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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-Fifth Annual General Meeting ("**25th AGM**") of Axiata Group Berhad ("**Axiata**"). This circular is despatched together with the notice of the 25th AGM of Axiata and the proxy form as enclosed in our Annual Report 2016. The date, time and venue of the 25th AGM are as follows:

Date and time of the 25th AGM : Friday, 26 May 2017 at 3.00 p.m. or at any adjournment thereof.

Venue : The Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia

The proxy form for the 25th AGM should be completed and deposited at the office of Axiata's share registrar, Tricor Investor & Issuing House Services Sdn Bhd (11324-H) 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 their 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 on the ordinary resolution at the 25th AGM will be by poll, the proxy form must be lodged on or before the following time and date:

Last day and time for deposit of proxy form : Thursday, 25 May 2017 at 3.00 p.m.

This circular is dated 27 April 2017

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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.
“Annual Report”	:	The annual report of the Company.
“Axiata” or “Company”	:	Axiata Group Berhad.
“Axiata ESOS”	:	Performance-based employee share option scheme for eligible employees which was established on 16 April 2009 and has a scheme period of 10 years.
“Axiata Group” or “Group”	:	Axiata and its subsidiaries, collectively.
“Axiata Shares” or “Shares”	:	Ordinary shares in the share capital 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 a Director or Major Shareholder, means such person who falls under any one of the following categories: <ul style="list-style-type: none">(a) a family member of the Director or Major Shareholder;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder, or a family member of the Director or Major Shareholder, is the sole beneficiary;(c) a partner of the Director or Major Shareholder, or a partner of a Connected Person to that Director or Major Shareholder;(d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;

- “Connected Person” or “Person Connected” (*Cont’d*) : (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate which is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; or the directors of such body corporate who are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
- (g) a body corporate the directions, instructions or wishes of which the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act; or the directors of such body corporate the directions, instructions or wishes of which the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
- (h) a body corporate in which the Director or Major Shareholder, and Connected Persons of such Director or Major Shareholder, are entitled to exercise, or control the exercise of, not less than fifteen percent (15%) of the votes attached to voting shares in the body corporate; or
- (i) a body corporate which is a related corporation of the Director or Major Shareholder.
- “Director” : 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:
- (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,
- and “Directors” shall be construed accordingly.
- “Khazanah” : Khazanah Nasional Berhad, a Major Shareholder of Axiata.
- “LOA” : Limits of authority, as described in Section 2.6 of this Circular.
- “LKR” : Sri Lankan Rupee.
- “LPD” : 31 March 2017, 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.
“Major Shareholder”	:	<p>A person who has an interest or interests in one or more voting shares in a corporation, and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:</p> <p>(i) ten percent (10%) or more of the aggregate of the nominal amounts of all voting shares in the corporation; or</p> <p>(ii) where such person is the largest shareholder of the corporation, five percent (5%) or more of the aggregate of the nominal amounts of all voting shares in the corporation,</p> <p>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.</p>
“PKR”	:	Pakistani Rupee.
“PN 12”	:	Practice Note 12 of the Main LR.
“Proposed Shareholders’ Mandate”	:	Proposed shareholders’ mandate for RRPTs to be entered into by the Axiata Group as described in Section 2.4 and Appendix I of this Circular.
“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 a listed issuer and its subsidiaries, and “RRPTs” shall be construed accordingly.
“TM”	:	Telekom Malaysia Berhad.
“TM Group”	:	Telekom Malaysia Berhad 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.



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.

