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If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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AXIATA GROUP BERHAD
(Company No. 242188-H)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The ordinary resolution for the proposal will be tabled at the Twenty-Seventh Annual General Meeting ("**27th AGM**") of Axiata Group Berhad ("**Axiata**"). This circular is available at <https://axiata.com/investors/agm.html> together with, amongst others, the Notice of the 27th AGM, Proxy Form and the Administrative Notes of Axiata. The date, time and venue of the 27th AGM are as follows:

Date and time of the 27th AGM : Wednesday, 29 May 2019 at 10.00 a.m. or at any adjournment thereof.

Venue : Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia.

The Proxy Form for the 27th AGM should be completed and deposited at the office of Axiata's share registrar, Tricor Investor & Issuing House Services Sdn Bhd (11324-H) ("**Tricor**") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. As the voting at the 27th AGM will be conducted on a poll, the Proxy Form must be lodged on or before the following time and date:

Last day and time for deposit of Proxy Form : Tuesday, 28 May 2019 at 10.00 a.m.

The proxy appointment may also be lodged electronically via Tricor's TIIH Online website at <https://tiih.online> no later than 28 May 2019 at 10.00 a.m. For further information on the electronic lodgment of Proxy Form, kindly refer to the Annexure of the Administrative Notes.

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DEFINITIONS

In this Circular, the following words and expressions shall bear the following meanings respectively, unless the context otherwise requires:

“Act”	:	Companies Act, 2016, as amended from time to time and includes any re-enactment thereof.
“AGM”	:	An annual general meeting of the Company.
“Integrated Annual Report”	:	The integrated annual report of the Company.
“Axiata” or “Company”	:	Axiata Group Berhad.
“Axiata ESOS”	:	Performance-based employee share option scheme for eligible employees which was implemented on 16 April 2009 and has a scheme period of 10 years. The scheme expired on 15 April 2019.
“Axiata Group” or “Group”	:	Axiata and its subsidiaries, collectively.
“Axiata Shares” or “Shares”	:	Ordinary shares of the Company, and “Axiata Share” and “Share” shall be construed accordingly.
“Axiata Share Scheme”	:	Axiata’s performance-based share option and share scheme comprising the Axiata ESOS and the Axiata restricted share plan.
“BDT”	:	Bangladeshi Taka.
“Board”	:	The board of directors of Axiata for the time being.
“Board Audit Committee”	:	The audit committee of the Board, as detailed in Section 2.6 of this Circular.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad.
“Celcom”	:	Celcom Axiata Berhad, a wholly-owned subsidiary of Axiata.
“Celcom Group”	:	Celcom and its subsidiaries, collectively.
“Connected Person” or “Person Connected”	:	In relation to any person (referred to as “ said Person ”) means such person who falls under any one of the following categories: <ul style="list-style-type: none">(a) a family member of the said Person;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;(c) a partner of the said Person;(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;

“Connected Person” or “Person Connected” (<i>Cont’d</i>)	:	<ul style="list-style-type: none"> (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate in which the said Person, or Persons Connected with the said Person are entitled to exercise, or control the exercise of, not less than twenty percent (20%) of the votes attached to voting shares in the body corporate; or (g) a body corporate which is a related corporation of the said Person.
“Director”	:	<p>A director of our Company or our subsidiary (as the case may be) within the meaning given in section 2(1) of the Capital Markets and Services Act, 2007 (as amended from time to time and includes any re-enactment thereof), and for the purposes of the Proposed Shareholders’ Mandate, and in respect of any particular transaction includes any person who is or was, within the six-month period preceding the date on which the terms of that transaction were agreed upon:</p> <ul style="list-style-type: none"> (a) a director of our Company or our subsidiary or holding company; or (b) a chief executive officer of our Company or our subsidiary or holding company, <p>and “Directors” shall be construed accordingly.</p>
“Edotco”	:	Edotco Group Sdn Bhd.
“Edotco Group”	:	Edotco and its subsidiaries, collectively.
“Khazanah”	:	Khazanah Nasional Berhad, a Major Shareholder of Axiata.
“LKR”	:	Sri Lankan Rupee.
“LOA”	:	Limits of authority, as described in Section 2.6 of this Circular.
“LPD”	:	31 March 2019, being the latest practicable date prior to the printing of this Circular.
“Main LR”	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time and shall include any Practice Notes issued in relation thereto.
“Major Shareholder”	:	<p>A person who has an interest or interests in one or more voting shares in a corporation and the number or the aggregate number of those shares, is:</p> <ul style="list-style-type: none"> (i) ten percent (10%) or more of the total number of voting shares in the corporation; or (ii) five percent (5%) or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation,

and for the purposes of the Proposed Shareholders' Mandate, and in respect of any particular transaction, includes any person who is or was, within the six-month period preceding the date on which the terms of that transaction were agreed upon, a Major Shareholder of Axiata or its subsidiary or holding company. For the purposes hereof, an interest in a share shall be determined by reference to section 8 of the Act. "Major Shareholders" shall be construed accordingly.

"PKR"	:	Pakistani Rupee.
"PN 12"	:	Practice Note 12 of the Main LR.
"Proposed New Shareholders' Mandate"	:	Proposed new shareholders' mandate for RRPTs to be entered into by the Axiata Group as described in Section 2 of Appendix 1 of this Circular.
"Proposed Renewal of Shareholders' Mandate"	:	Proposed renewal of shareholders' mandate for RRPTs to be entered into by the Axiata Group as described in Section 1 of Appendix 1 of this Circular.
"Proposed Shareholders' Mandate"	:	Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate, collectively.
"Related Party"	:	A Director, Major Shareholder, or Person Connected with such Director or Major Shareholder, and "Related Parties" shall be construed accordingly.
"Related Party Transaction"	:	A transaction entered into by Axiata or a subsidiary of Axiata which involves the interest, direct or indirect, of a Related Party.
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively.
"RRPT"	:	A Related Party Transaction which is recurrent, of a revenue or trading nature, and which is necessary for the day-to-day operations of the Axiata Group, and "RRPTs" shall be construed accordingly.
"TM"	:	Telekom Malaysia Berhad.
"TM Group"	:	TM and its subsidiaries, collectively.
"USD"	:	United States Dollar.
"VAT"	:	Value added tax.

All references in this Circular to "we", "us", "our" and "ourselves" are to Axiata and, where the context requires, to Axiata and its subsidiaries collectively. All references to "you" in this Circular are to the shareholders of Axiata.

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing any gender shall, where applicable, include all genders.

In this Circular, all references to a person shall include a reference to corporations.

All references to time in this Circular are references to Malaysian time, unless otherwise stated. Unless otherwise expressly provided herein, references in this Circular to Sections, Appendices and Annexures are to the relevant sections, appendices and annexures of and to this Circular.

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AXIATA GROUP BERHAD
(242188-H)
(Incorporated in Malaysia)

Registered office:

Level 5, Corporate Headquarters,
Axiata Tower,
9, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50470 Kuala Lumpur,
Malaysia.

