

**AXIATA GROUP BERHAD (“AXIATA” OR “THE COMPANY”)
COLLABORATION BETWEEN CELCOM AXIATA BERHAD, CELCOM MOBILE SDN BHD AND
CELCOM NETWORKS SDN BHD (RELATED PARTY TRANSACTION)**

1.0 INTRODUCTION

Axiata is pleased to announce that its wholly-owned subsidiary, Celcom Axiata Berhad (“**Celcom**”) and Celcom’s wholly-owned subsidiaries; namely, Celcom Mobile Sdn Bhd (“**Celcom Mobile**”) and Celcom Networks Sdn Bhd (“**Celcom Networks**”) had, today entered into the following agreements (“**Definitive Agreements**”) with Telekom Malaysia Berhad (“**TM**”), a related party:-

(A) The Memorandum of Agreement for the next phase of infrastructure collaboration (“**Infrastructure Collaboration**”) encompassing the following agreements (“**Future Agreements**”):-

- (i) The Supplemental Agreement No. 5 to the High Speed Broadband (“**HSBB**”) Service Agreement between TM and Celcom Mobile;
- (ii) The Addendum No. 1 to the Specific Terms and Conditions for Wholesale Internet Access Services between TM and Celcom Networks;
- (iii) The Specific Terms and Conditions for Fiber Backhaul Connectivity Services between TM and Celcom Networks; and
- (iv) The Supplemental Agreement No. 2 to the Wholesale Bandwidth Services Agreement between TM and Celcom.

(B) The Domestic Roaming Services and Domestic Roaming Facilities Agreement between Celcom, TM and Packet One Networks (Malaysia) Sdn Bhd (“**P1**”) for the provision by Celcom of 2G and/or 3G Domestic Roaming Services and 2G and/or 3G Domestic Roaming Facilities to P1 (“**Domestic Roaming Services and Domestic Roaming Facilities Agreement**”)

(Celcom, Celcom Mobile and Celcom Networks shall hereinafter be collectively referred to as “**Celcom Group**”).

The above arrangements under (A) and (B) above shall hereinafter be collectively referred to as “**Collaboration**”).

TM and P1’s agreement with Celcom Group entails a strategic business cooperation that enables P1 through Domestic Roaming Services to execute its plan to deliver seamless access for mobile network connectivity to its customers. At the same time, the Collaboration with Celcom Group will provide wholesale arrangement for fiber backhaul connectivity to Celcom Group’s mobile access sites and enable Celcom with fixed broadband coverage to execute its plan to offer its customers convergent access services both via wireless and wireline networks.

2.0 SALIENT POINTS OF THE DEFINITIVE AGREEMENTS

The salient points of the Definitive Agreements are as follows:-

2.1 The Future Agreements

2.1.1 Scope

The Infrastructure Collaboration will extend Celcom’s nationwide coverage and network capabilities beyond its current capacity with its progressive roll-out of its LTE network. The Collaboration will elevate the existing partnership between TM and Celcom to another level as it extends the additional provision of Celcom’s LTE sites and access to HSBB’s network.

2.1.2 Duration

The period for the Infrastructure Collaboration ranges from one (1) to ten (10) years based on the services provided.

2.2 Domestic Roaming Services and Domestic Roaming Facilities Agreement

2.2.1 Scope

Celcom shall provide the following to TM or P1:-

- (i) 2G and/or 3G Domestic Roaming services and 2G and/or 3G Domestic Roaming Facilities and Circuit Switch Fall Back (**CSFB**) voice and eSRVCC to support seamless voice service handover from P1 LTE to Celcom 2G and/or 3G or any similar technology whenever it is made available by P1 to Celcom and accepted by Celcom; and
- (ii) The 2G and/or 3G Domestic Roaming services to be provided under the Domestic Roaming Arrangement shall be Voice, Short Messaging Service (SMS), Multimedia Messaging Service (MMS), Data and International Direct Dialing (IDD), if any.

2.2.2 Duration

The minimum period is 5 years with an automatic renewal for a further period of 5 years.

3.0 RATIONALE FOR THE COLLABORATION

In the spirit of supporting the Government of Malaysia's aspiration in fostering partnerships amongst industry players to leverage on existing infrastructure, Celcom and TM are partnering to provide new services to the end-users.

The partnership will accelerate the fiberisation roll-out of Celcom's 4G network through TM's provision of a backhaul with high bandwidth capacity. This accelerates Celcom's ongoing effort of a continuous and rigorous roll out of its Long Term Evolution (LTE) site deployment country-wide.

In addition there will be an extension of the agreement for Celcom's access to TM's HSBB network enabling the country's leading wireless data provider to offer fixed broadband services as well, both for Business to Customer and Business to Business segments.

On another fold of the Collaborations, Celcom will be offering mobile domestic roaming services to P1.

The infrastructure collaboration hence benefits both parties to accelerate fulfilling each other's aspirations in becoming converged players.

4.0 BRIEF INFORMATION ON PARTIES

4.1 TM

TM, a public listed company duly incorporated in Malaysia on 12 October 1984, has an authorised share capital of RM3,528,003,015 divided into 5,040,000,020 ordinary shares of RM0.70 each, 1 Special Rights Redeemable Preference Share of RM1.00, 2,000 Class C Non-Convertible Redeemable Preference Shares ("**NCRPS**") of RM1.00 each, 1,000 Class D NCRPS of RM1.00 each. The issued and paid up share capital of the Company is RM2,630,555,302.10 divided into 3,757,934,823 ordinary shares of RM0.70 each, 1 Special Rights Redeemable Preference Share of RM1.00 and 925 Class D NCRPS of RM1.00 each. The principal activity of TM is the establishment, maintenance and provision of telecommunication and related services.

