

## MEDIA STATEMENT

### **Axiata Confirms Issue of the Supreme Court of Nepal's Full Written Judgment on Ncell's Writ Petition of 22 April 2019**

**Kuala Lumpur, 22 November 2019:** Axiata Group Berhad ("**Axiata**" or "**the Group**") confirms that the Supreme Court of Nepal ("**SC**") issued its full written judgment on 21 November 2019 on the writ petition filed by Ncell Private Limited ("**Ncell**"), Axiata's indirect majority-owned Nepalese subsidiary, against the Large Taxpayers Office ("**LTPO**") and the Inland Revenue Department of Nepal on 22 April 2019 ("**Writ Petition**") ("**SC Judgment**").

The Writ Petition was filed in response to the LTPO's letter dated 16 April 2019 demanding that Ncell pay NPR 39.06 billion (approximately US\$339.63 million) in allegedly outstanding capital gains tax ("**CGT**") (including interest and penalties) in connection with the sale in 2016 by TeliaSonera Norway Nepal Holdings AS to Axiata Investments (UK) Limited ("**Axiata UK**") of 100% of the shares of Reynolds Holdings Limited, a St Kitts & Nevis company which owns 80% of the shares of Ncell (the "**Transaction**").

In its Writ Petition, Ncell had submitted that the LTPO's demand for payment was unlawful.

The SC Judgment states that the prior tax amount assessed by the LTPO is to be reduced to the extent of fees purportedly levied under section 120(a) of the Nepalese Income Tax Act which were found to be unlawful. The SC has held that Ncell remains liable to pay NPR 21,103,971,565 (approximately US\$182.69 million) in allegedly outstanding CGT (including fees pursuant to sections 117(1)(a) and (c) and interest pursuant to sections 118 and 119 until the date of deposit) in relation to the Transaction.

As previously announced, Ncell and Axiata UK have commenced arbitration proceedings under the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Nepal ("**Nepal**") for the Promotion and Protection of Investments dated 2 March 1993 ("**BIT Arbitration**"). The basis of the BIT Arbitration is that the Transaction involved the transfer of shares outside of Nepal in a non-Nepalese company and is not subject to CGT. In the context of the Transaction, Axiata and Ncell were the buyer and the target respectively and neither made any capital gains in consequence of the transaction.

As one of Nepal's largest taxpayers, Ncell has contributed more than NPR 210 billion in taxes since its inception. Ncell also, both directly and indirectly, supports 93,883 jobs and connects 17 million customers across our networks. Axiata and Ncell remain fully committed to serving their customers in Nepal and will take all available actions to avoid any disruption to services and operations in consequence of this dispute.

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## About Axiata

As one of the leading telecommunications groups in Asia in pursuit of its vision to be the New Generation Digital Champion by 2022, Axiata has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business focusing on Digital Telco, Digital Businesses and Infrastructure.

Within ASEAN and South Asia, the Group has controlling stakes in market-leading mobile and fixed operators in the region including 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal. Axiata is actively spearheading efforts to transform its mobile-centric operations into digital converged companies.

Axiata's digital businesses are focused on three verticals namely Digital Financial Services ('Boost'), Digital Advertising ('ada') and Digital Platform ('APIgate') in the global market.

'edotco', the Group's infrastructure company, operates in six countries to deliver telecommunications infrastructure services, amassing approximately 27,500 towers. Presently the 12th largest independent tower companies globally, it aims to be one of the top regional telecommunications tower companies and is committed to responsible and sustainable business operations.

As a committed and long-term investor, and in line with its sustainability goals, the Group actively supports and drives young talent development; disaster response and recovery; as well as green initiatives. Axiata's broader goal of Advancing Asia aims to piece together the best in the region in terms of innovation, connectivity and talent.

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