30 April 2019

Board of Directors

Tan Sri Ghazzali Sheikh Abdul Khalid (*Chairman, Independent Non-Executive Director*)
Tan Sri Jamaludin Ibrahim (*Managing Director/President & Group Chief Executive Officer*)
David Lau Nai Pek (*Senior Independent Non-Executive Director*)
Dato Dr Nik Ramlah Nik Mahmood (*Independent Non-Executive Director*)
Dato' Mohd Izzaddin Idris (*Independent Non-Executive Director*)
Dr David Robert Dean (*Independent Non-Executive Director*)
Dr Muhamad Chatib Basri (*Independent Non-Executive Director*)
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz (*Non-Independent Non-Executive Director*)
Dr Lisa Lim Poh Lin (*Independent Non-Executive Director*)
Khoo Gaik Bee (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

1. INTRODUCTION

At the last AGM held on 23 May 2018, we had obtained a mandate from our shareholders for us to enter into RRPTs with our Related Parties as set out in the circular to shareholders dated 24 April 2018. This shareholders' mandate shall, in accordance with the provisions of the Main LR, lapse at the conclusion of the forthcoming 27th AGM unless we, at that same 27th AGM, again procure a mandate from you for us to enter into RRPTs with our Related Parties. Our Board had, on 21 February 2019, announced that we will be seeking your approval for the Proposed Shareholders' Mandate, at the forthcoming 27th AGM.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and in relation thereto, to seek your approval for ordinary resolution no.11 which is to be tabled as special business at the forthcoming 27th AGM. This Circular is available at <https://axiata.com/investors/agm.html> together with, amongst others, the Notice of the 27th AGM, Proxy Form and the Administrative Notes of Axiata.

Please read and consider carefully the contents of this Circular before voting on the resolution pertaining to the Proposed Shareholders' Mandate.

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2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions of the Main LR

- (a) Paragraph 10.09(1), Part E, Chapter 10 of the Main LR provides, among others, that a listed issuer must immediately announce an RRPT in relation to a listed issuer with an issued and paid-up capital of RM60.0 million and above:
- (i) the consideration, value of the assets, capital outlay or cost of the RRPT is RM1.0 million or more; or
 - (ii) the percentage ratio of such RRPT is one percent (1%) or more,
- whichever is the higher.
- (b) Under paragraph 10.09(2) of the Main LR, a listed issuer may seek a mandate from its shareholders for RRPTs subject to the following:
- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
 - (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Main LR;
 - (iii) the listed issuer's circular to shareholders for the shareholders' mandate includes such information as may be prescribed by the Bursa Securities;
 - (iv) in a meeting to obtain the shareholders' mandate:
 - (I) a Related Party with any interest, direct or indirect, in an RRPT that is subject to such mandate ("**Interested Related Party**") must not vote on the resolution to approve the shareholders' mandate and the RRPT;
 - (II) an Interested Related Party who is a Director or Major Shareholder must ensure that Persons Connected with it abstain from voting on the resolution to approve the shareholders' mandate and the RRPT; and
 - (III) where the Interested Related Party is a Person Connected with a Director or Major Shareholder, such person must not vote on the resolution to approve the shareholders' mandate and the RRPT; and
 - (v) the listed issuer must immediately announce to the Bursa Securities when the actual value of an RRPT entered into by the listed issuer exceeds the estimated value of the RRPT as disclosed in this Circular by ten percent (10%) or more and must include such information as may be prescribed by the Bursa Securities in its announcement.
- (c) In accordance with paragraph 3.1.4 of PN 12, any authority conferred by the Proposed Shareholders' Mandate, if approved by you at the 27th AGM, is subject to annual renewal and shall only continue to be in force until:
- (i) the conclusion of our next AGM following the 27th AGM at which the Proposed Shareholders' Mandate is passed, at which time the authority will lapse, unless the authority is renewed by a resolution passed at the next AGM;

(ii) the expiration of the period within which our next AGM is required to be held under section 340(2) of the Act (but must not extend to such extension as may be allowed under section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by you at a general meeting,

whichever is the earlier.

(d) Pursuant to paragraph 3.1.5 of PN 12, disclosure of the aggregate value of RRPTs conducted pursuant to the Proposed Shareholders' Mandate will be made in our next Integrated Annual Report, together with the breakdown of the aggregate value of the RRPTs made during the financial year, based on (among other things) the following information:

(i) the type of RRPTs made; and

(ii) the names of the Related Parties involved in each type of RRPTs made and their relationship with us.

2.2 Our Principal Activities

The principal activities of the Group are the provision of telecommunication services, telecommunication infrastructure and related services as well as digital services. The principal activities of the Company are investment holding and provision of technical and management services on an international scale.

2.3 Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of Related Parties:

(a) our Major Shareholders and Connected Persons of our Major Shareholders; and

(b) our Directors and Connected Persons of our Directors.

2.4 RRPTs

The details of the RRPTs under the Proposed Shareholders' Mandate are described in Appendix I of this Circular.

2.5 Details of Overdue Trade Receivables

The details of our Group's trade receivables pursuant to RRPTs which exceeded the credit term for the following periods as at 31 March 2019 are as follows:

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Amount in RM('000)	Aging of the Outstanding Amount			
	< 1 year	1 < 3 years	3 < 5 years	> 5 years
Revenue to Axiata Group				
Interconnect payment from TM Group	19,334	0	0	0
Transmission revenue on the services by Axiata Group to TM Group	1,225	0	0	0
Domestic roaming revenue from TM Group	4,300	44,395	0	0
Site rental payable for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group	15,399,784	0	0	0
Field Line Maintenance ("FLM") services by Axiata Group to edotco Group	14,457	56	0	0
Corrective maintenance and other service charges payment from edotco Group	1,939	2,742	0	0
Infrastructure leasing and related services including managed services by edotco Group to Axiata Group	178,808,717	11,044,419	0	0
GRAND TOTAL	194,249,756	11,091,612	0	0

There are no late payment charges on the overdue trade receivables as our Group has decided not to impose any late payment charges. The management of our Company has and will continue to meet and discuss with the relevant Related Parties to pursue for early settlement of the outstanding amounts due. Our Board Audit Committee and our Board have reviewed the outstanding amounts, and are of the opinion that the outstanding amounts were part of normal business operations of our Group and are recoverable. In addition, our management is of the view that the Related Parties are long term business counter-parties and have sound credit standing.

2.6 Review Procedures for the RRPTs

To ensure that the RRPTs are undertaken on an arm's length basis, are on terms not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of our minority shareholders, our Board Audit Committee has been tasked with the review and approval of such transactions.

Our Board Audit Committee currently comprises of Mr. David Lau Nai Pek (Chairman), Dato' Mohd Izzaddin Idris and Dr David Robert Dean.

We have established the following procedures and guidelines for the review and approval of RRPTs:

- (a) A list of Related Parties is established and made available to the chief financial officers or heads of the financial divisions (as the case may be) of each operating unit and subsidiary in our Group, who shall monitor and ensure that all RRPTs to be entered into by us or our subsidiary are required to be undertaken on an arm's length basis, on terms which are not more favourable to the Related Parties than those generally available to the public, and which are not to the detriment of our minority shareholders;
- (b) Our operating units and our subsidiaries are made aware of the requirement to monitor, and shall put in place processes or systems to record and report on all RRPTs for compilation and reporting to our Group's finance division;
- (c) Our operating units and subsidiaries must ensure that proper records and supporting documents of the RRPTs are maintained so that all RRPTs entered into pursuant to the Proposed Shareholders' Mandate will be adequately disclosed;

