject to the terms and conditions of the SPA, the Sellers (each as to the number of Sale Shares specified against its name in the table below) agree severally to sell to the Purchasers, and the Purchasers agree severally to purchase from the Sellers, the number of Sale Shares based on the allocation set out in the table below:

Seller	Number of Sale Shares	Percentage of total outstanding Link Net Shares (%)	Sale Percentage (%)	Allocation of Sale Shares between Purchasers	
				All	XL
ALD	1,017,766,198	36.99	56.02	709,469,681	308,296,517
FM	798,969,286	29.04	43.98	556,949,607	242,019,679
	1,816,735,484	66.03	100.00	1,266,419,288	550,316,196

- 1.2. Each Purchaser may designate its parent company or one of its subsidiaries to be the entity to whom all the Sale Shares to be purchased by it are to be transferred at the completion of the sale and purchase of the Sale Shares in accordance with the terms of the SPA (the "**Completion**"), provided that each such Purchaser shall remain jointly and severally liable with such designated subsidiary for the performance of their respective obligations under the SPA.

2. Purchase Consideration

- 2.1. The purchase price for all the Sale Shares payable by the Purchasers on the business day where Completion takes place (the "**Completion Date**") is:

- purchase consideration of IDR8,720,330,323,200, being IDR4,800 per ordinary share of Link Net multiplied by 1,816,735,484; less
- the IDR-equivalent (as converted pursuant to the terms of the SPA) of the insurance premium payable under the W&I insurance policies issued to All.

(Collectively, the "**Purchase Price Payable**".)

- 2.2. The aggregate consideration payable to: (a) ALD, is an amount equal to the Purchase Price Payable multiplied by 56.02% (being ALD's Sale Percentage); and (b) FM, is an amount equal to the Purchase Price Payable multiplied by 43.98% (being FM's Sale Percentage).

3. Conditions precedent

- 3.1. Completion is conditional upon the satisfaction or waiver of each of the following conditions (each, a "**Condition**"):

- approval of the shareholders of Axiata at a general meeting for the Proposed Acquisition having been obtained;
- approval of the shareholders of FM at a general meeting of shareholders for the Proposed Acquisition ("**FM Shareholders' Approval**") having been obtained;
- there having been no decree, determination, injunction, judgment or other order (which is final and non-appealable) issued by any court of competent jurisdiction, the MOCI or the OJK which has the effect of restraining or otherwise prohibiting the Proposed Acquisition;
- subject to paragraph 3.6 below, a written waiver from PT Bank CIMB Niaga Tbk ("**PT Bank CIMB**") (as prescribed under the SPA) remaining in full force and effect at Completion ("**CIMB Waiver**");

SALIENT TERMS ON THE SPA (Cont'd)

