

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

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**Restrictions:** NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”). ANY OFFERING PURSUANT HERETO IS MADE SOLELY TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of Your Representation:** By accessing this Offering Circular you confirm to Citigroup Global Markets Limited, CIMB Investment Bank Berhad, Standard Chartered Bank and UBS AG Singapore Branch as arrangers (together the “**Arrangers**”), and the Trustee, as issuer of the Sukuk (as defined in the attached Offering Circular), that (i) you understand and agree to the terms set out herein, (ii) you are not and the email address which you have provided and to which this Offering Circular has been sent is not in the United States, its territories and possessions, (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the attached Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Arrangers and (v) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Sukuk.

**MIFID II PRODUCT GOVERNANCE/TARGET MARKET** — The Pricing Supplement in respect of any Sukuk may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Sukuk and which channels for distribution of the Sukuk are appropriate. Any person subsequently offering, selling or recommending the Sukuk (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Sukuk (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Sukuk is a manufacturer in respect of such Sukuk, but otherwise none of the Arrangers or the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**IMPORTANT — EEA AND UK RETAIL INVESTORS** — If the Pricing Supplement in respect of any Sukuk includes a legend entitled “Prohibition of Sales to EEA and UK Retail Investors”, the Sukuk are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (“**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Sukuk or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Sukuk or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

**PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)** — The Pricing Supplement in respect of any Sukuk may include a legend entitled “Singapore Securities and Futures Act Product Classification” which will state the product classification of the Sukuk pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”). The Issuer will make a determination and provide the appropriate written notification to “relevant persons” in relation to each issue about the classification of the Sukuk being offered for purposes of section 309B(1)(a) and section 309B(1)(c) of the SFA.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities in this Offering Circular.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and a dealer or any affiliate thereof is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by such dealer or such affiliate on behalf of the Trustee in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Arrangers, the Trustee, Axiata nor any person who controls the Trustee, Axiata the Arrangers or Dealers, any director, officer, employee or agent of the Trustee, Axiata, the Arrangers or Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or dealers.

**Actions that you may not take:** If you receive this Offering Circular by e-mail, you should not reply by e-mail to this Offering Circular, and you may not purchase any securities by doing so. Any reply by e-mail communications, including those you generate by using the “**Reply**” function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. If you receive this Offering Circular by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

# OFFERING CIRCULAR



## AXIATA SPV2 BERHAD

(Registration No. 201201020126 (1004618-V))

(deemed incorporated in Malaysia with limited liability under the Companies Act, 2016 of Malaysia)

**U.S.\$1,500,000,000**

### Multi-currency Sukuk Issuance Programme

On 17 July 2012, Axiata SPV2 Berhad (in its capacity as issuer and as trustee, the "Trustee") entered into a U.S.\$1,500,000,000 multi-currency sukuk issuance programme (the "Programme") and issued an offering circular on that date describing the Programme. On 23 October 2015, the Trustee updated the Programme and prepared an offering circular dated 23 October 2015 (the "2015 Offering Circular"). On 2 March 2016, the Trustee supplemented the 2015 Offering Circular through a supplemental offering circular dated 2 March 2016. This Offering Circular supersedes any previous offering circular and supplements thereto prepared in connection with the Programme. Any Sukuk (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Sukuk already in issue.

Under the Programme, the Trustee may, subject to compliance with all relevant laws, regulations and directives, from time to time issue sukuk (the "Sukuk") in any currency agreed between the Trustee and the relevant Dealer (as defined below).

Sukuk may only be issued in registered form. The maximum aggregate face amount of all Sukuk from time to time outstanding under the Programme will not exceed U.S.\$1,500,000,000 (or its equivalent in other currencies calculated as provided in the Programme Agreement described herein), subject to increase as described herein.

Sukuk may be issued on a continuing basis to one or more of the Dealers specified under "Overview of the Programme" and any additional dealer(s) appointed under the Programme from time to time by the Trustee (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Sukuk being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Sukuk.

**The Sukuk will be limited recourse obligations of the Trustee. An investment in Sukuk issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors".**

Each Series (as defined herein) of Sukuk issued under the Programme will be constituted by (i) a master declaration of trust dated 17 July 2012 as amended, restated or supplemented from time to time (the "Master Declaration of Trust") entered into between the Trustee, Axiata Group Berhad ("Axiata") and The Hongkong and Shanghai Banking Corporation Limited as delegate of the Trustee (in such capacity, the "Delegate") and (ii) a supplemental declaration of trust (the "Supplemental Declaration of Trust") in respect of the relevant Series. Sukuk of each Series confer on the holders of the Sukuk from time to time (the "Sukukholders") the right to receive certain payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the "Trust") (for a further description of the Trust, see Condition 6(a) (Trust — Summary of the Trust)).

Approval-in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "SGX-ST") in relation to the Programme. Application will be made for permission to deal in, list and for the quotation of any Sukuk that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Sukuk have been admitted to listing on the Official List of the SGX-ST. There is no assurance that an application for the listing of the Sukuk on the Official List of the SGX-ST will be approved. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein or the contents of this Offering Circular, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. The approval-in-principle for the listing and quotation of any Sukuk to be issued pursuant to the Programme, and the admission of any Sukuk to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Trustee and/or Axiata, the Programme or the Sukuk.

Notice of the aggregate face amount of the Sukuk, periodic distribution amounts (if any) payable in respect of the Sukuk, the issue price of the Sukuk and any other terms and conditions not contained herein which are applicable to each Series of Sukuk will be set out in a pricing supplement (the "Pricing Supplement") which, with respect to Sukuk to be listed on the SGX-ST, will be delivered to the SGX-ST before the listing of the Sukuk of such Series.

Bursa Malaysia Securities Berhad ("Bursa Securities") has granted its approval-in-principle for the listing of the Programme under an Exempt Regime ("Bursa Securities (Exempt Regime)") on 16 July 2012. The Sukuk to be issued under the Programme will be listed on Bursa Securities but will not be quoted for trading. Bursa Securities takes no responsibility for the contents of this Offering Circular, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Admission to the Official List of Bursa Securities (Exempt Regime) shall not be taken to indicate that Bursa Securities recommends the subscription or purchase of the Sukuk or as an indication of the merits of any of the Trustee and/or Axiata, the Programme or the Sukuk. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, the investors should consult their own adviser.

The Programme provides that Sukuk may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Trustee and the relevant Dealer. The applicable Pricing Supplement in respect of the issue of any Sukuk will specify whether or not such Sukuk will be listed on the SGX-ST or any other stock exchange. The Trustee may also issue unlisted Sukuk.

The Sukuk of each Series will be represented on issue by a global certificate in registered form (each a "Global Certificate"). Global Certificates may be deposited on the relevant Issue Date with a common depository on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream, Luxembourg"). The provisions governing the exchange of interests in Global Certificates for Sukuk in definitive form are described in "Summary of Provisions Relating to the Sukuk while in Global Form".

**The Sukuk have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable security laws of any state of the United States. For a description of certain restrictions on offers, sales and transfers of Sukuk and on the distribution of this Offering Circular, see "Subscription and Sale".**

The Trustee may agree with any Dealer that Sukuk may be issued in a form not contemplated by the terms and conditions of the Sukuk set out herein under "Terms and Conditions of the Sukuk" (each term therein a "Condition"), in which event a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Sukuk.

The Programme has been assigned a rating of Baa2(s) and BBB+(s) by Moody's Investors Service Singapore Pte. Ltd ("Moody's") and Standard & Poor ("S&P"), respectively. Series of Sukuk to be issued under the Programme will be rated or unrated. Where a Series of Sukuk is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme or other Series of Sukuk. Where a Series of Sukuk is rated, the applicable rating(s) will be specified in the applicable Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Investing in Sukuk issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular (read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein) and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Sukuk in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Sukuk. Investors should not purchase Sukuk unless they understand and are able to bear risks associated with Sukuk. The principal risk factors that may affect the abilities of the Trustee and Axiata to fulfil their respective obligations in respect of the Sukuk are discussed under "Risk Factors" below.**

The transaction structure relating to the Sukuk (as described in this Offering Circular) has been approved by CIMB Islamic Bank Berhad, Citigroup Global Markets Limited and the Global Shariah Supervisory Committee of Standard Chartered Bank. The Trustee may appoint other Shari'a advisers from time to time, provided that any such appointment is in compliance with the applicable laws and regulations. Prospective Sukukholders should not rely on such approvals in deciding whether to make an investment in the Sukuk and should consult their own Shari'a advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Shari'a principles.