- (d) The processes and procedures are in place to ensure RRPTs are entered into after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, as compared to the prevailing market prices and rates, industry norms and standards, as well as the general practices, adopted by the service providers of similar capacities and capabilities generally available in the open market;
- (e) Our internal audit plan would incorporate a periodic review of all RRPTs entered into or to be entered into under the Proposed Shareholders' Mandate, to ensure that all the relevant approvals for the RRPTs have been obtained, or that they are duly ratified, and the review procedures in respect of such transactions are adhered to. The audit findings will be provided to the Board Audit Committee for review;
- (f) All RRPTs are presented at our Board Audit Committee meetings. Our Board Audit Committee has the right to access information concerning our Related Parties, and is entitled to the services of any independent adviser, if required, for the discharge of its duties;
- (g) Our Board and our Board Audit Committee have overall responsibility for determining whether the guidelines and procedures on the RRPTs are appropriate and sufficient. Arising from business needs, a review of the RRPT processes and procedures will be carried out by our Board through the Board Audit Committee. If, during the review, the Board and the Board Audit Committee are of the view that the RRPT processes and procedures are:
 - (i) no longer valid; or
 - (ii) insufficient to ensure that the RRPTs are made on an arm's length basis or on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of our minority shareholders;

then, they shall have the discretion to change, vary, modify existing guidelines and procedures, or implement new or additional guidelines and procedures, provided that such amended, varied, modified, new or additional guidelines and procedures are no less stringent than the existing guidelines and procedures; and

- (h) Where any of our Board or our Board Audit Committee members has an interest (direct or indirect) in an RRPT, he must declare his interest in the RRPT and abstain from participating in the decision of the Board or the Board Audit Committee on the said RRPT.

All transactions (including RRPTs) are subject to approvals based on our Group's LOA. Our LOA, which have been duly approved by the respective boards of directors of our Group, contain the prescribed approval limits (including thresholds for board of directors' approvals) determined based on grounds of practicality from the business and operational viewpoint unique to our Group. The threshold for the utilisation of the approved mandate is also subject to our LOA prior to the award of contracts in relation to the transactions contemplated under the Proposed Shareholders' Mandate.

Under normal circumstances, procurement is conducted in line with guidelines set by our Group's procurement division, which would require comparisons of at least three quotations for the same, or substantially similar types of, products, services, and the same (or substantially similar) quantity of products or services, from third parties. However, given the nature and type of transactions that we enter into, in a number of occasions, it is not possible to find at least two other similar or contemporaneous transactions with unrelated third parties for similar products, services or quantities thereof which can be used as comparison to determine whether the prices and terms offered to or by our Company by or to our Related Parties, as the case may be, are fair and reasonable and comparable to those offered to or by other unrelated parties.

In these instances, prices are determined based on market knowledge and on normal commercial terms in accordance with our Group's policies, which require (among others) that transactions with Related Parties are undertaken on arms' length basis, are carried out on normal commercial terms and are not detrimental to our minority shareholders.

Besides pricing, we also have a procurement policy that priority of, and selection of, vendors and suppliers are not based on pricing alone, but also on other intrinsic factors, such as quality and nature of goods or services, reliability, lead time and all other relevant business circumstances and considerations.

2.7 Statement by our Board Audit Committee

Our Board Audit Committee has seen and reviewed the procedures described in Section 2.6 of this Circular and is of the opinion that these procedures are adequate and sufficient to monitor, track and identify RRPTs in a timely and orderly manner, and to ensure that RRPTs are on an arm's length basis, are on terms that are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of our minority shareholders.

2.8 Rationale for and benefits of the Proposed Shareholders' Mandate

The RRPTs that have been entered into and that will be entered into by our Group are necessary for our business and are intended to meet our business needs on the best possible terms.

We should be able to have access to all available markets, products and services provided by all vendors including Related Parties, and to provide products and services to all persons, including our Related Parties. This will enhance our ability to explore beneficial opportunities as well as to promote cross-selling which is beneficial to our Group.

The RRPTs are likely to continue in the future on a frequent and recurrent basis from time to time. In addition, these transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek your prior approval on a case-by-case basis before entering into such transactions. The Proposed Shareholders' Mandate will, therefore, substantially reduce the expenses relating to the convening of general meetings on an ad hoc basis and improve administrative efficiency.

The RRPTs are transactions in the ordinary course of our business, are made on an arms' length basis, are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders.

2.9 Interests of Directors, Major Shareholders and Their Connected Persons

Save for those disclosed below, none of our Major Shareholders and their Connected Persons, and our Directors and their Connected Persons, have any interest, direct or indirect, in the Proposed Shareholders' Mandate. Their direct and indirect shareholdings in our Company, based on the Register of Substantial Shareholders as of the LPD are as set forth:

Interested parties	Direct		Indirect	
	Number of Axiata Shares	%	Number of Axiata Shares	%
<u>Major Shareholder</u>				
Khazanah ⁽¹⁾	3,285,606,277	36.21	85,632,340 ⁽²⁾	0.94

Notes:

⁽¹⁾ Khazanah is deemed to have interest in the Axiata Shares pursuant to section 8 of the Act.

⁽²⁾ Held by CIMSEC Nominees (Tempatan) Sdn. Bhd. to facilitate the sale of Axiata Shares by Axiata's employees who have exercised their Axiata ESOS options pursuant to the Axiata Share Scheme. Includes 165,150 Axiata Shares, being the number of shares to be returned to Khazanah

under the selling flexibility arrangement to facilitate the sale of Axiata Shares by Axiata Group's employees who have exercised their Axiata ESOS options.

Khazanah, being a Major Shareholder of our Company, is deemed interested in the Proposed Shareholders' Mandate.

Our Director, Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz (Deputy Managing Director and Head of Investments of Khazanah) ("**Representative Director**"), who is a full time executive of Khazanah, is Khazanah's representative on our Board and accordingly, has abstained and will continue to abstain from deliberating and voting on the Proposed Shareholders' Mandate at our Company's relevant Board meetings. The Representative Director does not have any direct or indirect interest in the Company.

Khazanah and the Representative Director will abstain from voting in respect of their direct or indirect shareholdings in our Company (if any) on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at our forthcoming AGM and have also undertaken to ensure that Persons Connected to them will abstain from voting in respect of their direct or indirect shareholdings in our Company (if any), deliberating or approving the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at our forthcoming AGM.

3. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any effect on our issued shares or the shareholdings of our substantial shareholders. However, the Proposed Shareholders' Mandate may have a material effect on our consolidated net assets and consolidated earnings for the financial year ending 31 December 2019.

4. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is subject to your approval at our forthcoming 27th AGM.

5. DIRECTORS' RECOMMENDATION

Our Board (save for Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz, who has abstained from deliberation and voting in respect of the Proposed Shareholders' Mandate), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of our Company and recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate at our forthcoming AGM.

6. AGM

The resolution in respect of the Proposed Shareholders' Mandate will be tabled at the forthcoming AGM. This Circular is available at <https://axiata.com/investors/agm.html> together with, amongst others, the Notice of the 27th AGM, Proxy Form and the Administrative Notes of Axiata.

The 27th AGM will be held on Wednesday, 29 May 2019 at 10.00 am or at any adjournment, at the Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia.

The voting of the 27th AGM will be conducted on a poll. If you are unable to attend and vote in person at the 27th AGM, please complete, execute and deposit the Proxy Form, in accordance with the instructions therein, to our share registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at its Customer Service Centre at

Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than Tuesday, 28 May 2019 at 10.00 a.m. The proxy appointment may also be lodged electronically via Tricor's TIIH Online website at <https://tiih.online> no later than 28 May 2019 at 10.00 a.m. For further information on the electronic lodgment of Proxy Form, kindly refer to the Annexure of the Administrative Notes.