27 April 2017

Board of Directors:

Tan Sri Dato' Azman Hj Mokhtar (*Chairman, Non-Independent Non-Executive Director*)
Tan Sri Jamaludin Ibrahim (*Managing Director/President & Group Chief Executive Officer*)
Tan Sri Ghazzali Sheikh Abdul Khalid (*Independent Non-Executive Director*)
Datuk Azzat Kamaludin (*Senior Independent Non-Executive Director*)
Dato' Mohd Izzaddin bin Idris (*Non-Independent Non-Executive Director*)
Dato Dr Nik Ramlah binti Nik Mahmood (*Independent Non-Executive Director*)
David Lau Nai Pek (*Independent Non-Executive Director*)
Bella Ann Almeida (*Independent Non-Executive Director*)
Dr Muhamad Chatib Basri (*Independent Non-Executive Director*)
Kenneth Shen (*Non-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 25 May 2016, 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 26 April 2016. This shareholders' mandate shall, in accordance with the provisions of the Main LR, lapse at the conclusion of the forthcoming 25th AGM unless we, at that same 25th AGM, again procure a mandate from you for us to enter into RRPTs with our Related Parties. Our Board had, on 23 February 2017, announced that we will be seeking your approval for the Proposed Shareholders' Mandate, at the forthcoming 25th 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. 14 which is to be tabled as special business at the forthcoming 25th AGM. This Circular is despatched together with the notice of the 25th AGM of Axiata and the proxy form as enclosed in our Annual Report 2016.

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

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 a 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. The draft circular must be submitted to the Bursa Securities together with a checklist showing compliance with such information;
 - (iv) in a meeting to obtain the shareholders' mandate:
 - (I) a Related Party with any interest, direct or indirect, in a 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 a 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 25th AGM, is subject to annual renewal and shall only continue to be in force until:
- (i) the conclusion of our next AGM following the 25th 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 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 our Group are the provision of mobile communication services and network transmission related services. The principal activities of our Company are investment holding and provision of technical and management services on an international scale where we have investments in subsidiaries, joint ventures and associates. The principal activities of our subsidiaries are mainly the provision of mobile communication services and network transmission related services.

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 Company's and our subsidiaries' trade receivables pursuant to RRPTs which exceeded the credit term for the following periods as at the end of the financial year ended 31 December 2016 are as set forth below:

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	26,193	0	0	0
Transmission revenue on the services by Axiata Group to TM	4,473	0	0	0
Leased-line costs to TM Group	2	0	0	0
GRAND TOTAL	30,668	0	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), Datuk Azzat Kamaludin and Mr. Kenneth Shen.

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 with prevailing market prices and rates, industry norms and standards, as well as general practices, adopted by service providers of similar capacities and capabilities generally available in the open market;
- (e) Our annual internal audit plan shall incorporate a 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;
- (f) All RRPTs must be reviewed by our internal auditor, and 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 Audit Committee shall review, on annual basis, the internal audit reports pertaining to the RRPTs to ascertain that the guidelines and procedures established to monitor the RRPTs have been complied with;

- (h) Our Board and our Board Audit Committee have overall responsibility for determining whether the guidelines and procedures on the RRPTs are appropriate and sufficient. An annual review of the RRPT processes and procedures will be carried out by our Board through the Board Audit Committee. If, during the annual 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 discharge, vary, modify existing guidelines and procedures, or implement new or additional guidelines and procedures, without management's prior approval, provided that such amended, varied, modified, new or additional guidelines and procedures are no less stringent than the existing guidelines and procedures; and

- (i) 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 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.

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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	36.61	85,632,340 ²	0.95

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 397,100 Axiata Shares, being the number of shares outstanding 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 Directors, Tan Sri Dato' Azman Hj Mokhtar (who is also the Managing Director of Khazanah) and Mr. Kenneth Shen (Executive Director of Investment of Khazanah) (collectively referred to as the "**Representative Directors**"), who are full time executives of Khazanah are Khazanah's representatives on our Board and accordingly, have abstained and will continue to abstain from deliberating and voting on the Proposed Shareholders' Mandate at our Company's relevant Board meetings. None of the Representative Directors have any direct or indirect interest in the Company.

Khazanah and the Representative Directors 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 share capital 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 2017.

4. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is subject to your approval at our forthcoming 25th AGM.

5. DIRECTORS' RECOMMENDATION

Our Board (save for Tan Sri Dato' Azman Hj. Mokhtar and Mr. Kenneth Shen, who have 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 despatched together with the notice of the 25th AGM of Axiata and the proxy form as enclosed in our Annual Report 2016.