- (e) subject to paragraph 3.5 below, a written waiver from PT Bank Mandiri (Persero) Tbk ("**PT Bank Mandiri**") (as prescribed under the SPA) having been obtained by the Sellers and delivered to the Purchasers and remaining in full force and effect at Completion ("**Mandiri Waiver**");
 - (f) Link Net having issued the notice to its employees of Link Net concerning the change of control of Link Net arising from the Proposed Acquisition, as required under Indonesian laws;
 - (g) (i) the payoff letter (as prescribed under the SPA) having been executed by Deutsche Bank AG (Singapore branch) ("**DB AG**"), DB International Trust (Singapore) Limited (as security trustee) and FM pursuant to the repayment of FM in relation to the USD107,500,000 Secured Term Loan Facility Agreement dated 20 June 2019 made between among others (1) FM, as borrower, (2) DB AG, as arranger, (3) the financial institution(s) as described in such agreement, as the initial lenders, (4) DB AG, as agent, and (5) DB International Trust (Singapore) Limited, as security trustee; and (ii) the payoff FX letter (as prescribed under the SPA) having been executed by Deutsche Bank AG (Jakarta branch) ("**DB JKT**") and FM, with a copy to DB AG and DB International Trust (Singapore) Limited confirming that FM has agreed to purchase from DB JKT an amount in USD equivalent to the payoff amount USD (as defined in the SPA) for an amount in IDR specified in the payoff FX letter ("**Payoff Amount IDR Equivalent**") for settlement on the payment due date;
 - (h) Link Net having issued the written notice to the Director-General of Post and Information Technology Services of Indonesia of the MOCI concerning the change of control of Link Net arising from the Proposed Acquisition as required under the relevant regulations and licences of Link Net and having received the MOCI's acknowledgement of the receipt of such notification;
 - (i) approval of BNM under Notice 3 (Investment in Foreign Currency Assets) of the Foreign Exchange Notices (consolidated) issued by BNM for Axiata or All to pay All's portion of the purchase price pursuant to the Proposed Acquisition;
 - (j) Sellers' fundamental warranties being true and accurate in all respects as at the SPA date and as at the Completion Date;
 - (k) Sellers' warranties (other than the Sellers' fundamental warranties) being true and accurate in all respects as at the SPA date and as at the Completion Date, except where the failure of such warranties to be so true and accurate do not and would not reasonably be expected to result in, individually or in the aggregate, a material adverse effect;
 - (l) subject to paragraph 3.4 below, no material adverse effect having occurred and is continuing as at the Completion Date;
 - (m) approval of Link Net's shareholders at a general meeting of shareholders for: (i) the resignation of the commissioners and directors nominated by the Sellers; (ii) the appointment of the commissioners and directors nominated by the Purchasers; and (iii) the amendment to the information relating to Link Net's shareholding composition contained in its articles of association, as prescribed under the SPA having been obtained; and
 - (n) Link Net having carried out the actions in respect of value-added tax as prescribed under the SPA.
- 3.2. If on or prior to the Long Stop Date (as defined below), any Positive Condition (as defined below) is not satisfied or is incapable of satisfaction and such Condition has not been waived, the party which is entitled to terminate the SPA shall be entitled, but subject to paragraphs 3.4, 3.5 and 3.6 below in the case of the MAE Trigger C, the Mandiri Waiver and the CIMB Waiver, respectively, to terminate the SPA (other than the surviving provisions).

SALIENT TERMS ON THE SPA (Cont'd)

- 3.3. If on or prior to the Completion Date, any Condition (other than a Positive Condition) is not satisfied or is incapable of satisfaction; and such Condition has not been waived, the party which is entitled to terminate the SPA shall be entitled to terminate the SPA (other than the surviving provisions).
- 3.4. If the MAE Trigger C (as defined below) occurs, (i) the Sellers shall use their reasonable efforts to assist Link Net in causing the relevant trading suspension to be lifted as soon as possible; (ii) the Purchasers shall not be entitled to terminate the SPA on or prior to the Long Stop Date (as defined below) notwithstanding the continuation of the relevant trading suspension; and (iii) Completion shall be deferred to the first business day immediately following the lifting of the relevant trading suspension (not being later than the Long Stop Date (as defined below)).
- 3.5. The Sellers shall procure Link Net to submit the request seeking the Mandiri Waiver as prescribed under the SPA ("**Mandiri Waiver Request**") within 3 business days of the date of the SPA. The parties shall use their reasonable efforts to assist Link Net in obtaining the Mandiri Waiver and if the Mandiri Waiver Request is rejected or not granted within the prescribed period under the SPA and provided that Link Net is in compliance with its obligations under the Mandiri loan agreement, the Purchasers shall waive the Condition as set out in paragraph 3.1(e) above. If the Mandiri Waiver is granted, the Condition set out in paragraph 3.1(e) above shall (i) be deemed not to be satisfied if, PT Bank Mandiri has cancelled or revoked such waiver on the ground that Link Net has failed to comply with its obligations under the Mandiri loan agreement (other than obligations which would be breached by reason of the change of control occurring at Completion); and (ii) be deemed to be satisfied and waived by the Purchasers if it is cancelled or revoked for any other reason whatsoever, including there being any one or more individuals serving as a director or commissioner on any member of the Purchasers' group (as defined in the SPA) and PT Bank Mandiri and its affiliates. If the Mandiri Waiver is not granted, or is cancelled or revoked, the parties shall use their best efforts to assist Link Net in refinancing the loan on or prior to Completion or such earlier date as may be necessary to prevent a default by Link Net under the Mandiri loan agreement by reason of the Mandiri Waiver not being granted.
- 3.6. The Condition set out in paragraph 3.1(d) above shall (i) be deemed not to be satisfied if, PT Bank CIMB has cancelled or revoked such waiver on the ground that Link Net has failed to comply with its obligations under the CIMB loan agreement (other than obligations which would be breached by reason of the change of control occurring at Completion); and (ii) be deemed to be satisfied and waived by the Purchasers if it is cancelled or revoked for any other reason whatsoever, including the aggregate exposures of the Purchasers' group (as defined in the SPA) and Link Net exceeding the applicable limits under the lending limit and large exposure rules issued by OJK on or after Completion. If the CIMB Waiver is cancelled or revoked, the parties shall use their best efforts to assist Link Net in refinancing the loans on or prior to Completion.
- 3.7. For reference,
- (a) "**Long Stop Date**" means 5.00 p.m. (Jakarta time) on 30 June 2022 or such other time and date as the parties may agree in writing.
 - (b) "**MAE Trigger C**" means, subject to paragraph 3.4, any change, circumstance, effect, event or occurrence that results in the ordinary shares of Link Net being suspended from trading on the IDX as of immediately prior to the issuance of the payment instruction the Payoff Amount IDR Equivalent to DB JKT.
 - (c) "**Positive Conditions**" means the Conditions set out paragraphs 3.1(a), 3.1(b), 3.1(e), 3.1(f), 3.1(g), 3.1(h), 3.1(i), 3.1(m) and 3.1(n) above.