*Arrangers and Dealers*

CIMB

CITIGROUP

STANDARD CHARTERED BANK

UBS

The date of this Offering Circular is 10 August 2020

## IMPORTANT NOTICES

The Trustee and Axiata, having made all reasonable enquiries, confirm that, to the best of the knowledge and belief of the Trustee and Axiata, (i) this Offering Circular contains all information with respect to the Trustee, Axiata and the Sukuk, which is material in the context of the issue and offering of the Sukuk; (ii) the statements contained herein relating to the Trustee and Axiata in light of the circumstances in which they were made are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Trustee and Axiata are honestly and reasonably made or held and have been reached after considering all relevant circumstances; (iv) there are no other facts in relation to the Trustee, Axiata or the Sukuk, the omission of which would, in the context of the issue and offering of the Sukuk, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Trustee and Axiata to ascertain such facts and to verify the accuracy of all such information and statements. In addition, the Trustee and Axiata accept full responsibility for the accuracy of the information contained in this Offering Circular.

None of the Arrangers, any of the Dealers or the Delegate (as defined herein) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers or the Delegate as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Trustee or Axiata in connection with the Programme. To the fullest extent permitted by law, none of the Arrangers, any of the Dealers or the Delegate accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Trustee and Axiata or any other statement made or purported to be made by the Arrangers or a Dealer or on its behalf in connection with the Trustee, Axiata, the Programme or the issue and offering of any Sukuk. The Arrangers and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular should be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Series (as defined herein) of Sukuk, should be read and construed together with the applicable Pricing Supplement. See “*Documents Incorporated by Reference*”.

No person has been authorised by the Trustee or Axiata to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Sukuk and, if given or made, such information or representation should not be relied upon as having been authorised by the Trustee, Axiata, the Delegate, the Arrangers or any Dealer.

Neither the delivery of this Offering Circular, any applicable Pricing Supplement nor the offering, sale or delivery of any Sukuk shall, in any circumstances, create any implication that the information contained in this Offering Circular is correct subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Trustee or Axiata since the date hereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. None of the Arrangers, any of the Dealers or the Delegate expressly undertakes to review the financial

condition or affairs of the Trustee or Axiata during the life of the Programme or to advise any investor or potential investor in the Sukuk of any information coming to their attention.

Each Series (as defined herein) of Sukuk will be issued on the terms and conditions set out herein under “*Terms and Conditions of the Sukuk*” (the “**Terms and Conditions of the Sukuk**” or the “**Conditions**”) as amended and/or supplemented by the Pricing Supplement specific to such Series.

None of the Trustee, Axiata, the Delegate, the Arrangers or the Dealers represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Sukuk may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, Axiata, the Delegate, the Arrangers or the Dealers which would permit a public offering of any Sukuk or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Sukuk may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The distribution of this Offering Circular and any applicable Pricing Supplement and the offering, sale and delivery of the Sukuk in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any applicable Pricing Supplement comes are required by the Trustee, Axiata, any of the Arrangers or any of the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Sukuk and on the distribution of this Offering Circular or any applicable Pricing Supplement and other offering material relating to the Sukuk, see “*Subscription and Sale*”. In particular, the Sukuk have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”). Subject to certain exceptions, the Sukuk may not be offered, sold or delivered within the United States (“**U.S.**”). The Sukuk are being offered and sold outside the U.S. in reliance on Regulation S under the Securities Act (“**Regulation S**”). None of the Trustee, Axiata, the Delegate, the Arrangers or the Dealers represents that this Offering Circular may be lawfully distributed, or that any Sukuk may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

If a jurisdiction requires that an offering be made by a licensed broker or dealer and a Dealer or any affiliate thereof is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Trustee in such jurisdiction.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Sukuk and should not be considered as a recommendation by the Trustee, the Delegate, Axiata, the Arrangers, the Dealers or any of them that any recipient of this Offering Circular or any applicable Pricing Supplement should subscribe for or purchase any Sukuk. Each recipient of this Offering Circular or any applicable Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Trustee and Axiata.

The maximum aggregate face amount of Sukuk outstanding at any one time under the Programme will not exceed U.S.\$1,500,000,000 (and for this purpose, any Sukuk denominated in another currency shall be translated into United States Dollars at the date of the agreement to issue such Sukuk (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate face amount of Sukuk which may be outstanding at any one time under the Programme

may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement and any regulatory approval (if required).

**IN CONNECTION WITH THE ISSUE OF ANY SERIES OF SUKUK, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT OR, AS THE CASE MAY BE, OFFERING CIRCULAR MAY EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SUKUK AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. IN DOING SO, THE STABILISING MANAGER(S) SHALL ACT AS PRINCIPAL AND NOT AGENT OF THE TRUSTEE AND ANY LOSS RESULTING FROM STABILISATION WILL BE BORNE, AND ANY PROFIT ARISING THEREFROM SHALL BE BENEFICIALLY RETAINED, SOLELY BY THE STABILISING MANAGER(S). HOWEVER, THERE IS NO OBLIGATION ON THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) TO UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE ISSUE DATE OF THE RELEVANT SERIES AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT SERIES OF SUKUK AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT SERIES OF SUKUK. SUCH STABILISING SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Sukuk of a particular issue. Each potential purchaser of Sukuk should refer to and consider carefully the applicable Pricing Supplement for each particular issue of Sukuk, which may describe additional risks and investment considerations associated with such Sukuk. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial, legal, tax and *Shariah* advisers as to the risks and investment considerations arising from an investment in an issue of Sukuk and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances. Each person receiving this Offering Circular acknowledges that such person has not relied on the Delegate, the Arrangers, the Dealers or any director, officer, employee, agent or affiliate of any such persons in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Trustee, Axiata, the Delegate, the Arrangers or the Dealers, or any director, officer, employee, agent or affiliate of any such persons, that any recipient of this Offering Circular or of any such information should purchase the Sukuk. Each potential purchaser of Sukuk should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee, Axiata and their respective subsidiaries (Axiata and its respective subsidiaries, collectively, the "**Group**"). Each potential purchaser of Sukuk should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Sukuk should be based upon such investigation with its own tax, legal and business advisers as it deems necessary. Neither the Arrangers nor the Dealers or any agent or affiliate of any such persons undertake to review the financial condition or affairs of the Trustee, Axiata or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Sukuk of any information coming to the attention of any of the Arrangers or the Dealers or any of them.

## PRESENTATION OF INFORMATION

### Certain Defined Terms

Capitalised terms which are used but not defined in any section of this Offering Circular will have the meaning attributed thereto in the Conditions (as defined below) or any other section of this Offering Circular. In addition, the following terms as used in this Offering Circular have the meanings defined as follows: references to “**TM**” are to Telekom Malaysia Berhad, references to “**TM Group**” are to TM and its subsidiaries, references to “**Khazanah**” are to Khazanah Nasional Berhad, references to “**Celcom**” are to Celcom Axiata Berhad, references to “**Celcom Group**” are to Celcom and its subsidiaries, references to “**XL**” are to PT XL Axiata Tbk, references to “**XL Group**” are to XL and its subsidiaries, references to “**Dialog**” are to Dialog Axiata PLC, references to “**Dialog Group**” are to Dialog and its subsidiaries, references to “**Robi**” are to Robi Axiata Limited, references to “**Robi Group**” are to Robi and its subsidiaries, references to “**Hello**” are to Hello Axiata Company Limited, references to “**Smart**” are to Smart Axiata Co. Ltd, references to “**Ncell**” are to Ncell Axiata Limited, references to “**Ncell Group**” are to Ncell and its subsidiaries, references to “**Axiata Digital Services**” or “**ADS**” are to Axiata Digital Services Sdn Bhd, references to “**ADS Group**” are to Axiata Digital Services and its subsidiaries, references to “**edotco**” are to edotco Group Sdn Bhd, and references to “**edotco Group**” are to edotco and its subsidiaries.

### Certain Conventions

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Axiata publishes its financial statements in Malaysian Ringgit. In this Offering Circular, references to “**Malaysian Ringgit**”, “**Ringgit**” or “**RM**” and “**sen**” are to the lawful currency of Malaysia, references to “**Rupiah**” and “**IDR**” are to the lawful currency of Indonesia, references to “**United States dollars**”, “**U.S. dollar**”, “**U.S. dollars**”, “**USD**” or “**U.S.\$**” are to the lawful currency of the United States, references to “**SLR**” or “**LKR**” are to the lawful currency of Sri Lanka, references to “**€**” and to “**euro**” are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, references to “**BDT**” are to the lawful currency of Bangladesh, references to “**NPR**” are to the lawful currency of Nepal and references to “**SGD**” are to the lawful currency of Singapore. Solely for the convenience of the reader, this Offering Circular contains translations of certain Ringgit, Rupiah, SLR and BDT amounts into U.S. dollars at the relevant rates specified in this Offering Circular. All amounts translated into U.S. dollars as described above are provided solely for the convenience of the reader and no representation is made that the Ringgit, Rupiah, SLR, BDT or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars, Ringgit, Rupiah, SLR or BDT, as the case may be, at any particular rate or at all either at the dates referred to in this Offering Circular or at any other time. References to a “**billion**” are to a thousand million. See “*Exchange Rates and Exchange Controls*” for certain information regarding the rates of exchange between the Ringgit and the U.S. dollar. Axiata has prepared audited consolidated financial statements as of and for the financial years ended 31 December 2017, 2018 and 2019 and unaudited consolidated interim financial information for the three months ended 31 March 2020.