The 25th AGM will be held on Friday, 26 May 2017 at 3.00 p.m., or at any adjournment, at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia.

The voting on the ordinary resolution at the 25th AGM will be by poll. If you are unable to attend and vote in person at the 25th AGM, please complete, execute and return the proxy form, in accordance with the instructions therein, to our share registrar Tricor Investor & Issuing House Services Sdn Bhd 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 their 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 25 May 2017 at 3.00 p.m.. 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 25th 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
Independent Non-Executive Director/
Chairman, Board Audit Committee

DETAILS OF RRPTS TO BE ENTERED INTO WITH OUR RELATED PARTIES

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2016 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, Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group. Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen are Khazanah's representatives on Axiata's Board.	Revenue			
				Telecommunication and related services			
				Interconnect payment from TM Group	41,000	27,313	41,000
				Leased-line payment from TM Group	3,000	5,838 ⁽³⁾	8,400
				Voice over internet protocol related services revenue from TM Group	11,000	3,415	11,000
				Dark fibre and leased-line from Celcom Group to Fibrecomm Network (M) Sdn Bhd	1,500	1,008	1,500
				Leased-line from Celcom Group to Fiberail Sdn Bhd	1,000	656	1,000
Transmission revenue on the services by Axiata Group to TM Group	4,000	4,625 ⁽³⁾	5,000				
Site rental payable for telecommunication infrastructure, equipment and related charges by TM Group to Axiata Group	8,000	12,211 ⁽⁴⁾	15,000				

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2016 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) ⁽²⁾
					Estimated Value (RM'000)	Actual Value (RM'000) ⁽¹⁾	
				Domestic roaming revenue	22,000	36,156 ⁽⁵⁾	160,000 ⁽⁶⁾
Axiata Group	TM Group	Khazanah, Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group. Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen are Khazanah's representatives on Axiata's Board.	Costs Telecommunication and related services			
				Interconnect cost to TM Group	40,000	23,541	43,000
				Voice over internet protocol related services by TM Group to Axiata Group	27,000	14,426	27,000
				Leased-line related costs to TM Group	18,000	13,869	25,000
				Provision of data and bandwidth related services by TM Group to Axiata Group	158,000	48,302	110,000
				Internet access and broadband charges by TM Group to Celcom Group	500	0	100
				Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group	70,000	38,573	80,000

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2016 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, Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen	In addition to Khazanah's shareholdings in Axiata Group, Khazanah is also the Major Shareholder of TM Group. Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen are Khazanah's representatives on Axiata's Board.	Leasing of fibre optic core and provision of bandwidth services from Fiberail Sdn Bhd to Celcom Group	4,000	2,663	4,000
				Purchase of dark fibre, bandwidth, space & facility from Fibrecomm Network (M) Sdn Bhd to Celcom Group	5,000	2,762	5,000
				Non-telecommunication services	58,000	59,013	75,000
				Site rental payable for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group			
				Rental of office premises payable monthly by Axiata Group to TM ⁽⁷⁾	23,000	18,438	23,000
TOTAL					495,000	312,809	635,000

Notes:

- ⁽¹⁾ The Actual Values represent RRPT transacted from 25 May 2016 on which the 2016 Shareholders' Mandate was granted up to 31 March 2017.
- ⁽²⁾ The estimated transactions from 26 May 2017 (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⁾ These transactions have exceeded mandated amount due to the increase in the leased-line number in 2016.
- ⁽⁴⁾ The Actual Value of the transaction has exceeded the Estimated Value by RM4.2 million (approximately 52.6%) due to the changes in charges rate and additional related services rendered in 2016.
- ⁽⁵⁾ The Actual Value of the transaction has exceeded the Estimated Value by RM14.2 million (approximately 64.4%) due to the higher traffic and demand for data.
- ⁽⁶⁾ Domestic roaming revenue is projected to be generated as a result of domestic roaming services agreement signed between Celcom and Webe Digital Sdn Bhd (formerly known as Packet One Networks (Malaysia) Sdn Bhd) on 28 January 2016.
- ⁽⁷⁾ The total area of the office premises rented is 313,583 square feet and the location of the office premises rented to Axiata Group is at Menara Celcom, No. 82 Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur.