You may attend and vote in person at our forthcoming AGM if you wish to do so even after you have completed and returned the Proxy Form so long as you revoke the appointment of your proxy prior to the 27th AGM.

7. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
AXIATA GROUP BERHAD

DAVID LAU NAI PEK
**Senior Independent Non-Executive Director/
Chairman, Board Audit Committee**

DETAILS OF RRPTS TO BE ENTERED INTO WITH OUR RELATED PARTIES

1. Proposed Renewal of Shareholders' Mandate							
Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2018 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) ⁽²⁾
					Estimated Value (RM'000)	Actual Value (RM'000) ⁽¹⁾	
Axiata Group	TM Group	Khazanah and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group. Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz is Khazanah's representative on Axiata's Board.	Revenue Telecommunication and related services	30,000	20,709	30,000
				Interconnect payment from TM Group			
				Leased-line payment from TM Group	8,400	729	3,000
				Voice over internet protocol related services revenue from TM Group	5,000	397	1,000
				Dark fibre and leased-line from Celcom Group to Fibrecomm Network (M) Sdn Bhd	1,500	804	1,500
				Leased-line from Celcom Group to Fiberall Sdn Bhd	1,000	757	1,000
				Transmission revenue on the services by Axiata Group to TM	6,000	5,895	6,000

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2018 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) ⁽²⁾
					Estimated Value (RM'000)	Actual Value (RM'000) ⁽¹⁾	
				Infrastructure leasing and related services including managed services receivable from TM Group to Axiata Group Domestic roaming revenue	42,000	43,722	67,500
Axiata Group	TM Group	Khazanah and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group. Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz is Khazanah's representative on Axiata's Board.	Costs Telecommunication and related services Interconnect cost to TM Group Voice over internet protocol related services by TM Group to Axiata Group Leased-line related costs to TM Group Provision of data and bandwidth related services by TM Group to Axiata Group Internet access and broadband charges by TM Group to Celcom Group Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group	33,000	17,752	33,000
					10,000	1,877	3,000
					20,000	5,733	8,000
					75,000	70,219	92,000
					100	0	0
					30,000	27,470	30,000

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2018 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) ⁽²⁾
					Estimated Value (RM'000)	Actual Value (RM'000) ⁽¹⁾	
Axiata Group	TM Group	Khazanah and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group.	Leasing of fibre optic core and provision of bandwidth services from Fiberail Sdn Bhd to Axiata Group	4,000	412	1,000
		Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz is Khazanah's representative on Axiata's Board.		Purchase of dark fibre, bandwidth, space & facility from Fibrecomm Network (M) Sdn Bhd to Axiata Group	5,000	1,294	3,000
				Non-telecommunication services			
				Site rental payable for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group	45,000	41,118	48,000
				Rental of office premises payable monthly by Celcom Group to TM ⁽³⁾	23,000	10,619	0
				TOTAL	660,000	515,371	400,000

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Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2018 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) ⁽²⁾
					Estimated Value (RM'000)	Actual Value (RM'000) ⁽¹⁾	
Axiata Group	edotco Group	Khazanah and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	In addition to Khazanah's shareholdings in Axiata Group, Khazanah through its wholly-owned subsidiary, Mount Bintang Sdn Bhd is also a Major Shareholder of edotco. Kenneth Shen is Khazanah's representative on edotco's Board.	<u>Revenue to Axiata Group / Cost to edotco Group</u> ⁽⁴⁾ Field Line Maintenance ("FLM") services from edotco Group Site rental payable for telecommunication infrastructure, equipment and related charges by edotco Group to Axiata Group Corrective maintenance and other service charges payment from edotco Group	33,000	16,563	0
				<u>Cost to Axiata Group / Revenue to Edotco Group</u> ⁽⁴⁾ Infrastructure leasing and related services including managed services by edotco Group to Axiata Group FLM services to edotco Group	1,100,000	941,526	1,100,000
				TOTAL	1,197,200	991,706	1,210,000

Notes:

- (1) The Actual Values represent RRPT transacted from 23 May 2018 on which the 2018 Shareholders' Mandate was granted up to 31 March 2019.
- (2) The estimated transactions from 29 May 2019 (date of our forthcoming AGM) for an estimated validity period of one (1) year are based on best estimates by our management using historical trends and projected business transaction growth. The actual value may vary, exceed or be lower than, the estimates shown above.
- (3) The total area of the office premises rented is 313,583 square feet and the location of the office premises rented to Celcom Group is at Menara Celcom, No. 82 Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur. The lease agreement has expired on 31 October 2018.
- (4) The amount will be eliminated as inter-segment revenue for edotco Group. Respective cost will be eliminated at Axiata Group as the transaction is the intercompany transactions within Axiata Group.

2. Proposed New Shareholders' Mandate

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	Estimated value of the Proposed Shareholders' Mandate (RM'000) ⁽¹⁾
Axiata Group	TM Group	Khazanah and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group. Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz is Khazanah's representative on Axiata's Board.	Revenue Provision of 4G Multi-Operator Core Network ("MOCN") by Celcom Group to TM Group	145,000
TOTAL					145,000

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Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	Estimated value of the Proposed Shareholders' Mandate (RM'000) ⁽¹⁾
Axiata Group	edotco Group	Khazanah and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	In addition to Khazanah's shareholdings in Axiata Group, Khazanah through its wholly-owned subsidiary, Mount Bintang Sdn Bhd is also a Major Shareholder of edotco. Kenneth Shen is Khazanah's representative on edotco's Board.	<u>Revenue to Axiata Group / Cost to edotco Group</u> ⁽²⁾ Technical and management services fees and other services charges by Axiata Group to edotco Group <u>Revenue to edotco Group / Cost to Axiata Group</u> ⁽²⁾ Technical and operations support services fees and other services charges edotco Group to Axiata Group	8,000 6,000
				TOTAL	14,000

Notes:

⁽¹⁾ The estimated transactions from 29 May 2019 (date of our forthcoming AGM) for an estimated validity period of one (1) year are based on best estimates by our management using historical trends and projected business transaction growth. The actual value may vary, exceed or be lower than, the estimates shown above.

⁽²⁾ The amount will be eliminated as inter-segment revenue for edotco Group. Respective cost will be eliminated at Axiata Group as the transaction is the intercompany transactions within Axiata Group.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information in this Circular. They confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts which, if omitted, would make any statement in this Circular misleading.

2. MATERIAL CONTRACTS

Neither we nor any of our subsidiaries have entered into any contract outside the ordinary course of business which are or may be material during the two years immediately preceding the date of this Circular, save as follows:

- (a) An agreement for subscription and sale and purchase of shares dated 30 August 2017 was entered into amongst Pakistan Mobile Communications Limited ("**PMCL**"), Tanzanite Tower (Private) Limited ("**Tanzanite**") and Deodar (Private) Limited ("**Deodar**") for the subscription of up to 3,569,990,000 ordinary shares of PKR10 each in Deodar and the subsequent acquisition of the remaining nominal amount of shares in the capital of Deodar from PMCL ("**Proposed Acquisition**"). The total purchase consideration is USD940.0 million. However, the Proposed Acquisition has since been aborted.
- (b) A subscription agreement dated 30 August 2017 was entered into amongst Dawood Hercules Corporation Limited ("**DH Corp**"), edotco Investments (Labuan) Limited ("**EIL**") and edotco Pakistan (Private) Limited ("**edotco Pakistan**") ("**Subscription Agreement**") for the subscription by DH Corp and EIL of up to 1,743,000,000 and 955,260,813 ordinary shares in edotco Pakistan respectively at a consideration of PKR 17,430,000,000 and PKR 16,248,750,000 respectively ("**Proposed Subscription**"). However, the Proposed Subscription has since been aborted.
- (c) A shareholders agreement dated 30 August 2017 was entered into amongst DH Corp, EIL and edotco Pakistan to regulate the affairs of edotco Pakistan and the relationship amongst the shareholders of edotco Pakistan with effect from the completion of the Proposed Subscription. However, the Proposed Subscription has since been aborted.