## FORWARD-LOOKING STATEMENTS

Certain statements under “*Risk Factors*”, “*Description of the Trustee*”, “*Business of the Group*” and elsewhere in this Offering Circular constitute “*forward-looking statements*”. The words including

“believe”, “expect”, “plan”, “anticipate”, “schedule”, “estimate” and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. The Trustee and Axiata expressly disclaim any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Trustee’s, Axiata’s or the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under “*Risk Factors*” and elsewhere, important factors that could cause actual results to differ materially from the Trustee’s or Axiata’s expectations. All subsequent written and forward-looking statements attributable to the Trustee or Axiata or persons acting on behalf of the Trustee or Axiata are expressly qualified in their entirety by such cautionary statements.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Offering Circular include, but are not limited to, general economic and political conditions in Malaysia, South East Asia, and the other countries which have an impact on the Trustee’s and Axiata’s business activities or investments, political or financial instability in Malaysia or any other country caused by any factor including any terrorist attacks in Malaysia, the United States or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, the monetary and interest rate policies of Malaysia, political or financial instability in Malaysia or military armament or social unrest in any part of Malaysia, inflation, deflation, unanticipated turbulence in interest rates, changes in the value of the Ringgit, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environment in Malaysia and regional or general changes in asset valuations.

Important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, those discussed under “*Risk Factors*”. Any forward-looking statements made by or on behalf of Axiata speak only as at the date they are made. Axiata does not undertake to update forward-looking statements to reflect any changes in their expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

#### **NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN.**

**In relation to investors in the Kingdom of Bahrain, securities issued in connection with this Offering Circular and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (the “CBB”) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or the equivalent amount in any other currency or such other amount as the CBB may determine.**

**This Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Circular and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase, nor will this Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe for or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.**

**The CBB has not reviewed, approved or registered this Offering Circular or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether inside or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of securities will be made to the public in the Kingdom of Bahrain and this Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.**

#### **NOTICE TO RESIDENTS OF MALAYSIA**

**An application was made to the Securities Commission Malaysia (“SC”) for the approval of the Programme on a deemed approval basis and the Programme was deemed approved by the SC on 18 July 2012. Notwithstanding the introduction of the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued on 9 March 2015 as amended from time to time (“LOLA Framework”), all unlisted capital market products, which have been approved, authorised or recognised before the effective date of the LOLA Framework, shall continue to be valid, and remain as an approved, authorised or recognised unlisted capital market product by the SC. Any Sukuk to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Sukuk in Malaysia may be made, directly or indirectly, and this Offering Circular or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons or in categories falling within (i) Schedule 6 (or Section 229(1)(b)) and (ii) Schedule 7 (or Section 230(1)(b)), read together with Schedule 8 (or Section 257(3)) of the Capital Markets and Services Act, 2007 of Malaysia. In accordance with the Capital Markets and Services Act, 2007 of Malaysia, a copy of this Offering Circular will be deposited with the SC. The SC shall not be liable for any non-disclosure on the part of the Trustee or Axiata and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular. The issue, offer or invitation in relation to the Sukuk or otherwise are subject to the fulfilment of various conditions precedent, including, without limitation, the approval from the SC. Each recipient of this Offering Circular acknowledges and agrees that the approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk.**



## **NOTICE TO RESIDENTS OF THE STATE OF QATAR**

The Sukuk will not be offered, sold or delivered, at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Offering Circular has not been and will not be reviewed or approved by or registered with the Qatar Central Bank, the Qatar Stock Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority in accordance with their regulations or any other regulations in the State of Qatar. The Sukuk are not and will not be traded on the Qatar Stock Exchange. The Sukuk and interests therein will not be offered to investors domiciled or resident in the State of Qatar (including the Qatar Financial Centre) and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar.

## **NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA**

This Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the “Capital Market Authority”). The Capital Market Authority does not make any representations as to the accuracy or completeness of this Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Circular. Prospective purchasers of the Sukuk issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Sukuk. If a prospective purchaser does not understand the contents of this Offering Circular, he or she should consult an authorised financial adviser.

## **INDUSTRY AND MARKET DATA**

Except as otherwise indicated in this Offering Circular, all non-company specific statistics and data relating to the industry or to the economic development of certain regions within Malaysia have been extracted or derived from publicly available information and industry publications. The information has not been independently verified by the Trustee, Axiata, the Delegate, the Arrangers, the Dealers or by their respective directors and advisers, and none of the Trustee, Axiata, the Delegate, the Arrangers, the Dealers nor their respective directors and advisers make any representation as to the correctness, accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

The Trustee’s financial statements (if any) are presented in Ringgit and prepared in accordance with the provisions of Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Malaysian Companies Act, 2016.

Axiata’s financial statements are presented in Ringgit and prepared in accordance with the provisions of MFRS, IFRS and the requirements of the Malaysian Companies Act, 2016.

## **SECURITIES COMMISSION MALAYSIA**

In accordance with the Capital Markets and Services Act 2007 of Malaysia (“**CMSA**”), a copy of this Offering Circular will be deposited with the SC, which takes no responsibility for its contents. The issue, offer and invitation to subscribe and purchase the Sukuk in this Offering Circular or otherwise are subject to the fulfilment of various conditions precedent. The Programme has been approved and authorised by the SC pursuant to sections 212(4) and 212(5) of the CMSA, under the SC’s deemed approval process. Please note that the approval and authorisation of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk. The SC shall not be liable for any non-disclosure on the part of the Trustee and/or Axiata and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

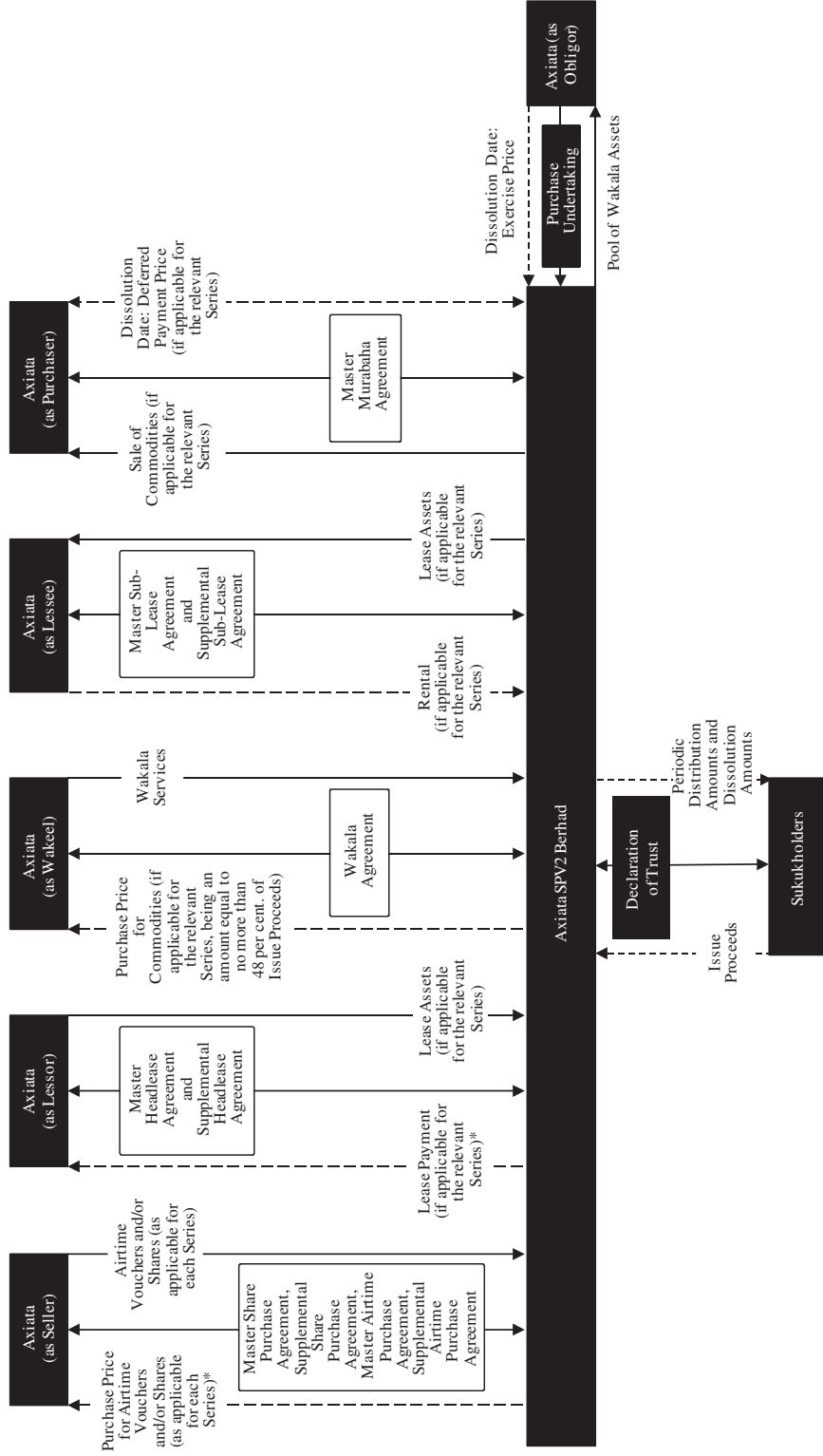
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## STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying the transaction. Potential investors are referred to the terms and conditions of the Sukuk and the detailed descriptions of the relevant Transaction Documents (as defined herein) set out elsewhere in this Offering Circular for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