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 LPD, save as follows:

- (a) A share purchase agreement dated 21 December 2015 was entered into between TeliaSonera UTA Holding B.V., SEA Telecom Investments B.V., TeliaSonera AB, TeliaSonera Norway Nepal Holdings AS, Axiata Investments (UK) Limited ("**AIL**") and Axiata for the acquisition of the entire issued capital of Reynolds Holdings Limited ("**Reynolds**") by AIL for a total cash consideration of approximately US\$1,365.1 million subject to closing adjustments. The sale and purchase transaction was completed on 11 April 2016.
- (b) A shareholders' agreement dated 21 December 2015 was entered into between Bhavana Singh Shrestha, Sunivera Capital Venture Pvt. Ltd. and Axiata for the purposes of regulating the operation and management of Ncell Pvt. Ltd. and the relationship between the parties thereto upon completion of the proposed acquisition of the entire issued and paid up capital of Reynolds.
- (c) An agreement dated 28 January 2016 was entered into between Robi, Airtel Bangladesh Limited ("**Airtel**"), Axiata Investment (Labuan) Limited ("**Axiata Investment**"), Bharti International (Singapore) Private Limited ("**Bharti**") and Bharti Airtel Holdings (Singapore) Pte. Ltd. ("**Bharti Singapore**") for the amalgamation of Airtel with Robi (a 91.59% owned subsidiary of the Company, held through its wholly-owned subsidiary Axiata Investments) on the terms set out in the agreement and the Companies Act 1994 of Bangladesh ("**Proposed Exercise**"), and the Proposed Exercise shall be satisfied fully via issuance of new ordinary shares of BDT10 each in Robi ("**Robi Share**") by Robi to Bharti Singapore for shareholding of up to 25% plus 1 Robi Share on a fully diluted basis of the combined entity of Robi and Airtel Bangladesh. Pursuant to the Proposed Exercise, Robi shall be the surviving corporation.
- (d) An Asset Purchase Agreement dated 28 March 2016 was entered into between PT XL Axiata Tbk ("**XL**") and PT Profesional Telekomunikasi Indonesia ("**PTI**") ("**Asset Purchase Agreement**") where XL agreed to sell, transfer and assign to PTI, and PTI agreed to purchase and accept the transfer and assignment from XL all of XL's rights, title and interest in and to 2,500 wireless telecommunication towers (including pole, monopole and camouflage) located in Indonesia on the leased property, together with any lease, license and other rights of use or occupation providing access to the leased property on which such telecommunication tower is located, at the purchase price of Indonesian Rupiah 3.568 trillion. The Asset Purchase Agreement was completed on 30 June 2016.

- (e) A subscription agreement dated 18 January 2017 was entered into between Innovation Network Corporation of Japan (“**INCJ**”) and edotco Group Sdn Bhd (“**edotco**”) for 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) (“**Proposed Private Placement**”). The Proposed Private Placement was completed on 27 January 2017.
- (f) A share purchase agreement dated 18 January 2017 was entered into between Axiata and Mount Bintang Ventures Sdn Bhd (“**MBVSB**”), a wholly owned subsidiary of Khazanah Nasional Berhad, for the purchase by MBVSB of 273,269,624 edotco Shares at a purchase consideration of USD200.00 million (equivalent to RM899.10 million) (“**Proposed Disposal**”). The Proposed Disposal was completed on 27 January 2017.
- (g) A shareholders agreement dated 18 January 2017 was entered into amongst Axiata, edotco, INCJ and MBVSB to regulate the affairs of edotco, and the relationship amongst the shareholders of edotco with effect from the completion of the Proposed Private Placement and the Proposed Disposal.

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”)**

On 30 November 2004, Celcom Trading instituted a claim against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million (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**”).