4.2 P1

P1 was incorporated in Malaysia on 11 February 2002 as a private limited company under the name of MIB Comm Sdn Bhd and subsequently assumed its present name on 24 January 2007. The authorised share capital of P1 is RM100,000,000. divided into 100,000,000 ordinary shares of RM1.00 each. Its issued and paid-up capital stands at RM16,697,425 held by Mobikom Sdn Bhd (55.3%), a wholly-owned subsidiary of TM, Packet One Sdn Bhd, a wholly-owned subsidiary of Green Packet Berhad (31.1%) and SK Telecom Co. Ltd. (13.6%). It is principally involved in the provision of last mile broadband network infrastructure facilities and services in Malaysia.

4.3 Celcom

Celcom was incorporated in Malaysia on 5 January 1988. The authorised share capital of Celcom is RM4,000,000,000 divided into 4,000,000,000 ordinary shares of RM1.00 each. Its issued and paid-up share capital of Celcom stands at RM1,237,534,681 comprising 1,237,534,681 ordinary shares of RM1.00 each. Celcom was the first privately owned company in Malaysia to offer mobile services when it launched its “Art 900” analogue mobile system in 1989. In 1995, Celcom was one of the first operators in Malaysia to provide digital services through its GSM 900 network. Celcom currently operates 2G, 3G and 4G LTE and provides mobile telecommunication services in Malaysia under the brand name ‘Celcom’.

4.4 Celcom Mobile

Celcom Mobile was incorporated in Malaysia on 15 July 1976. The authorised share capital of Celcom Mobile is RM2,000,000,000 divided into 2,000,000,000 ordinary shares of RM1.00 each. Its issued and paid-up share capital of Celcom Mobile stands at RM313,000,000 comprising 313,000,000 ordinary shares of RM1.00 each. Celcom Mobile’s principal activities are the provision of mobile communications, network and application services and content.

4.5 Celcom Networks

Celcom Networks was incorporated in Malaysia on 30 March 1990. The authorised share capital of Celcom Networks is RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each. Its issued and paid-up share capital of Celcom Networks stands at RM535,000,000 comprising 535,000,000 ordinary shares of RM1.00 each. Celcom Networks is principally involved in the provision network telecommunications, capacity and related services.

5.0 EFFECTS OF THE ENTRY INTO THE DEFINITIVE AGREEMENTS ON THE SHARE CAPITAL, EARNINGS AND NET ASSETS

The entry by Celcom Group into the Definitive Agreements does not have any effect on the issued and paid-up share capital of Axiata and is not expected to have any material effect on the earnings and net assets of Axiata Group for the financial year ending 31 December 2016. However, the Collaboration is expected to contribute positively to the future earnings of Axiata Group.

6.0 APPROVALS REQUIRED

The entry into the Definitive Agreements is not subject to shareholders or any government authorities’ approval. Axiata will procure the mandate from its shareholders on the annualised estimates of the recurrent transactions contemplated under the Definitive Agreements at its annual general meetings as permitted under Paragraph 10.09 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

7.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Khazanah Nasional Berhad ("**Khazanah**"), a major shareholder of Axiata is deemed to have an interest in the Definitive Agreements by virtue of Khazanah also being a major shareholder of TM. As of 28 January 2016, Khazanah holds approximately 38.23% and 28.65% respectively in Axiata and TM. By virtue of the above relationship, Khazanah is deemed interested in the Definitive Agreements.

Tan Sri Dato' Azman Hj. Mokhtar and Kenneth Shen are Khazanah's representatives on the Board of Directors of Axiata ("**Interested Directors**"). Both the Interested Directors have abstained and will continue to abstain from all deliberation and voting in relation to the Definitive Agreements and other definitive agreement(s) arising from the Collaboration.

Save as disclosed above, none of the major shareholder and/or Directors of Axiata and/or persons connected to them have any direct or indirect interest in the Definitive Agreements.

8.0 AUDIT COMMITTEE AND BOARD OF DIRECTORS' STATEMENT

The annualised estimated value of the transactions under the Future Agreements falls under the Shareholders' Mandate for Recurrent Related Party Transactions ("**RRPT Mandate**") which was approved by the shareholders of Axiata at the 23rd Annual General Meeting held on 20 May 2015.

As disclosed in the circular to shareholders on the RRPT Mandate dated 28 April 2015, the Board Audit Committee ("**BAC**") of Axiata, with the exception of Kenneth Shen, is of the view that the transactions under the RRPT Mandate ("**Mandated RRPT Transactions**") are in the best interest of Axiata and having reviewed the procedures and guidelines for review and approval of RRPT, is of the opinion that the Mandated RRPT Transactions will be undertaken on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of Axiata.

The BAC of Axiata, with the exception of Kenneth Shen, having considered all aspects of the Collaboration is of the view that the transactions to be undertaken under the Collaboration will be undertaken on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of Axiata.

The Board of Axiata (save for the Interested Directors) after having considered all aspects, is of the opinion that the Collaboration is in the best interest of Axiata.

9.0 TRANSACTION WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save for the Collaboration and recurrent related party transactions of revenue and trading nature, there were no other transactions entered into between the Company with the same related party for the 12 months preceding the date of this announcement.

This announcement is dated 28 January 2016.