### STRUCTURE DIAGRAM



\* for an aggregate amount equal to at least 52 per cent. of Issue Proceeds

## PRINCIPAL CASH FLOWS

**Payments by the Sukukholders and the Trustee.** On each Issue Date (as defined in the Conditions), the Sukukholders will pay the issue price in respect of the Sukuk to the Trustee. In relation to each Series, the Trustee:

- (a) may, at the request of Axiata, use a portion of the issue price (such portion to be set out in the applicable Pricing Supplement and not to exceed an amount equal to 48 per cent. of the aggregate issue price) to purchase Commodities and sell such Commodities to Axiata pursuant to the Master Murabaha Agreement;
- (b) may pay a portion of the issue price to Axiata (such portion to be as set out in the applicable Pricing Supplement) as the purchase price payable under the Master Airtime Purchase Agreement and the Supplemental Airtime Purchase Agreement relating to that Series for the purchase by the Trustee of all of Axiata's interest, rights, benefits and entitlement in and to the airtime vouchers ("**Airtime Vouchers**") identified in the relevant Supplemental Airtime Purchase Agreement;
- (c) may pay a portion of the issue price to Axiata (such portion to be as set out in the applicable Pricing Supplement) as the purchase price payable under the Master Share Purchase Agreement and the Supplemental Share Purchase Agreement relating to that Series for the purchase by the Trustee of Axiata's beneficial ownership of the shares ("**Shares**") identified in the relevant Supplemental Share Purchase Agreement; and
- (d) may pay a portion of the issue price to Axiata (such portion to be as set out in the applicable Pricing Supplement) as the lease payment payable under the Master Headlease Agreement and a Supplemental Headlease Agreement that may be entered into in relation to a Series pursuant to which the Trustee shall lease from Axiata the relevant lease assets ("**Lease Assets**") identified in, and pursuant to, the relevant Supplemental Headlease Agreement.

**Periodic Payments by the Trustee.** In relation to each Series comprising Airtime Vouchers, on or before the Payment Date, the Wakeel, as distributor of the Airtime Vouchers under the Master Wakala Agreement, will pay an amount equal to the Minimum Sale Price of the relevant Airtime Vouchers (which will comprise both a cost price and profit element) into the Reserve Account or Collection Account (as appropriate). In relation to each Series also comprising Lease Assets, on or prior to each Rental Payment Date, the Lessee will pay to the Trustee (or the Wakeel on behalf of the Trustee) an amount reflecting the Rental due in respect of the Lease Assets.

In relation to each Series, on or prior to each (in relation to any Airtime Vouchers) Payment Date and/or (in relation to Rental) Rental Payment Date (as applicable), the Wakeel will pay to the Trustee an amount reflecting the aggregate proceeds from the sale of Airtime Vouchers and/or Rental for the relevant Return Accumulation Period and such amounts shall be used to pay the Periodic Distribution Amounts payable by the Trustee under the Sukuk and shall be applied by the Trustee for that purpose.

**Dissolution Payment by Axiata.** On the Scheduled Dissolution Date of a Series, the Trustee will have the right under the Purchase Undertaking (as defined herein) to require Axiata to purchase and accept the transfer and conveyance of all of its interests, rights, benefits and entitlements in and to:

- (i) (where such Series comprises Lease Assets) the Head Lease Interest granted pursuant to the

Supplemental Headlease Agreement; (ii) (where such Series comprises of Shares) the Shares; and (iii) (where such Series comprises of Airtime Vouchers) any Airtime Vouchers owned by the Trustee but unsold at that time. The Sukuk Exercise Price, together with any Deferred Payment Price, Murabaha Indemnity Amount or Wakala Indemnity Amount (as applicable) payable by Axiata to the Trustee will be used to fund the Dissolution Amount payable by the Trustee under the Sukuk.

The Trust may, in accordance with the Conditions, be dissolved prior to the Scheduled Dissolution Date by reason of: (i) redemption where a Dissolution Event (as defined in Condition 15 (*Dissolution Events*)) has occurred and is continuing, (ii) redemption following the occurrence of certain Tax Events (as defined in Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*)), or (iii) (only if applicable to the relevant Series) at the option of Axiata in the circumstances described in Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of Axiata*).

In such case, the amounts payable by the Trustee on the relevant Dissolution Date will be funded by Axiata purchasing the Trustee's interest, rights, benefits and entitlements in and to: (i) (where such Series comprises Lease Assets) the Head Lease Interest granted pursuant to the Supplemental Headlease Agreement; (ii) (where such Series comprises of Shares) the Shares; and (iii) (where such Series comprises of Airtime Vouchers) any Airtime Vouchers owned by the Trustee but unsold at that time, pursuant to the terms of the Purchase Undertaking or Sale Undertaking (as applicable). Where the Series also comprises commodities purchased pursuant to the Master Murabaha Agreement, the remainder of the amounts (if any) payable by the Trustee on the relevant Dissolution Date shall be funded by Axiata paying to the Trustee the outstanding Deferred Payment Price in respect of the Commodities purchased pursuant to the Master Murabaha Agreement or, if applicable, the outstanding Murabaha Indemnity Amount pursuant to the Master Murabaha Agreement or, as the case may be, the outstanding Wakala Indemnity Amount pursuant to the Master Wakala Agreement.

The Trust may also be dissolved prior to the Scheduled Dissolution Date upon the occurrence of a Revocation Event and/or a Total Loss Termination Event in the circumstances described in Condition 11(e) (*Capital Distributions of the Trust — Dissolution following a Total Loss Termination Event*) and Condition 11(f) (*Capital Distributions of the Trust — Dissolution following a Revocation Event*).

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Series of Sukuk, the applicable Pricing Supplement.*

Words and expressions defined in “*Form of the Sukuk*” and “*Terms and Conditions of the Sukuk*” shall have the same meanings in this overview.

**Trustee:** Axiata SPV2 Berhad, as trustee for and on behalf of the Sukukholders and, in such capacity, as issuer of the Sukuk, a public company incorporated on 4 June 2012 in accordance with the laws of, and formed and registered in, Malaysia with registered number 201201020126 (1004618-V) with its registered office at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party. Axiata SPV2 Berhad shall on each Issue Date issue the Sukuk to the Sukukholders and act as trustee in respect of the Trust Assets for the benefit of the Sukukholders.

**Legal Entity Identifier:** 254900P49KQFQ10AF282

**Ownership of the Trustee:** The authorised share capital of the Trustee is RM100,000.00 consisting of 100,000 ordinary shares of RM1.00 each, of which 2 shares are fully paid-up and issued. The Trustee’s entire issued share capital is held by Axiata.

**Arrangers:** Citigroup Global Markets Limited, CIMB Investment Bank Berhad, Standard Chartered Bank and UBS AG Singapore Branch

**Dealers:** Citigroup Global Markets Limited, CIMB Investment Bank Berhad, Standard Chartered Bank and UBS AG Singapore Branch and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Series of Sukuk.