On 13 May 2005, TSDTR filed its defence and instituted a counterclaim against Celcom Trading, Celcom Resources Berhad (“**Celcom Resources**”) and its directors for, inter alia, 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, after full trial, the High 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 (“**Judgment**”). TSDTR’s applications to the High Court and thereafter, to the Court of Appeal for stay of execution of the Judgment were dismissed and thereafter upheld with costs of RM5,000.00 and RM10,000.00 respectively.

On 1 July 2016, TSDTR appealed against the Judgment to the Court of Appeal. The appeal has been fixed for case management on 18 May 2017 and for hearing on 24 August 2017.

(b) **Celcom & Another vs TSDTR & 6 Others**

On 24 October 2008, Celcom and Celcom Resources filed a claim against 5 former directors of Celcom and Celcom Resources (namely (i) TSDTR, (ii) Bistaman Ramli

("BR"), (iii) Dato' Lim Kheng Yew ("DLKY"), (iv) Axel Hass ("AH"), and (v) Oliver Tim Axmann ("OTA"), DeTeAsia Holding GmbH ("DeTeAsia") and Beringin Murni Sdn. Bhd. ("BM") (collectively, the "Defendants"), for conspiring 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 ("**Supplemental Agreement**") and the Amended and Restated Supplemental Agreement dated 4 April 2002 ("**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**").

TSDTR and BR, and each of AH, OTA and DeTeAsia filed their respective applications to strike out the Main Suit 2 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 decision. A further application for leave to appeal on the striking out applications to the Federal Court was filed by TSDTR, BR, AH, OTA and DeTeAsia respectively and was also dismissed by the Federal Court on 31 March 2016.

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 a counterclaim against Celcom and Celcom Resources for inter alia, RM6,246,492,000.00 or the alternative sum of RM7,214,909,224.01 pursuant to a global settlement in another suit ("**TSDTR and BR's Counterclaim**"). The High Court allowed Celcom and Celcom Resources' application to strike out the TSDTR and BR's Counterclaim. An appeal to the Court of Appeal was filed against this decision ("**Striking Out Appeal**").

The Striking Out Appeal is now pending disposal. The full trial for the Main Suit 2 is scheduled to take place in the third quarter of 2017.

(c) Celcom & Another vs TSDTR & 8 Others

On 28 April 2006, Celcom and Celcom Resources instituted a claim (i) against 9 of its former directors, 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, 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.

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 the TSDTR and BR's Counterclaim against Celcom and Celcom Resources. The High Court allowed Celcom and Celcom Resources' application to strike out the TSDTR and BR's Counterclaim. The same Striking Out Appeal to the Court of Appeal was also filed against the High Court's decision.

The Striking Out Appeal is now pending disposal. The full trial for the Main Suit 3 is scheduled to take place in the third quarter of 2017.

(d) 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.

The Board of Directors, based on legal opinion received, are of the view that the allegations of mismanagement, are rhetorical and unsubstantiated. In view of the winding up proceedings, there is also a possibility that VIPEM will not pursue its claim.

(e) Claim on Robi Axiata Limited ("Robi") by National Board of Revenue of Bangladesh ("NBR")

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 were 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 2 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. 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 yet to fix a date to deliver judgment.

(f) 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 2015. 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 BDT20,810,338,523 for the relevant financial years since 2007 until 2015 as a non-deductible expense. These applications' proceedings are still ongoing.

Furthermore, the SIM tax subsidy on year to date the first quarter of 2016 has been considered as BDT5,133,285 in the first quarter of 2016 tax provision. Please note that the subsidy on SIM tax includes both new SIM as well as replacement SIM.

(g) Interest Claimed for Late Payment (Robi)

The LTU of the NBR had issued a demand letter for the interest charge against Robi for the late payment of the LTU's original demand of BDT 1,817,998,183 (which had already been paid by Robi previously) ("**Demand**"). The Demand was made against Robi as payment for VAT and supplementary duty for the issuance of 2,272,488 pieces of SIM cards sold by Robi to its subscribers during the period of August 2006 to March 2007. Robi had previously contested the demand for payment of the original amount and had pursued the matter up to the Appellate Division of the Supreme Court of Bangladesh but had lost the case. However, due to the delay in payment of the original amount as a result of Robi's court action, the interest at the rate of 2% per month had accrued against Robi. The total amount of interest being claimed by the LTU against Robi is BDT 2,660,512,815.

