

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

(Unless otherwise stated, the exchange rate of United States Dollar (“USD”) 1.00: Ringgit Malaysia (“RM”) 4.4455 being the middle rate prevailing as at 4.00pm on 18 January 2017 as published by Bank Negara Malaysia, has been applied in this announcement for illustration purposes)

We refer to our announcement on the above dated 13 December 2016.

We are pleased to announce that edotco Group Sdn Bhd (“**edotco**”) and Axiata Group Berhad (“**Axiata**”) had today entered into the following agreements:-

- i) Share Subscription Agreement between edotco and Innovation Network Corporation of Japan (“**INCJ**”) on the subscription by INCJ of up to 546,539,249 ordinary Shares of RM1.00 each in edotco (“**edotco Shares**”) at a cash consideration of up to USD400.00 million (equivalent to RM1,778.20 million); and
- ii) Share Purchase Agreement (“**SPA**”) between Axiata and Mount Bintang Ventures Sdn. Bhd. (“**MBVSB**”), a wholly owned subsidiary of Khazanah Nasional Berhad (“**Khazanah**”) for the purchase by MBVSB of 273,269,624 edotco Shares (“**Sale Shares**”) at a purchase consideration of USD200.00 million (equivalent to RM899.10 million) (“**Sale Consideration**”) (“**Proposed Disposal**”).

(Axiata, edotco, INCJ and MBVSB are collectively referred to hereafter as “**Parties**”)

Based on edotco’s existing portfolio at close¹ and the maximum committed placement of USD400.00 million from INCJ and USD200.00 million from Khazanah, this will result in the new investors collectively owning 34.1% of edotco, with Axiata remaining the majority shareholder with 65.9%.

The consideration for the edotco Shares above was arrived based on a competitive process which included several other international and domestic parties and based on the value of edotco Group’s final portfolio at equity value of close to USD1.5 billion and enterprise value to EBITDA (FY2016) multiple of 12.5x² comparable with regional peers. The final portfolio takes into account the potential injection of tower assets in Cambodia and Sri Lanka at a later date with a resultant increase in Axiata’s shareholding in edotco.

The Parties had on even date entered into a Shareholders’ Agreement to govern their relationship in edotco, which shall only be effective upon closing.

The Proposed Disposal is a related party transaction as defined under Chapter 10.08 of the Main Market Listing Requirements (“**Main LR**”) of Bursa Malaysia Securities Berhad by virtue of Khazanah being a major shareholder of Axiata. As at the date of this announcement, Khazanah is a major shareholder of Axiata holding 37.58% of the issued and paid-up share capital of Axiata.

Further information on the Proposed Disposal is provided below.

1.0 INFORMATION ON MBVSB

MBVSB is a private limited company incorporated in Malaysia on 31 July 2015 under the Companies Act 1965. The authorised share capital of MBVSB is RM400,000.00 comprising 400,000.00 ordinary Shares of RM1.00 each with issued and paid-up share capital of RM2.00.

¹Representing edotco’s current portfolio of 100% in edotco Malaysia Sdn Bhd, 87.5% in edotco Myanmar Limited and 80% in edotco Bangladesh Co. Ltd.

²Based on unaudited full year financials

2.0 SALIENT TERMS OF THE SPA

2.1 Payment of Sale Consideration

The Sale Consideration shall be payable in cash and RM denominations.

2.2 Conditions Precedent

The Proposed Disposal is subject to, inter alia, the receipt of all applicable waivers or a confirmation that there are no rights of pre-emption, limitations or restrictions that may exist in relation to the Sale Shares.

2.3 Completion and Effective Date

Completion and effective date of the SPA shall take place upon fulfilment of the conditions precedent which shall take place on 27 January 2017 or such other date as may be agreed between Axiata and MBVSB.

3.0 EXPECTED GAIN FROM THE PROPOSED DISPOSAL

The Proposed Disposal will not result in a gain in the audited consolidated income statement of Axiata as it is treated as an equity transaction under the Malaysian Financial Reporting Standards 10 "Consolidated Financial Statements".

4.0 UTILISATION OF PROCEEDS

Proceeds from the Proposed Disposal will be used for general corporate purposes and/or repayment of existing indebtedness and/or incurred by Axiata from time to time.