**Delegate:** The Hongkong and Shanghai Banking Corporation Limited (the “**Delegate**”). In accordance with the Master Declaration of Trust, the Trustee will, *inter alia*, unconditionally and irrevocably appoint the Delegate to be its attorney and to exercise certain future duties, powers, authorities and discretions vested in the Trustee by certain provisions in the Master Declaration of Trust in accordance with the terms of the Master Declaration of Trust. In addition, pursuant to the Master Declaration of Trust, certain powers will be vested solely in the Delegate.

<b>Obligor:</b>	Axiata Group Berhad (the “ <b>Obligor</b> ”)
<b>Principal Paying Agent, Calculation Agent and Transfer Agent and Registrar:</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Sukuk Assets:</b>	<p>On each Issue Date, the Sukuk Assets will consist of:</p> <ul style="list-style-type: none"> <li>(a) any Airtime Vouchers to be purchased by the Trustee from Axiata pursuant to the Master Airtime Purchase Agreement and any relevant Supplemental Airtime Purchase Agreement;</li> <li>(b) any Shares to be purchased by the Trustee from Axiata pursuant to the Master Share Purchase Agreement and any relevant Supplemental Share Purchase Agreement;</li> <li>(c) any Lease Assets to be leased by the Trustee from Axiata pursuant to the Master Headlease Agreement and any relevant Supplemental Headlease Agreement; and/or</li> <li>(d) any Commodities to be purchased by the Trustee (or by the Wakeel on its behalf) to be sold to Axiata pursuant to the Master Murabaha Agreement).</li> </ul>
<b>Initial Programme Amount:</b>	<p>Up to U.S.\$1,500,000,000 (or its equivalent in other currencies) aggregate face amount of Sukuk outstanding at any one time.</p> <p>The amount of the Programme may be increased in accordance with the terms of the Programme Agreement and subject to any regulatory approval (if required).</p>
<b>Issuance in Series:</b>	<p>The Sukuk will be issued in series (each series of Sukuk being a “<b>Series</b>”). The specific terms of each Series will be completed in a pricing supplement document (the applicable “<b>Pricing Supplement</b>”).</p> <p>Sukuk may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.</p>
<b>Currencies:</b>	<p>Sukuk may be denominated in U.S. dollars or any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Sukuk may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Sukuk are denominated.</p>



<b>Maturities:</b>	The Sukuk will have such maturities as may be agreed between the Trustee and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the Specified Currency (as defined in the applicable Pricing Supplement).
<b>Issue Price:</b>	Sukuk may be issued at any price on a fully paid basis, as specified in the applicable Pricing Supplement. The price and amount of Sukuk to be issued under the Programme will be determined by the Trustee, Axiata and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
<b>Status of the Sukuk:</b>	Each Sukuk will represent an undivided beneficial ownership interest in the Trust Assets of the relevant Series, will be a limited recourse obligation of the Trustee and will rank <i>pari passu</i> , without preference or priority, with all other Sukuk of the relevant Series issued under the Programme.
<b>Periodic Distribution Amounts:</b>	Subject to Condition 4(c)(i) ( <i>Status and Limited Recourse — Agreement of Sukukholders</i> ), Sukukholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Pricing Supplement.
<b>Cross-Default:</b>	The Sukuk will have the benefit of a cross-default provision in respect of Axiata’s financial indebtedness, as described more fully in Condition 15 ( <i>Dissolution Events</i> ).
<b>The Trust Assets:</b>	<p>Pursuant to the Master Declaration of Trust, as supplemented by a Supplemental Declaration of Trust for each Series, the Trustee will declare that it will hold, for each Series, certain assets (the “<b>Trust Assets</b>”), consisting of:</p> <ul style="list-style-type: none"> <li>(a) all of the Trustee’s rights, title, interest and benefit, present and future, in, to and under the relevant Sukuk Assets;</li> <li>(b) the right, title, interest and benefit, present and future, of the Trustee in, to and under the Transaction Documents (excluding: (i) any representations given by Axiata to the Trustee and the Delegate pursuant to any of the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to clause 17.1 of the Master Declaration of Trust);</li> <li>(c) all monies standing to the credit of the relevant Transaction Account (as defined in Condition 6(c) (<i>Trust — Operation of Transaction Account</i>));</li> </ul>

- (d) any other assets, rights, cash or investments as may be specified in the applicable Pricing Supplement; and
- (e) and all proceeds of the foregoing upon trust absolutely for the Sukukholders *pro rata* according to the face amount of Sukuk held by each holder for the relevant Series.

**Dissolution on the Scheduled  
Dissolution Date:**

Unless the Sukuk are previously redeemed or purchased and cancelled, the Trustee will redeem each Sukuk at the relevant Dissolution Amount and the Trust in relation to the relevant Series will be dissolved by the Trustee on the relevant Scheduled Dissolution Date specified in the applicable Pricing Supplement.

**Dissolution Amount:**

Means, in relation to a particular Series, the aggregate of:

- (a) the sum of:
  - (i) the outstanding face amount of such Series; and
  - (ii) any due but unpaid Periodic Distribution Amounts for such Series; or
- (b) such other amount specified in the applicable Pricing Supplement as being payable upon dissolution of the relevant Series.

**Early Dissolution of the Trust:**

The Trust may only be dissolved prior to the Scheduled Dissolution Date upon:

- (a) the occurrence of a Dissolution Event;
- (b) the exercise of an Optional Dissolution Right (if the Optional Dissolution Right is applicable to the relevant Series);
- (c) the occurrence of a Tax Event (as defined in Condition 11(b) (Capital Distributions of the Trust — Early Dissolution for Tax Reasons));
- (d) the occurrence of a Total Loss Termination Event (in the circumstances described in Condition 11(e) (*Capital Distributions of the Trust — Dissolution following a Total Loss Termination Event*));
- (e) the occurrence of a Revocation Event (in the circumstances described in Condition 11(f) (*Capital Distributions of the Trust — Dissolution following a Revocation Event*)); or

- (f) all of the Sukuk of the relevant Series being cancelled following an exercise of the Redemption Undertaking.

**Dissolution Events:**

The Dissolution Events are described in Condition 15 (*Dissolution Events*). Upon the occurrence of a Dissolution Event which is continuing, the Sukuk of the relevant Series may be redeemed in full at an amount equal to the Dissolution Amount on the Dissolution Event Redemption Date.

**Early Dissolution for Tax Reasons:**

Where the Trustee has or will become obliged to pay any additional amounts in respect of the Sukuk pursuant to Condition 12 (*Taxation*) or Axiata has or will become obliged to pay any additional amounts in respect of amounts payable under the Transaction Documents as a result of a change in the laws of a Relevant Jurisdiction (as defined in the Conditions) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the relevant Series and such obligation cannot be avoided by the Trustee or Axiata, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of the Exercise Notice (as defined in the Conditions) under the Sale Undertaking, dissolve the Trust and redeem (in whole, but not in part) the Sukuk at their Early Dissolution Amount (Tax), together with any Periodic Distribution Amounts accrued (if any) to the Dissolution Date.

**Optional Dissolution Right:**

If so specified in the applicable Pricing Supplement as being applicable, Axiata may, in accordance with Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of Axiata*), require the Trustee to redeem (in whole, but not in part) the Sukuk of the relevant Series at any time prior to the relevant Scheduled Dissolution Date at the relevant Optional Dissolution Amount, together with any Periodic Distribution Amounts accrued (if any) to the Optional Dissolution Date.

**Change of Control Exercise Option:**

If so specified in the applicable Pricing Supplement as being applicable, the Trustee may, in accordance with Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*), upon the occurrence of a Change of Control Triggering Event (and following the notification thereof by Axiata to the Trustee and the Delegate), give notice of such event to the Sukukholders. In the event that Sukukholders holding Sukuk of the relevant Series elect within 30 days (or such other period as set out in the applicable Pricing Supplement) of a notice that a Change of Control Triggering Event has occurred being delivered to the

Sukukholders by the Trustee (the “**Change of Control Exercise Period**”) to redeem their Sukuk (the “**Change of Control Sukuk**”), in accordance with Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*), following the receipt of a Change of Control Confirmation Notice, pursuant to the Change of Control Undertaking, the Trustee (or the Principal Paying Agent on its behalf) shall serve a Change of Control Purchase Notice on Axiata and require Axiata, on the seventh day after the last day of the Change of Control Exercise Period to purchase from the relevant Sukukholders the relevant Change of Control Sukuk at the relevant Change of Control Amount.

**Change of Control Triggering Event:**

A “**Change of Control Triggering Event**” means a Change of Control,

**provided that**, in the event that the Sukuk are, on the Rating Date rated Investment Grade by two Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change of Control and a Rating Downgrade.

A “**Change of Control**” shall have the meaning specified in the applicable Pricing Supplement to the extent that such Pricing Supplement also specifies the Change of Control Exercise Option as being applicable.