Robi has filed a separate writ at the High Court Division of the Supreme Court of Bangladesh in respect of this late interest payment demanded by the LTU against Robi and has secured a stay order against the said Demand for 3 months.

The LTU filed an appeal against the stay order before the Judge-In-Chambers of the Appellate Division. The Judge-In-Chambers passed an order of "No Order" and referred the CPLA No.3152 of 2016 to the full bench of the Honourable Appellate Division for hearing on 20 November 2016. At the hearing before the full bench on 20 November 2016, direction was given to proceed with the full hearing before the High Court Division. The date for hearing is yet to be fixed.

(h) 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 PKR68,765,407.91 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 have both respectively filed their written submissions for the Appeal and the matter is pending judgment from the Supreme Court.

(i) Multinet Pakistan (Private) Limited (“Multinet”) vs Federation of Pakistan (through Ministry of Information Technology (“Ministry of IT”)), Pakistan Telecommunication Authority (“PTA”) and Universal Service Fund Company (“USF”)

On 19 September 2011, Multinet initiated a claim against PTA, Federation of Pakistan, Ministry of IT and USF to inter alia recover approximately PKR8.0 billion as past access promotion charges and losses incurred by Multinet as a direct result of PTA’s exercise of powers in flagrant disregard of its statutory duties and responsibilities, and further punitive damages of PKR10.0 billion.

On 3 October 2011, the High Court of Sindh (“**Sindh High Court**”) granted a stay order in favour of Multinet refraining the defendants from taking any adverse action against Multinet.

No hearing date has been fixed by the Sindh High Court for Multinet’s claim.

(j) Multinet vs PTA and others

Multinet challenged the legality of the PTA enforcement order dated 30 June 2012 demanding payment of PKR3,863,624,260 on account of access promotion contribution for USF for July 2010 to September 2011 (Enforcement Order). The High Court allowed Multinet’s application and suspended PTA’s enforcement order and granted an ad interim stay in favour of Multinet refraining PTA from taking any coercive action against Multinet.

(k) Multinet vs Federation of Pakistan (through Secretary – Ministry of Finance), Federal Board of Revenue, Assistant Commissioner Inland Revenue, Deputy Commissioner Inland Revenue, Commissioner Inland Revenue Appeals – II, Meezan Bank Limited and Habib Metropolitan Bank Limited

Audits under the Sales Tax Act 1990 and Federal Excise Act 2005 have been completed by Inland Revenue for the calendar years 2007 to 2011. Orders have been passed for these years raising a cumulative demand of PKR1,281.295 million as a result of adjustments / disallowances along with default surcharge and penalty to be calculated at the time of payment. Multinet has filed an appeal before the Commissioner of Appeals which is now pending decision.

Multinet has further initiated a claim for inter alia, a declaration, injunction and damages for PKR1,281,419,086.00.

(I) Multinet vs Federation of Pakistan (through Ministry of IT), PTA and USF

Multinet initiated a claim for, inter alia, (i) a declaration that the show cause notice dated 1 December 2016 issued by PTA for PKR4,540,754,110.00 towards access promotion contribution for USF is unlawful and in violation of the USF rules; and (ii) a permanent injunction to restrain the Federation of Pakistan (through Ministry of IT), PTA, and USF (collectively, the "Defendants") from cancelling Multinet's license and recovering the amount set out in the show cause notice.

The Court passed interim orders restraining the Defendants from cancelling Multinet's licenses and from taking any coercive action against Multinet.

The matter is pending hearing of the claim initiated by Multinet.

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 Kuala Lumpur, 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 25th AGM:

- (a) our Company's memorandum and articles of association;
- (b) our audited consolidated financial statements for the past two (2) financial years ended on 31 December 2014 and 2015 as well as our audited consolidated financial statements for the financial year ended on 31 December 2016;
- (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.

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