3. MATERIAL LITIGATION

As at the LPD, save as disclosed below, neither we nor any of our subsidiaries are engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which may materially adversely affect our income from, title to, or possession of any of our assets and/or business, and we are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially adversely affect the financial position or business of our Group.

- (a) **Celcom Trading Sdn. Bhd. (formerly known as Rego Multi-Trades Sdn. Bhd.) ("Celcom Trading") vs Aras Capital Sdn. Bhd. ("Aras Capital") & Tan Sri Dato' Tajudin Ramli ("TSDTR")**

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom Resources (formerly known as Technology Resources Industries Berhad), commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million as at 30 November 2004 (subsequently amended to RM264.5 million) together

with interest and costs for breach of an investment agreement and a supplemental agreement by Aras Capital and an indemnity letter given by TSDTR ("**Main Suit 1**").

Aras Capital was wound up by order of Court on 27 May 2005 vide Kuala Lumpur High Court Winding Up Petition No: D7-28-145-2005. In view of the winding up order against Aras Capital, Celcom Trading decided to pursue the matter only against TSDTR. On 13 May 2005, TSDTR filed his defence and instituted a counterclaim against Celcom Trading, Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) ("**Celcom Resources**") and its directors for, amongst others, RM100.0 million and a declaration that the investment agreement, the supplemental agreement and the indemnity letter are void or to be rescinded ("**TSDTR's Counterclaim**").

On 20 June 2016, the Court allowed Celcom Trading's claim under the Main Suit 1 of RM264.5 million with interest at 5% per annum from 13 May 2013 until full settlement and dismissed TSDTR's Counterclaim with costs of RM100,000.00 after full trial ("**Judgment**").

TSDTR appeals to the Court of Appeal and thereafter leave to appeal to the Federal Court against the Judgment were dismissed. With the dismissal, TSDTR has no other avenue to appeal further and the case is concluded.

On 8 May 2018, a Receiving Order and Adjudication Order ("**ROAO**") was obtained against TSDTR which adjudged him as a bankrupt in the execution proceedings against him. Following the RAOA, a proof of debt for TSDTR was filed on 25 July 2018.

On 8 November 2018, a new proof of debt was filed in relation to the Main Suit 1 amounting to RM322,882,853.94. To-date, the outstanding debts remain unpaid. During the 1st Creditor's Meeting on 8 November 2018 for TSDTR ("**TSDTR's 1st Creditor's Meeting**"), we were informed by the officer in charge that TSDTR agreed to pay a monthly installment of RM100.00 commencing from June 2018. The remaining estate of TSDTR as of the date of TSDTR's 1st Creditor's Meeting amounts to RM4,451.07.

(b) Celcom & Another vs TSDTR & 6 Others

On 24 October 2008, Celcom and Celcom Resources commenced proceedings against five (5) of its former directors, namely (i) TSDTR, (ii) Dato' Bistaman bin Ramli ("**BR**"), (iii) Dato' Lim Kheng Yew ("**DLKY**"), (iv) Axel Hass ("**AH**"), and (v) Oliver Tim Axmann ("**OTA**") (the Defendants named in items (iv) and (v) are collectively referred to as the "**German Directors**"), as well as (vi) DeTeAsia Holding GmbH ("**DeTeAsia**") and (vii) Beringin Murni Sdn. Bhd. (collectively with the German Directors referred to as "**Defendants**").

Celcom and Celcom Resources are seeking for damages for conspiracy against the Defendants. Celcom and Celcom Resources claim that the Defendants wrongfully and unlawfully conspired with each other to injure Celcom and Celcom Resources by causing and/or committing Celcom and Celcom Resources to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 ("**the 2002 Supplemental Agreement**") and the Amended and Restated Supplemental Agreement dated 4 April 2002 with DeTeAsia ("**the ARSA**") in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and BR ("**Main Suit 2**").

Separately, Celcom and Celcom Resources reached an amicable settlement with DLKY and the said companies filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, TSDTR and BR filed a statement of defence (“**Defence for Main Suit 2**”) and counterclaim against Celcom, Celcom Resources and Telekom Malaysia Berhad (“**TM**”) seeking inter alia payment of the sum of RM6,246,492,000.00 or alternatively the sum of RM7,214,909,224.01 together with interest, being the amount claim by TSDTR in his counterclaim in Kuala Lumpur High Court Suit No. D2-22-673-2006 (“**Danaharta Suit**”) which was withdrawn pursuant to a purported global settlement and damages (“**TSDTR and BR’s Counterclaim for Main Suit 2**”). The German Directors filed their respective defence on 30 June 2016.

Subsequently TM’s application to intervene in Main Suit 2 (“**TM Intervening Application**”) was allowed in light of the allegations made against TM in TSDTR and BR’s Counterclaim for Main Suit 2.

The trial and TSDTR and BR’s Counterclaim for Main Suit 2 commenced on 22 January 2018 whereby Datuk Azzat Kamaludin, Tan Sri Abdul Rahman, Encik Shamsudin Rasom, Puan Suryani, Puan Zunika and Dr. Jim Lai of Messrs. Grant Thornton (expert witness) was called as a witness to give evidence on behalf of Celcom and Celcom Resources. The Plaintiffs’ case was closed on 21 November 2018.

The First and Second Defendants had commenced their case on 28 November 2018 whereby Datuk Bazlan Osman was subpoenaed to give evidence. The trial then continued on 18 March 2019 to 21 March 2019 whereby Dato’ Zamzamzairani Mohd Isa, Dato’ Lim Kheng Yew, Dato Seri Mohamed Nazri Bin Abdul Aziz and TSDTR gave evidence. TSDTR will continue to give evidence on the next trial date of 25 April 2019 followed by BR.

In view of the ROAO obtained against TSDTR and BR on 8 May 2018, hearing of the trial were adjourned pending Celcom and Celcom Resources application for leave to continue action against TSDTR and BR (“**Leave**”) and filing of application for sanction by TSDTR and BR to defend the case and continue with the Counterclaim (“**Sanction**”). Leave and Sanction were granted and obtained by the respective parties.

(c) Celcom & Another vs TSDTR & 8 Others

On 28 April 2006, Celcom and Celcom Resources instituted a claim (i) against nine of its former directors (namely (i) TSDTR, (ii) BR, (iii) DLKY, (iv) Dieter Sieber (“**DS**”), (v) Frank-Reinhard Bartsch (“**FRB**”), (vi) Joachim Gronau, (vii) Joerg Andreas Boy (“**JAB**”), (viii) AH, and (ix) OTA), alleging that they had breached their fiduciary duties by causing Celcom Resources to enter into a Subscription Agreement dated 25 June 1996 with Deutsche Telekom AG (“**Subscription Agreement**”), and Celcom and Celcom Resources to enter into the ARSA with TR International Ltd and DeTeAsia; and (ii) against TSDTR only, for alleged unauthorised profits made by him in connection with the abovementioned agreements (“**Main Suit 3**”). Celcom and Celcom Resources are seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446.0 million, all monies received by the directors arising out of such breaches, losses and damages in connection with the entry of Celcom and Celcom Resources into the Subscription Agreement and the ARSA.