**Dissolution following a Revocation Event and/or a Total Loss Termination Event:**

In relation to each Series:

- (a) the occurrence of a Revocation Event; or
- (b) the occurrence of a Total Loss Termination Event,

will result in the redemption of the Sukuk and the consequent dissolution of the Trust.

In accordance with the terms of the Master Wakala Agreement and where a Series comprises Lease Assets, the Wakeel is responsible for ensuring that such Lease Assets are, so long as the relevant Sukuk for that Series are outstanding, insured (to the extent reasonable and commercially practicable in a *Shari’a* compliant manner) against a Total Loss Event. In the event of:

- (i) a Total Loss Event occurring, the Wakeel shall apply all the proceeds of a claim under the Takaful/ Insurances, excluding any third party insurance proceeds or any environmental liability insurance

proceeds (the “**Takaful/Insurance Proceeds**”) (on behalf of the Trustee) towards the purchase of additional Airtime Vouchers in accordance with the Master Airtime Purchase Agreement or towards the lease of new Lease Assets from Axiata; and

- (ii) a Total Loss Termination Event occurring, the Wakeel on behalf of the Trustee shall ensure that the Takaful/Insurance Proceeds are paid in the Specified Currency (as defined below) directly into the Transaction Account as soon as practicable and in any event by no later than close of business in Malaysia on the 45<sup>th</sup> day after the occurrence of the Total Loss Event.

In relation to a Series comprising Lease Assets, if (i) a Total Loss Event occurs and an amount (if any) less than the Takaful/Insurance Coverage Amount is available to the Wakeel for the purchase of additional Airtime Vouchers or to be applied by the Wakeel towards the lease of new assets from Axiata or (ii) a Total Loss Termination Event occurs and the amount credited to the relevant Transaction Account is less than the Takaful/Insurance Coverage Amount (the difference between the Takaful/Insurance Coverage Amount and the amount available to Axiata or credited to such Transaction Account (as applicable) being the “**Total Loss Shortfall Amount**”), then the Wakeel acknowledges that it shall have failed in its responsibility to properly insure the Lease Assets and accordingly irrevocably and unconditionally undertakes to (A) in the event that paragraph (i) above is applicable, pay the Total Loss Shortfall Amount towards the purchase of additional Airtime Vouchers or the lease of new assets from Axiata (as applicable) or (B) in the event that paragraph (ii) above is applicable, pay (in the Specified Currency in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly to the Transaction Account, in each case as soon as practicable and in any event by no later than close of business in Malaysia on the 46<sup>th</sup> day after the Total Loss Event has occurred.

Rentals shall cease to accrue under the relevant Lease with effect from the date on which a Total Loss Event occurs, and no additional rental payment shall be made in respect of the period between the date on which the Total Loss Event occurred and the date on which the Total Loss Shortfall Amount is paid pursuant to paragraphs (A) or (B) above. The Lessee will pay the accrued and unpaid rental up to the date on which the Total Loss Event occurred to the Lessor no later than the date of such Total Loss Event by crediting such amount to the Collection Account.

Pursuant to the Purchase Undertaking, where:

a Revocation Event has occurred; or

a Total Loss Termination Event has occurred,

Axiata will irrevocably grant to the Trustee the right to require Axiata to purchase and accept the transfer and conveyance on the relevant Revocation Event Dissolution Date or Total Loss Dissolution Date (as applicable) specified in the Exercise Notice of all of the Trustee's interests, rights, benefits and entitlements in and to any Residual Assets (as defined below) at the Residual Assets Exercise Price (as defined below) specified in the Exercise Notice. The Residual Assets Exercise Price will be paid into the Transaction Account on the Revocation Event Dissolution Date or Total Loss Dissolution Date (as applicable).

The Trustee (or the Delegate on its behalf) will use the amounts subsequently received from Axiata to redeem the relevant Series of Sukuk at their Dissolution Amount.

See Condition 6(a) (*Trust — Summary of the Trust*).

**“Collection Account”** means the ledger account to be maintained by the Wakeel in accordance with the terms of the Wakala Agreement;

**“Distribution Profit”** means, in relation to a particular Distribution Period, an amount equal to the Voucher Percentage of the Periodic Distribution Amount for the corresponding Return Accumulation Period as determined in accordance with Condition 8(c) (*Fixed Periodic Distribution Provisions — Determination of Periodic Distribution Amount*).

**“Residual Assets”** means, in relation to any Series:

- (a) where such Series comprises Airtime Vouchers and Lease Assets at such time;
  - (i) following the occurrence of a Revocation Event, the unsold Airtime Vouchers and the remaining Lease Assets; or
  - (ii) following the occurrence of a Total Loss Termination Event, the unsold Airtime Vouchers at such time; or
- (b) where, at such time, such Series comprises Airtime Vouchers but not Lease Assets at such time, following

the occurrence of a Revocation Event, the unsold Airtime Vouchers; or

**provided always that** where a Series comprises Shares, “Residual Assets” shall also include such Shares.

**“Residual Assets Exercise Price”** means, at any time, and in relation to a Series, an amount equal to the aggregate of:

- (a) the outstanding face amount of the Sukuk for that Series;
- (b) to the extent such Series originally comprised Lease Assets, all accrued but unpaid Rental (or part thereof) relating to the Lease Assets (if any), to the extent not received by the Trustee in its capacity as Lessor under the relevant Supplemental Sub-Lease Agreement;
- (c) without duplication or double counting, an amount equal to any accrued but unpaid Wakala Services Charge Amount; and
- (d) to the extent such Series originally comprised Airtime Vouchers, all accrued but unpaid Distribution Profit (or part thereof) relating to the Airtime Vouchers (if any), to the extent not received by the Trustee under the Master Wakala Agreement,

*less*

- (a) an amount equal to only one of the following (as applicable):
  - (i) the outstanding Deferred Payment Price (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has been concluded for that Series pursuant to the Master Murabaha Agreement; or
  - (ii) the outstanding Murabaha Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has not been concluded pursuant to the Master Murabaha Agreement for that Series but the Wakeel has complied with its obligations contained in the Master Wakala Agreement; or
  - (iii) the outstanding Wakala Indemnity Amount (after any reduction pursuant to the Master Wakala Agreement) due under the Master Wakala

Agreement, where the Wakeel has failed to comply with its obligations in the Master Wakala Agreement; and

- (b) to the extent such Series originally comprised Lease Assets and an Exercise Notice has been served immediately following a Total Loss Termination Event, the Takaful/ Insurance Coverage Amount for that Series,

which price the Parties acknowledge shall be the price for the remaining Wakala Assets following the occurrence of a Revocation Event and/or a Total Loss Termination Event (as applicable);

**“Revocation Date”** means, in relation to a Revocation Event, the earlier of the date that (A) the Trustee is notified and (B) the Trustee becomes aware that a provider of Airtime Vouchers for a particular Series has ceased to be an Authorised Entity;

**“Revocation Event”** means, in respect of a Series, an event or circumstance where (i) such Series comprises Airtime Vouchers but does not also comprise Lease Assets at that time(ii) the Revocation Date has occurred and (iii) Axiata is unable within 45 days of the Revocation Date to lease new assets to the Trustee pursuant to a Supplemental Headlease Agreement or (in its capacity as Wakeel) obtain Airtime Vouchers pursuant to a Supplemental Airtime Purchase Agreement, in each case for an amount at least equal to the aggregate amount of Airtime Vouchers owned by the Trustee but unsold as at the Revocation Date;

**“Specified Currency”** means, in relation to a particular Series, the currency in which such Series is denominated.

**“Total Loss Event”** means, in relation to a Series comprising Lease Assets, the earlier of the date that (A) the Trustee is notified and (B) the Trustee becomes aware of (i) a total loss or destruction of, or damage to the whole of the Lease Assets in a particular Series or any event or occurrence that renders the whole of such Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted in each case by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical or (ii) Axiata ceasing to have full legal ownership in the entirety of the Lease Assets;

**“Total Loss Termination Event”** means an event or circumstance where (i) a Series comprises Lease Assets but



does not also comprise Airtime Vouchers at such time (ii) a Total Loss Event has occurred and (iii) Axiata is unable, within 45 days of the Total Loss Event occurring, to lease new assets to the Trustee pursuant to a Supplemental Headlease Agreement or (in its capacity as Wakeel) purchase Airtime Vouchers pursuant to a Supplemental Airtime Purchase Agreement, in each case for an amount at least equal to the Takaful/Insurance Coverage Amount.