5.0 DATE AND ORIGINAL COST OF INVESTMENT

Based on further investments in edotco by Axiata to be completed by closing and past investments made in 2013 and 2015, the cost of investment of the Sale Shares is approximately RM273.3 million.

6.0 RATIONALE AND JUSTIFICATIONS

Khazanah (together with INCJ) are lead investors and new shareholders for edotco pursuant to the competitive process taking into account the valuation of the Sale Shares that were offered and agreed pursuant to the competitive process. The addition of Khazanah (as well as INCJ) as a shareholder of edotco will provide strategic value-add to edotco's growth strategy, open doors to further strategic collaborations, as well as enhance and diversify our shareholder base. edotco's expansion and growth as an independent tower company is a key pillar of Axiata's long-term growth strategy.

7.0 FINANCIAL EFFECTS

7.1 Issued and Paid-up Share Capital and Substantial Shareholders' Shareholdings

The Proposed Disposal does not have any effect on Axiata's issued and paid-up share capital and/or Axiata's substantial shareholders' shareholding in Axiata as it does not involve any issuance of ordinary shares in Axiata.

7.2 Earnings and Earnings per Share ("EPS")

Based on the audited consolidated financial statements of Axiata as at 31 December 2015 and further investments in edotco by Axiata, and factoring the subscription by INCJ, the Proposed Disposal is not expected to have any material effect on its consolidated earnings and EPS for the financial year ended 31 December 2015.

7.3 Net Assets (“NA”), Net Assets per share and Gearing

Based on the audited consolidated financial statements of Axiata as at 31 December 2015, further investments in edotco by Axiata and after factoring the subscription of INCJ, the Proposed Disposal is expected to result with an increase in the consolidated NA of Axiata of approximately RM569 million (excluding any associated transaction costs), representing an increase in the NA per share of approximately RM0.06. The Proposed Disposal is not expected to have any material effect on the consolidated gearing of Axiata for the financial year ended 31 December 2015.

8.0 RISK FACTORS

Completion Risk

There is no assurance that the conditions precedent under the SPA can be fulfilled for the Proposed Disposal to be completed within the period permitted under the SPA. However, Axiata will continue to take all reasonable steps to ensure that the conditions precedent are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal.

9.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for Tan Sri Dato’ Azman Hj. Mokhtar and Kenneth Shen who are Khazanah’s representatives on the Board of Axiata (“**Khazanah Representatives**”), none of the Directors, major shareholders and/or persons connected with the Directors and/or major shareholders of Axiata have any interest, directly or indirectly, in the Proposed Disposal. Kenneth Shen is also a member of the Board Audit Committee (“**BAC**”) of Axiata.

10.0 APPROVALS REQUIRED

The Proposed Disposal is not subject to shareholder or any government authorities’ approval.

11.0 DIRECTORS’ STATEMENT

The Board of Axiata, save for Khazanah Representatives, after having considered all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interests of Axiata.

12.0 BAC STATEMENT

The BAC of Axiata, except Kenneth Shen, having considered all aspects of the Proposed Disposal, is of the view that the Proposed Disposal is in the best interest of Axiata, fair and reasonable and on normal commercial terms, and is not detrimental to the interest of the minority shareholders of Axiata.

The view of the BAC is arrived after having considered all aspects of the Proposed Disposal including; inter-alia, transaction structure and efficiency, transaction costs, ease of execution and terms which are comparable to market standards.

13.0 OTHER INFORMATION REQUIRED UNDER THE MAIN LR

The highest percentage ratio applicable based on the Sale Consideration in relation to the Proposed Disposal pursuant to paragraph 10.02(g) of the Main LR is approximately 3.8%.

14.0 TOTAL AMOUNT TRANSACTED FOR THE PRECEDING TWELVE (12) MONTHS

Save for the Proposed Disposal and recurrent related party transactions of revenue and trading nature, there were no transactions entered into between Axiata Group with Khazanah or the

interested directors or persons connected with them for the preceding 12 months from the date of this announcement.

15.0 ESTIMATED TIMEFRAME FOR COMPLETION

Subject to satisfaction of all conditions precedent and barring any unforeseen circumstances, the Proposed Disposal is expected to be completed within the completion date stipulated in the SPA.

16.0 DOCUMENTS AVAILABLE FOR INSPECTION

The SPA is available for inspection at Axiata's registered office at Level 5, Axiata Centre, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 18 January 2017.