Six of the defendants filed applications to strike out the Main Suit 3 but all the applications were dismissed by the High Court and thereafter, upheld by the Court of Appeal after appeals were filed against the High Court decisions. Further applications for leave to appeal on the striking out applications to the Federal Court were filed by the seven defendants and were also dismissed by the Federal Court on 31 March 2016. With the dismissal, the full trial proceeding in High Court resumed.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, TSDTR and BR filed statement of defence (“**Defence for Main Suit 3**”) and counterclaim against Celcom and Celcom Resources for amongst others, RM6,246,492,000.00 or the alternative sum of RM7,214,909,224.01 pursuant to a 17 18 global settlement in another suit (“**TSDTR and BR’s Counterclaim for Main Suit 3**”). DS, FRB, JAS, AH and OTA filed their respective defence on 30 June 2016.

Celcom and Celcom Resources filed an application to strike out the TSDTR and BR’s Counterclaim and the same was allowed with costs of RM5,000.00. However, on appeal to the Court of Appeal the decision was reversed on 4 May 2017 and the TSDTR and BR’s Counterclaim for Main Suit 3 was reinstated. Upon solicitor’s advice, Celcom and Celcom Resources decided not to appeal further.

In the meantime, the following applications have been filed and disposed / pending disposal:

- (i) TSDTR and BR filed ex parte applications for leave to issue committal proceedings against Celcom, Celcom Resources and Dato’ Sri Mohammed Shazalli Bin Ramly (“**DSSR**”) (“**Ex Parte Application for Main Suit 3**”) on the basis of DSSR’s denial of the existence of a global settlement in his affidavit. The Ex Parte Application for Main Suit 3 was dismissed at the High Court and Court of Appeal.
- (ii) TM filed an application to intervene in the Main Suit 3 (“**TM Intervening Application for Main Suit 3**”) in light of the allegations made against TM in the TSDTR and BR’s Counterclaim for Main Suit 3. The TM Intervening Application for Main Suit 3 was allowed in the appeal to the Court of Appeal when the TSDTR and BR’s Counterclaim for Main Suit 3 was reinstated.
- (iii) TSDTR and BR had filed an application to amend the Defence for Main Suit 3 and TSDTR and BR’s Counterclaim for Main Suit 3 (“**Application to Amend for Main Suit 3**”) and to add Telekom Enterprise Sdn Bhd as party to the proceeding. The Application to Amend for Main Suit 3 and joinder of Telekom Enterprise Sdn Bhd was however dismissed by the High Court and subsequently upheld by the Court of Appeal.
- (iv) TSDTR and BR motion for stay of the Main Suit 3 pending disposal of the Application to Amend for Main Suit 3 was heard on 22 August 2017 and stay of proceedings was allowed for the period of two months (“**Stay of Proceedings for Main Suit 3**”).
- (v) Application to set aside subpoena filed by TSDTR and BR’s subpoenaed witnesses respectively (“**Application to Set Aside Subpoena for Main Suit 3**”) was heard on 25 October 2017 whereby all applications to set aside subpoena were dismissed save for managing director of Khazanah, Tan Sri Azman bin Moktar. Solicitors for Celcom and Celcom Resources who represented Putri Noor Shariza and Ng Swee Kee (both solicitor from Shearn Delamore & Co. who represented Celcom and Celcom Resources at the material time) filed an appeal to Court of Appeal and the appeal was subsequently dismissed on 13 March 2018. The leave to Federal Court was also dismissed.
- (vi) Discussion between experts, appointed by Celcom and Celcom Resources and DeTeAsia respectively to narrow down issues for trial has been completed and the statements for convergence and divergence was filed in Court.

The trial and TSDTR and BR's Counterclaim for Main Suit 3 commenced on 22 January 2018 whereby Datuk Azzat Kamaludin, Tan Sri Abdul Rahman, Encik Shamsudin Rasom, Puan Suryani, Puan Zunika and Dr. Jim Lai of Messrs. Grant Thornton (expert witness) was called as a witness to give evidence on behalf of Celcom and Celcom Resources. The Plaintiffs' case was closed on 21 November 2018.

The First and Second Defendants had commenced their case on 28 November 2018 whereby Datuk Bazlan Osman was subpoenaed to give evidence. The trial then continued on 18 March 2019 to 21 March 2019 whereby Dato' Zamzamzairani Mohd Isa, Dato' Lim Kheng Yew, Dato Seri Mohamed Nazri Bin Abdul Aziz and TSDTR gave evidence. TSDTR will continue to give evidence on the next trial date of 25 April 2019 followed by BR.

(d) Celcom Mobile Sdn Bhd ("Celcom Mobile") vs Ketua Pengarah Hasil Dalam Negeri ("IRB")

In the course of its business, Celcom Mobile had incurred expenditure for amongst others providing Employee Share Option Scheme ("**ESOS**") to its employees, expenses for business development, advertising signage and annual licence fee ("**Expenses**"). Upon conducting a field audit on Celcom Mobile, IRB informed that it will, amongst others, disallow the Expenses for year 2006, 2009 and 2010. The total exposure for additional tax is RM 8,612,317.79.

Despite Celcom Mobile's detailed explanations on the rationale for allowing the deduction of Expenses, IRB maintained its position that the Expenses were not deductible and penalty amounting to RM2,672,788.28 ("**Celcom Mobile Penalty**") would be imposed under Section 113(2) of the Income Tax Act 1967 for the impugned years of assessment. Subsequently, vide letter dated 22 December 2014 IRB raised notices of assessment for year 2006, 2009 and 2010.

On 20 January 2015, Celcom Mobile filed a notice of appeal (Form Q) to the Special Commissioners of Income Tax and subsequently on 5 November 2015, a Petition of Appeal ("**Appeal**") to amongst others, set aside the Celcom Mobile Penalty. Celcom Mobile vide its solicitor's letter dated 18 September 2018 ("**Letter**") issued a settlement proposal to IRB. Following a meeting held on 28 March 2019, broad terms of settlement have been discussed and an updated settlement proposal was submitted to IRB on 9 April 2019. The settlement proposal is currently pending approval from IRB's panel. The next case management is fixed on 4 July 2019 to update the court if there are further negotiations with IRB.

The Directors, based on legal advice received, are of the view that Celcom has an arguable case to contend.

(e) VIP Engineering and Marketing Limited ("VIPEM") vs Celcom Resources on TRI Telecommunications Tanzania Limited ("Tritel")

In December 2001, vide Civil Case No. 427 of 2001, VIPEM claimed a sum of USD18.6 million from Celcom Resources as its share of loss of profits for the mismanagement of Tritel, a joint venture company between Celcom Resources and VIPEM. In light of the winding-up order made against Tritel, Celcom Resources filed its claims of RM123.4 million with the liquidator of Tritel in July 2003.

A stay of proceeding was granted in 2003 pending VIPEM reference to the London Arbitration Centre upon Celcom Resources's objection on the High Court's locus to hear the case.

As at LPD, after 15 years from the claim, Celcom Resources have not received any document on arbitration proceedings which are supposedly filed by VIPEM in London.

The English legal position regarding statutory limitation is similar to that in Malaysia whereby dispute for breach of contract must be brought within a period of 6 years from the date the dispute arose.