**“Takaful/Insurance Coverage Amount”** means, at any time, and in relation to a particular Series comprising Lease Assets, an amount equal to:

- (a) the aggregate of:
  - (i) the Outstanding Amount;
  - (ii) without duplication or double counting, an amount equal to any Wakala Services Charge Amount outstanding under the terms of the Master Wakala Agreement; and
  - (iii) an amount equal to the Rental payable by Axiata as Lessee under the Supplemental Sub-Lease Agreement for the subsequent 50 day period,

*less*

- (b) an amount equal to the aggregate of:
  - (i) the Share Value (if applicable to that Series);
  - (ii) the aggregate Voucher Cost Price of Airtime Vouchers owned by the Trustee but unsold by the Wakeel (if applicable to that Series);
  - (iii) only one of the following (to the extent applicable to that Series):
    - (A) the outstanding Deferred Payment Price where a Murabaha Contract has been concluded pursuant to the Master Murabaha Agreement; or
    - (B) the outstanding Murabaha Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement), where a Murabaha Contract has not been concluded pursuant to the Master Murabaha Agreement but the Wakeel has complied with its obligations in the Master Murabaha Agreement; or

- (C) the outstanding Wakala Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement), where the Wakeel has failed to comply with its obligations in the Master Murabaha Agreement;

“**Takaful/Insurances**” means the insurances which the Wakeel is required to take out, to the extent that it is reasonable and commercially practicable, in a *Shari’a* compliant manner, in relation to the Lease Assets on behalf of the Trustee in accordance with the terms of the Master Wakala Agreement; and

“**Voucher Percentage**” means, in relation to a particular Series and at any time, the ratio (expressed as a percentage) of (i) the aggregate Value of the relevant Airtime Vouchers to (ii) the aggregate Value of the Airtime Vouchers and Lease Assets at that time.

**Cancellation of Sukuk held by Axiata and/or any of its Subsidiaries:**

Pursuant to Condition 14(b) (*Purchase and Cancellation of Sukuk — Cancellation of Sukuk held by Axiata and/or any of its Subsidiaries*), Axiata and/or any of its subsidiaries may at any time purchase Sukuk in the open market or otherwise. If Axiata wishes to cancel such Sukuk purchased by it and/or any of its subsidiaries (the “**Cancellation Sukuk**”) or any Change of Control Sukuk, Axiata may, in accordance with the terms of the Redemption Undertaking, and following the service of a Cancellation Notice by Axiata to the Trustee, require the Trustee to cancel any Cancellation Sukuk or Change of Control Sukuk (as applicable) surrendered to it by Axiata and/or any of its subsidiaries in consideration for payment of the relevant Cancellation Amount, which may be off-set against any amount that is due and payable by Axiata to the Trustee under the Master Wakala Agreement, the Master Murabaha Agreement, the Sale Undertaking and/or the Purchase Undertaking, **provided that** any amounts to be off-set shall first be applied against any amounts due under the Master Murabaha Agreement.

**Limited Recourse:**

Each Sukuk of a particular Series will represent an undivided beneficial ownership interest in the Trust Assets for such Series. No amount whatsoever shall be due or payable in respect of the Sukuk except to the extent that funds for that purpose are available from the relevant Trust Assets.

Sukukholders have no recourse to any assets of the Trustee (other than the relevant Trust Assets) or Axiata (to the extent that it fulfils its obligations under the Transaction Documents to which it is a party) or the Delegate or any Agent or any of their respective affiliates in respect of any

shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been enforced, realised and fully discharged following which all obligations of the Trustee and Axiata shall be extinguished.

**Denomination of Sukuk:**

The Sukuk will be issued in such denominations as may be agreed between the Trustee and the relevant Dealer save that the minimum denomination of each Sukuk will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency or the applicable stock exchange for such Sukuk.

**Form and Delivery of the Sukuk:**

The Sukuk will be issued in registered form only. The Sukuk will be represented on issue by beneficial interests in a global certificate (the “**Global Certificate**”), which will be deposited with, and registered in the name of a nominee for, a common depository (the “**Common Depository**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. See the section entitled “Form of the Sukuk”. Certificates in definitive form evidencing holdings of Sukuk (“**Definitive Certificate**”) will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances.

**Clearance and Settlement:**

Sukukholders must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg or any other clearing system as may be specified in the relevant Pricing Supplement. Transfers within and between each of Euroclear, Clearstream, Luxembourg or any other clearing system will be in accordance with the usual rules and operating procedures of the relevant clearing system.

**Withholding Tax:**

All payments by Axiata under the Transaction Documents to which it is a party are to be made without withholding or deduction for, or on account of, any Taxes (as defined in the Conditions) unless the withholding is required by law. In the event that any such deduction is made by Axiata as a result of any requirement of law, Axiata will be required, pursuant to the relevant Transaction Document, to pay to the Trustee additional amounts so that the Trustee will receive the full amount which otherwise would have been due and payable under the relevant Transaction Document.

All payments by the Trustee in respect of the Sukuk and the Transaction Documents shall be made without withholding

or deduction for, or on account of, any Taxes (as defined in the Conditions). Axiata has agreed in the Transaction Documents that, if the Trustee is required to make any payment under the Sukuk after deduction or withholding for: (i) Taxes; or (ii) as otherwise required by applicable law and is required to pay additional amounts in respect thereof, Axiata will pay to the Trustee additional amounts to cover the amounts so deducted as would have been paid had no such deduction or withholding been required.

**Listing:**

Approval-in-principle has been in relation to the Programme. Application will be made for permission to deal in and quotation of Sukuk that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Sukuk have been admitted to the Official List of the SGX-ST. If the application to the SGX-ST to list a particular series of Sukuk is approved, such Sukuk listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least SGD200,000 or its equivalent in any other foreign currency.

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Sukuk on the SGX-ST are not to be taken as an indication of the merits of any of the Trustee and/or Axiata, the Programme or the Sukuk.

Bursa Securities has granted its approval-in-principle for the listing of the Programme under the Bursa Securities (Exempt Regime) and approval-in-principle has been obtained from Bursa Securities on 16 July 2012. The Sukuk to be issued under the Programme will be listed on Bursa Securities but will not be quoted for trading. Bursa Securities takes no responsibility for the contents of this Offering Circular, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Admission to the Official List of Bursa Securities (Exempt Regime) shall not be taken to indicate that Bursa Securities recommends the subscription or purchase of the Sukuk or as an indication of the merits of any of the Trustee and/or Axiata, the Programme or the Sukuk. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, the investors should consult his or her adviser.

The Sukuk may also be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) as may be agreed between the Trustee and the relevant Dealer in relation to each Series.

The Trustee may issue Sukuk which are neither listed nor admitted to trading on any stock exchange or market.

The applicable Pricing Supplement will state whether or not the relevant Sukuk are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or market(s).

**Sukukholder Meetings:**

A summary of the provisions for convening meetings of Sukukholders to consider matters relating to their interests as such is set out in Condition 19 (*Meetings of Sukukholders, Modification, Waiver, Authorisation and Determination*).

**Tax Considerations:**

See the section entitled “*Taxation*” for a description of certain tax considerations applicable to the Sukuk.

**Governing Law:**

The Sukuk and any non-contractual obligations arising out of or in connection with them shall be governed by English law.

Each of the Master Declaration of Trust, each Supplemental Declaration of Trust, the Agency Agreement, the Programme Agreement, the Master Murabaha Agreement, the Master Share Purchase Agreement, each relevant Supplemental Share Purchase Agreement, the Master Airtime Purchase Agreement, each relevant Supplemental Airtime Purchase Agreement, the Master Wakala Agreement, the Purchase Undertaking, the Sale Undertaking, the Redemption Undertaking, the Substitution Undertaking, the Change of Control Undertaking, each Global Certificate and any non-contractual obligations arising out of or in connection with the same will be governed by and construed in accordance with English law and subject to the exclusive jurisdiction of the English courts.

Each of the Master Headlease Agreement, each relevant Supplemental Headlease Agreement, the Master Sub-Lease Agreement, each relevant Supplemental Sub-Lease Agreement and the Transaction Agency Agreement will be governed by and construed in accordance with, the laws of Malaysia and subject to the exclusive jurisdiction of the Malaysian courts.

**Transaction Documents:**

The Transaction Documents are the Master Headlease Agreement, each Supplemental Headlease Agreement, the Master Sub-Lease Agreement, each Supplemental Sub-Lease Agreement, the Master Airtime Purchase Agreement, each Supplemental Airtime Purchase Agreement, the Master Share

Purchase Agreement, each Supplemental Share Purchase Agreement, the Master Murabaha Agreement, the Transaction Agency Agreement, the Master Wakala Agreement, the Purchase Undertaking, the Sale Undertaking, the Redemption Undertaking, the Substitution Undertaking, the Change of Control Undertaking, the Master Declaration of Trust, each Supplemental Declaration of Trust, the Agency Agreement, the Programme Agreement, the Global Certificates and any documents specified in the applicable Pricing Supplement.