4. Completion

Completion shall take place on the date falling five (5) business days after the last of the Positive Conditions has been satisfied or waived or at such other time as the parties may agree in writing.

SALIENT TERMS ON THE SPA (Cont'd)

5. Termination

The SPA may be terminated at any time prior to Completion: (a) by the mutual written consent of the Sellers and the Purchasers; or (b) pursuant to paragraphs 3.2 or 3.3 above; or (c) in the event either Seller or either Purchaser fails to comply with any of its completion obligations.

6. Governing law

The SPA shall be governed by, and construed in accordance with, the laws of Singapore.

INFORMATION ON LINK NET

1. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, the subsidiaries of Link Net are as follows:

Name of company	Country/Date of incorporation	Issued and paid-up capital	Equity interest (%)	Date commenced operations	Principal activities
FMTV	Indonesia/ 9 October 2008	IDR3,125,000,000 comprising 12,500 shares of IDR250,000 each	99.99	27 June 2011	Subscription broadcasting
ISOL	Indonesia/ 5 August 2019	IDR500,000,000 comprising 500 shares of IDR1,000,000 each	100.00	20 February 2020	Outsourcing services
LNGS	Singapore/ 23 October 2019	SGD100,000 comprising of 1,000 ordinary shares of SGD100 each	100.00	-(1)	Tele- communication

Note:

(1) LNGS is dormant.

As at the LPD, the associate company of Link Net is as follows:

Name of company	Country/ Date of incorporation	Issued and paid-up capital	Equity interest (%)	Date commenced operations	Principal activities
PT Indonesia Media Televisi ("IMTV") ⁽¹⁾	Indonesia/ 11 July 2017	IDR1,090,000,000,000 comprising of 10,900,000,000 shares of IDR100 each	17.00	9 September 2013	Subscription television services

Note:

(1) On 2 September 2020, based on Commercial Court of Central Jakarta District Court Decision No. 166/Pdt.Sus.PKPU/2020/PN.Niaga.Jkt.Pst, IMTV has been declared bankrupt. As at 31 December 2020, net book value of the investment in associate was nil due to the accumulated share in the losses of associate recognised in prior periods that has exceeded the initial investment and impairment on investment.

As at the LPD, Link Net does not have any joint ventures.

INFORMATION ON LINK NET (Cont'd)

2. SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF LINK NET

A summary of the consolidated financial information of Link Net based on its audited consolidated financial statements for the past three (3) FYEs 31 December 2018, 2019 and 2020 as well as the unaudited results of the Link Net Group for the 9-month FPE 30 September 2020 and 30 September 2021 are as follows:

	Audited						Unaudited			
	FYE 31 December						9-month FPE 30 September			
	2018		2019		2020		2020		2021	
	IDR million	RM million*	IDR million	RM million*	IDR million	RM million*	IDR million	RM million*	IDR million	RM million*
Revenue	3,728,364	1,058	3,755,262	1,100	4,047,964	1,171	2,953,548	861	3,241,820	934
Profit before tax ("PBT")	1,120,496	318	1,240,307	363	1,246,629	361	894,110	261	890,313	257
PATAMI	788,918	224	894,531	262	941,706	272	698,908	204	686,947	198
Net EPS (IDR/RM sen)	259	8	312	9	329	10	244	7	240	7
Issued and paid-up capital	1,735,319	500	1,627,464	480	1,627,464	465	1,627,464	454	1,627,464	477
Shareholders' funds	4,751,099	1,368	4,656,415	1,374	4,622,714	1,322	4,558,169	1,272	5,032,237	1,474
NA attributable to the owners of Link Net	4,751,097	1,368	4,656,413	1,374	4,622,711	1,322	4,558,167	1,272	5,032,233	1,474
No. of Link Net Shares in issue	3,042,649,384	3,042,649,384	2,863,195,484	2,863,195,484	2,863,195,484	2,863,195,484	2,863,195,484	2,863,195,484	2,863,195,484	2,863,195,484
NA per Link Net Share (IDR/RM)	1,561	0.45	1,626	0.48	1,615	0.46	1,592	0.44	1,758	0.51
Current ratio (times)	0.98	0.98	0.50	0.50	0.43	0.43	0.48	0.48	0.50	0.50
Total interest- bearing borrowings (including lease liabilities)	100,773	29	891,172	263	1,759,799	503	1,621,299	452	3,006,675	881
Gearing (times)	0.02	0.02	0.19	0.19	0.38	0.38	0.36	0.36	0.60	0.60
Dividend per Link Net Share (IDR/RM)	170.39	0.05	232.40	0.07	178.80	0.05	178.80	0.05	102.70	0.03

INFORMATION ON LINK NET (Cont'd)

Note:

* Converted based on the following exchange rates as published by BNM:

FYE	<i>Income and expenses using the average middle rate prevailing at 5.00 p.m. for the FYE</i>	<i>Asset and liabilities using the middle rate prevailing at 5.00 p.m. as at 31 December</i>
	IDR100/MYR	IDR100/MYR
31 December 2018	0.0284	0.0288
31 December 2019	0.0293	0.0295
31 December 2020	0.0289	0.0286
30 September 2020	0.0292	0.0279
30 September 2021	0.0288	0.0293

Commentaries on financial performance**9-month FPE 30 September 2020 vs. 9-month FPE 30 September 2021**

Link Net Group's revenue of IDR3,241,820 million in the FPE 30 September 2021 is IDR228,272 million or 9.8% higher than IDR2,953,548 million in the FPE 30 September 2020 mainly due to the increase in subscription fees from cable television services of IDR352,433 million or 29.3%.

Link Net Group's PBT of IDR890,313 million in the FPE 30 September 2021 is IDR3,797 million or 0.4% lower than IDR894,110 million in the FPE 30 September 2020. In FPE 30 September 2021, there was an increase in expenses of IDR201,705 million or 14.9% and an increase in finance cost of IDR43,882 million or 43.0%. This was mitigated by an increase in gross profit of IDR243,053 million or 10.4%.

FYE 31 December 2020 vs. FYE 31 December 2019

Link Net Group's revenue increased by IDR292,702 million or 7.8% from approximately IDR3,755,262 million in the FYE 31 December 2019 to approximately IDR4,047,964 million in the FYE 31 December 2020 mainly due to the increase in subscription fees from cable television services, of IDR279,325 million or 20.3%.

Link Net Group's PBT increased by IDR6,322 million or 0.5% from approximately IDR1,240,307 million in the FYE 31 December 2019 to approximately IDR1,246,629 million in the FYE 31 December 2020. There was an increase in gross profit by IDR171,622 million or 5.7%. This is mitigated by an increase in expenses of IDR93,008 million or 5.4% and an increase in finance cost of IDR68,383 million or 92.7%.

FYE 31 December 2019 vs. FYE 31 December 2018

Link Net Group's revenue increased by IDR26,898 million or 0.7% from approximately IDR3,728,364 million in the FYE 31 December 2018 to approximately IDR3,755,262 million in the FYE 31 December 2019 mainly due to the increase in subscription fees from broadband internet and network services of IDR119,903 million or 5.8%.

Link Net Group's PBT increased by IDR119,811 million or 10.7% from approximately IDR1,120,496 million in the FYE 31 December 2018 to approximately IDR1,240,307 million in the FYE 31 December 2019 mainly due to the increase in gross profits by IDR53,992 million or 1.8% and the reduction in expenses of IDR96,809 million or 5.4%.