The Board of Directors are of the view that the likelihood of VIPEM pursuing this claim against Celcom Resources is remote as the reference to arbitration should by now be barred by statutory limitation.

(f) National Board of Revenue of Bangladesh (“NBR”) vs Robi Axiata Limited (“Robi”) (Robi SIM Replacement Dispute 2007-2011)

The Large Taxpayer Unit (“LTU”) of the NBR, had issued a show cause letter dated 23 February 2012 to Robi. The letter alleged that Robi had evaded payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi on the pretext that the issuance was for replacement purposes with regards to Robi’s existing customers. The amount in question amounts to BDT6,549,944,826. The show cause letter accompanied a demand to pay the amount, if the response to the show cause letter is not satisfactory.

Robi subsequently filed a writ in the High Court of Bangladesh on 26 April 2012 to challenge NBR’s claim. The writ was heard by the High Court on 2 May 2012. At the hearing, the High Court of Bangladesh granted Robi a stay of NBR’s claim for two months and ordered Robi to reply to NBR’s show cause letter within 10 days.

On 7 May 2012, NBR filed an application for Leave to Appeal to the Appellate Division of the Supreme Court of Bangladesh challenging the stay order of the High Court. Chamber Judge of the High Court heard the appeal on 8 May 2012 and rejected NBR’s application. Robi has replied to NBR’s show cause letter on 10 May 2012.

The appeal filed by NBR against the order of stay was taken up by the Appellate Division for final hearing on 7 April 2013 and the appeal was disposed of with a direction upon the High Court Division to finally hear the writ petition within one month from the date of receipt of the order. In a brief hearing, High Court division disposed-off the Writ with a direction to the NBR to resolve the dispute by following appropriate procedure, within 120 days of the receipt of the judgment.

As a result of neither the Comptroller and Auditor-General nor NBR applying to the Court of Appeal for the right to appeal the High Court judgment delivered in favour of Robi, the case is now considered closed.

In August 2013, a Review Committee was formed consisting of representatives from four mobile operators, Bangladesh Telecommunication Regulatory Commission (“BTRC”) (the telecoms regulator), NBR, LTU and a representative from Association of Mobile Telecom Operators of Bangladesh to produce a report with a view to resolve the matter amicably. The Review Committee is yet to finalise an agreed version of the final report.

LTU filed a revised claim on 17 May 2015 claiming for BDT4,145,455,400. A writ hearing is pending at the High Court of Bangladesh challenging the revised claim. Meanwhile, Robi has filed an appeal with the Customs, Excise and VAT Appellate Tribunal. The appeal was heard on 28 September 2016 and it was pending judgment to be delivered by the Customs, Excise and VAT Appellate Tribunal (“Tribunal”). However, we have recently received written notification that the judges’ bench has been reconstituted and as such all the mobile operators, including Robi, were asked to attend a rehearing on the issue on 11 April 2017. The hearing took place on the scheduled date, where the operators made their submissions to the reconstituted bench. The Tribunal has given the judgment which is disfavour to Robi and the other mobile operators. External counsels are of the view that the legal merit is considered to be good and thus Robi has appealed before the High Court against the judgment of the Tribunal. The matter is under judicial consideration.

(g) Robi's SIM Tax Subsidy

Robi has claimed for SIM tax subsidy as a deductible expense in its tax provision computations for financial years of 2005 to 2018. However, NBR had challenged the claim and regarded the SIM tax subsidy as non-deductible, on grounds that the subsidies are collectible from the customers (and as such it is the customers' liability) and hence it is not a "business expense". The cases have been taken to the local courts whereby the proceedings are still ongoing with no decision reached to-date.

Since 2007, Robi is paying SIM tax. However, Robi is not collecting tax from subscribers, but rather Robi is fully subsidising the payable SIM tax with an aim to boost mobile penetration in the country. Robi has been paying the tax and then claiming the subsidised amount as expenses.

In this regard, Robi had filed applications against NBR to challenge their decision on the SIM tax subsidy of BDT6,444,001,940 for the relevant financial years since 2005 as a non-deductible expense. These proceedings are still ongoing.

(h) Robi vs NBR (Judicial Review against NBR's demand amounting to BDT 9,244,985,130 on 3 May 2018)

NBR issued 5 show cause cum demand notices to Robi. Robi filed writ petitions on 3 May 2018 to challenge these claims. The details are as below. The NBR referred the matter to the Directorate General of Audit Intelligence and Investigation to re-examine the claims and as such, Robi is not pursuing the writ petitions.

- (i) The 1st show-cause cum demand notice for USD 88,977,649 (BDT7,118,211,917) was issued based on the credit balance of VAT payable GL (General Ledger) and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, NBR asked for month on month movement of output and withholding GL from Systems, Applications and Products i.e., SAP (Opening, debit balance during the month, credit balance during the month and closing balance). Robi had submitted the required documents. The NBR just considered the total credit balance of SAP GL as payable and compared it with VAT return without considering the documents or explanation submitted by Robi. The solicitors are of the opinion that the claims of NBR is without basis.
- (ii) The 2nd show-cause cum demand notice for USD 11,381,250 (BDT910,500,000) alleges unpaid VAT on merger and spectrum fee. NBR has collected merger fee/spectrum information from BTRC in relation to merger directly, thereafter arbitrarily calculated VAT without considering Robi's documents and information regarding actual payment to BTRC. This issue has already been covered in item A nevertheless NBR still arbitrarily made the same claim separately.
- (iii) The 3rd show-cause cum demand notice for USD 206,448 (BDT16,515,802) is to claim that VAT is payable on Interconnection charge from Bangladesh Telecommunications Limited (BTCL) for 2012. The output VAT for BTCL service to customer is centrally collected by NBR and that BTCL cannot adjust input VAT on interconnection charge payable to Robi/Multinational Organizations (MNOs). Therefore, BTCL does not pay the VAT on same to Robi/MNOs. BTCL & MNOs are pursuing to NBR for resolving the issue but the issue is still long pending. This issue has already been covered in item A nonetheless NBR still arbitrarily made the same claim separately.
- (iv) The 4th show-cause cum demand notice for USD 446,330 (BDT35,706,349) is to claim that VAT is payable on Interconnection charge from BTCL for 2013 to 2016 - Issue is same as item 3 above but relating to different period (2013-2016).

- (v) The 5th show-cause cum demand notice for USD 14,550,639 (BDT1,164,051,062) is for VAT Rebate cancellation on imported telecom items. NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

Re-examination of the claims by Directorate General of Audit Intelligence and Investigation are still ongoing.

(i) **Dialog Broadband Networks (Private) Limited (Amalgamated with Suntel Limited) (“DBN”) vs Electroteks Network Services (Private) Limited (“Electroteks”)**

On 20 November 2001, DBN initiated a claim against Electroteks for LKR68,765,407.91 to recover an outstanding amount due for the provision of telecommunication facilities. This claim has concluded and is currently at execution stage.

On 30 May 2002, Electroteks filed a counterclaim for LKR4.2 billion together with the interest thereon and it was allowed by the court (“**Counterclaim Judgment**”). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for LKR1.0 billion and a corporate guarantee for LKR3.2 billion to stay execution of the Counterclaim Judgment.

Parties filed written submissions on 30 November 2016. The Judgment was delivered by the Supreme Court on 14 December 2018 allowing the appeal of DBN and setting aside the Judgment of the Commercial High Court. Principal sum with the legal interest as at 14 December 2018 is LKR. 11,608,860,074.

A motion has been filed in the Commercial High Court to obtain release of the Bank Guarantee and the Corporate Guarantee. The matter is now pending the release of the Bank Guarantee and Corporate Guarantee.

(j) **Sri Lanka Telecom PLC (“SLT”) vs Dialog Axiata PLC (“DAP”) (“1st Suit” – DC/Colombo 88/2017) and Dialog Broadband Networks (Private) Limited (“DBN”) vs SLT (“2nd Suit” DC/Colombo 91/2017) and DBN vs SLT (“3rd Suit” – HC/Civil/23/2017/IP)**

On 25 August 2016, DNB issued a closed (confidential) request for proposal (“**RFP**”) to invite bids for the supply, installation and commission of a gigabit passive optical network (“**GPON**”) active solution.

On 5 June 2017, under the 1st Suit, SLT initiated an action against DAP to restrain DAP from providing any fixed telecommunication services or fixed wired connections to its end users through a GPON active solution. On 24 July 2017, the District Court refused the applications for the enjoining orders sought by SLT against DAP (“**Refusal of Enjoining Orders**”). DAP filed objections for Interim Injunctions on 2 October 2017 and the matter was fixed for interim injunction inquiry by way of written submissions on 2 November 2017. On 2 November 2017 DAP appeared before the courts and requested for further time to file written submissions. Parties filed written submissions on 28 November 2017. Order was delivered on 12 January 2018 refusing SLT’s application for interim injunctions (“**Order for Interim Injunctions**”). SLT appealed against the Order for Interim Injunctions (“**Appeal for Order for Interim Injunctions**”).

DAP filed the answer on 02 October 2018 and the matter is now fixed for pre-trial on 7 May 2019.

SLT appealed against the Refusal of Interim injunctions to the High Court of Civil Appeal (“HCCA”) – Case No. **WP/HCCA/COL/07/2018/LA** and the matter was fixed for hearing on 10 May 2018 for granting of leave to appeal. Matter was argued on several dates the last date being 14 September 2018. Currently the matter is fixed for support on 27 February 2019.

On 20 June 2017, under the 2nd Suit, as the provision of services through a GPON active solution is by DBN and not DAP, DBN initiated an action against SLT to prevent SLT from interfering with DBN providing such services. SLT filed their objections on 13 September 2017. 2nd Suit was fixed for interim injunction inquiry on 14 November 2017. On this date, the parties agreed that the matter could be fixed for trial. SLT was ordered to file the answer on 14 December 2017. On 14 December 2017 SLT requested further time to file its answer. Accordingly, SLT was ordered to file the answer on 26 April 2018. SLT filed their answer on 26 April 2018 and the matter was fixed for pre-trial on 13 June 2018. Matter came up for pre-trial on several dates the last date being 22 October 2018. Currently the matter is fixed for pre-trial on 14 February 2019.

On 18 July 2017, under the 3rd Suit, as the RFP is a closed (confidential) RFP, DBN initiated an action against SLT for wrongfully and unlawfully acquiring confidential information belonging to DBN. In this suit, DBN is seeking several declaratory, injunctive and interim reliefs against SLT, including a sum of LKR 7.8 billion (approximately USD 50 million) as damages.

DBN has obtained interim measures of protection under the Intellectual Property Act against SLT to disclose its source/person from which/whom SLT had acquired information on the closed (confidential) RFP and to restrain SLT from using, disclosing or disseminating the information contained in the closed (confidential) RFP pending the determination of the suit.

In relation to the 3rd Suit, it was fixed on 2 August 2017 for SLT to appear before Court and to disclose the source/person from which/whom SLT had acquired information on the closed (confidential) RFP. On the same day, SLT applied to file Petition to vacate the interim measures of protection issued by the Court. The Petition was filed on 10 August 2017. On 10 August 2017, DBN sought permission from the Court to file objections to the petition filed by SLT. An order was delivered by the Court on 30 August 2017 permitting DBN to file objections on 31 October 2017. When the matter was called on 31 October 2017, DBN moved for further time to file its objections and the Court ordered DBN to file objections on 9 January 2018. DBN filed objections on 9 January 2018. SLT was ordered to file objections on 26 March 2018 and the inquiry into interim measures of protection was fixed on 16 May 2018.

When the matter came up before courts on 26 March 2018 SLT moved for further time to file objections and SLT was ordered to file objections on or before 06 April 2018 and objections were filed by SLT on 6 April 2018. When the matter came up on 16 May 2018 for inquiry SLT raised the preliminary objection that the case had been filed by the wrong party and parties filed written submission regarding the preliminary objection. Matter is fixed for order on 8 August 2018 regarding SLT's preliminary objection. i.e. whether the SLT's objection that the case had been filed by the wrong party could be inquired into as a preliminary matter, prior to proceeding with the inquiry into the revocation/variation of the interim measures of protection. On 8 August 2018 the learned Judge dismissed DBN's entire action. DBN has appealed against the order of the High Court to the Supreme Court.

Case No. SC/ Appeal 139/2018 in the Supreme Court

DBN appealed to the Supreme Court against the order of the learned High Court Judge in HC (Civil) 23/2017/IP. Matter was supported on 19th September 2018 for leave to proceed. After hearing the submissions made by the Counsels the Supreme Court granted leave to proceed. DBN and SLT has filed its written submission in relation to this appeal on 9 November 2018 and 9 January 2019 respectively. Currently the matter is fixed for argument on 28 October 2019.

- (k) **Writ petition filed by 6 individuals against Ncell Private Limited, Reynolds Holdings Limited, Axiata Investments (UK) Limited, Large Tax Payers' Office, Inland Revenue Department, Nepal Rastra Bank, Department of Industry, Industry and Investment Promotion Board, Nepal Telecommunications Authority, Sunivera Capital Ventures Pvt. Ltd. and the Office of Company Registrar**

A public interest litigation (“**PIL**”) has been filed at the Supreme Court of Nepal (“**SC**”) alleging that Ncell Private Limited (“**Ncell**”) and its holding companies, namely Reynolds Holdings Limited (“**Reynolds**”) and Axiata Investments (UK) Limited (“**AIL**”), have evaded their tax liabilities and that the tax authority of the Government of Nepal has been complicit in this matter.

The petitioners have demanded various prayers, including demanding an order mandating collection of Capital Gains Tax (“**CGT**”) from Ncell, Reynolds and AIL. The Writ petition was filed on 28 January 2018 by 6 individuals, which includes a retired Secretary of the Government of Nepal and a former acting Auditor General. The petitioners inter alia requested that an order be issued for NPR 39,000,000,000 to be collected from Ncell, Reynolds and AIL and that the transfer or repatriation of dividend be prevented until this amount is collected.

The Supreme Court in its (verbal) ruling on 6 February 2019 ruled in favour of the PIL filed by Dwarikanath Dhungel and others that the onus of CGT of NPR 61,000,000,000 excluding late fees and fines is on Ncell, Reynolds and AIL. As at the LPD, the written decision and order were still being prepared by the Supreme Court.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia during office hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our 27th AGM:

- (a) our Company's Constitution;
- (b) our audited consolidated financial statements for the past two (2) financial years ended on 31 December 2016 and 2017 as well as our audited consolidated financial statements for the financial year ended on 31 December 2018;
- (c) the material contracts referred to in Section 2, Appendix II of this Circular; and
- (d) the relevant cause papers in respect of the material litigation referred to in Section 3, Appendix II of this Circular.