**Rating:**

The rating(s) of any Series of Sukuk to be issued under the Programme which is to be rated will be specified in the applicable Pricing Supplement.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling and Transfer Restrictions:**

There are restrictions on the distribution of this Offering Circular and the offer, sale or transfer of Sukuk in the United States of America, the European Economic Area, the United Kingdom, the Netherlands, Hong Kong, Malaysia, Singapore, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, Japan, Kingdom of Bahrain and Qatar (including the Qatar Financial Centre) and such other restrictions as may be required in connection with the offering and sale of the Sukuk. See "*Subscription and Sale*".

**United States Selling Restrictions:**

Regulation S.

**Waiver of Sovereign Immunity:**

Each of Axiata and the Trustee acknowledges in the Transaction Documents to which it is a party that, to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution before judgment or otherwise or other legal process and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, it will not claim and irrevocably and unconditionally waives to the fullest extent possible under applicable law such immunity in relation to any proceedings.

## SUMMARY FINANCIAL INFORMATION

*The Group's consolidated financial information as of and for the years ended 31 December 2017, 2018 and 2019 set forth below is derived from the Group's audited consolidated financial statements for the years and as of the dates indicated disclosed in our published audited consolidated financial statements for the years ended 31 December 2017, 2018 and 2019, respectively. The auditor's reports on the Group's published financial statements for the years ended 31 December 2017, 2018 and 2019 were unqualified.*

*The summary financial information set forth below should be read in conjunction with the Group's audited consolidated financial statements for the years ended 31 December 2017, 2018 and 2019, including the notes thereto. The Group's consolidated financial statements are prepared in accordance with the provisions of MFRS, IFRS and the requirements of the Companies Act, 2016 in Malaysia.*

*Investors should note that the Group had voluntarily changed its accounting policy on the accounting for the changes in subsequent measurement of put options over non-controlling interest ("**put liability**") with effect from the financial year ended 31 December 2019. Up to 31 December 2018, the Group had accounted for the changes in subsequent measurement of put liability in profit or loss. With effect from the financial year ended 31 December 2019, the Group has changed its accounting policy to account for the changes in subsequent measurement of put liability in other reserves within equity. The Group has accounted for the change in accounting policy retrospectively in accordance with MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors". For further details, see note 50 to the Group's published audited consolidated financial statements for the year ended 31 December 2019.*

*Accordingly, due to the changes in accounting policy described in the preceding paragraph, the selected consolidated statement of comprehensive income for the year ended 31 December 2019, will not be directly comparable to the selected consolidated statement of comprehensive income for the year ended 31 December 2018 and 31 December 2017. See further, "Risk Factors — Due to changes in accounting policies and standards, the financial information of the Group as at and for the year ended 31 December 2017 and 31 December 2018 may not be directly comparable with the corresponding financial information for the financial periods or financial years subsequent to 31 December 2017 or, as the case may be, 31 December 2018". Please see also note 1 under the selected consolidated statement of comprehensive income which sets out the impacts of restatement had the Group applied the voluntary changes in accounting policy described in the preceding paragraph to its consolidated statements of comprehensive income for the financial year ended 31 December 2017 and 31 December 2018.*

*The unaudited consolidated interim financial information as of and for the three months ended 31 March 2019 and 2020 set forth below is derived from the Group's unaudited consolidated financial information for the three months ended 31 March 2020. The summary financial information set forth below should be read in conjunction with the Group's published unaudited consolidated interim financial information for the three months ended 31 March 2020, including the notes thereto.*

*Investors should also note that the Group has adopted new accounting standards, which include:*

- MFRS 9 "Financial Instruments" ("**MFRS 9**") and MFRS 15 "Revenue from Contracts with Customers" ("**MFRS 15**") were adopted from 1 January 2018, which resulted in changes in accounting policies and adjustments to the Group's financial position as at 1 January 2018. For further details, see note 46 to the Group's audited financial statement for the year ended*

*31 December 2018. The Group has adopted the modified retrospective method for MFRS 15 and applied the transitional provisions for MFRS 9 where the 2017 comparative financial information was not restated. The cumulative effects of the initial application of MFRS 9 and 15 were recognised as an adjustment to the opening retained earnings as at 1 January 2018.*

- *MFRS 16 “Leases” (“MFRS 16”) was adopted from 1 January 2019, and introduces a new accounting model, where lessees are required to recognise a right-of-use asset and a lease liability arising from a lease on its statement of financial position. For further details, see note 49 to the Group’s audited financial statement for the year ended 31 December 2019. The Group has adopted the simplified retrospective transition method, where the 2018 comparative information was not restated. The cumulative effects of initial application of MFRS 16 where the Group is a lessee were recognised as an adjustment to the opening retained earnings as at 1 January 2019.*



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT:**

	Audited			Unaudited	
	31 December	31 December	31 December	31 March 2020	
	2017	2018	2019	RM'000	U.S.\$ '000*
	RM'000	RM'000	RM'000		
Capital and reserves attributable to owners of the company:					
Share capital . . . . .	13,407,253	13,502,368	13,857,268	13,859,615	3,197,143
Reserves . . . . .	11,323,883	3,974,431	2,323,525	1,737,176	400,733
Total equity attributable to owners of the Company . . . . .	24,731,136	17,476,799	16,180,793	15,596,791	3,597,876
Non-controlling interests . . . . .	5,773,447	5,737,907	6,039,230	6,055,457	1,396,876
<b>Total equity . . . . .</b>	<b><u>30,504,583</u></b>	<b><u>23,214,706</u></b>	<b><u>22,220,023</u></b>	<b><u>21,652,248</u></b>	<b><u>4,994,752</u></b>
Borrowings . . . . .	14,796,319	14,646,553	9,194,490	8,867,607	2,045,584
Derivative financial instruments . . . . .	1,441,161	1,698,722	110,818	51,838	11,958
Deferred income . . . . .	270,915	363,196	383,337	368,424	84,988
Deferred gain on sale and lease back assets . . . . .	817,073	663,228	559,351	474,453	109,447
Trade and other payables . . . . .	1,644,197	2,987,844	607,967	756,620	174,537
Provision for asset retirement . . . . .	468,920	487,394	517,288	542,089	125,049
Deferred taxation . . . . .	1,672,496	1,391,214	1,205,422	1,232,321	284,272
Lease liabilities . . . . .	—	—	7,397,617	6,949,887	1,603,203
<b>Total non-current liabilities . . . . .</b>	<b><u>21,111,081</u></b>	<b><u>22,238,151</u></b>	<b><u>19,976,290</u></b>	<b><u>19,243,239</u></b>	<b><u>4,439,038</u></b>
	<b><u>51,615,664</u></b>	<b><u>45,452,857</u></b>	<b><u>42,196,313</u></b>	<b><u>40,895,487</u></b>	<b><u>9,433,790</u></b>
Intangible assets . . . . .	22,176,286	20,926,703	20,724,361	20,355,357	4,695,584
Contract cost assets . . . . .	—	108,503	182,908	187,125	43,166
Property, plant and equipment . . . . .	26,909,970	27,290,458	25,633,223	25,210,673	5,815,611
Right-of use assets . . . . .	—	—	8,937,706	8,188,318	1,888,885
Associates . . . . .	7,985,974	266,475	207,357	220,484	50,861
Joint ventures . . . . .	26,022	27,699	21,709	19,773	4,561
Financial assets at fair value through other comprehensive income . . . . .	—	1,659,412	301,347	308,215	71,099
Financial assets at fair value through profit and loss . . . . .	—	—	3,459	3,489	805
Available-for-sale financial assets . . . . .	62,030	—	—	—	—
Derivative financial instruments . . . . .	143,777	—	15,256	55,696	12,848
Trade and other receivables . . . . .	535,157	686,804	656,639	627,377	144,724
Deferred tax assets . . . . .	270,046	586,961	324,187	290,078	66,915
<b>Total non-current assets . . . . .</b>	<b><u>58,109,262</u></b>	<b><u>51,553,015</u></b>	<b><u>57,008,152</u></b>	<b><u>55,466,585</u></b>	<b><u>12,795,059</u></b>

	Audited			Unaudited	
	31 December 2017	31 December 2018	31 December 2019	31 March 2020	
	RM'000	RM'000	RM'000	RM'000	U.S.\$ '000*
Inventories . . . . .	174,279	219,130	154,328	141,491	32,639
Trade and other receivables . . . . .	4,496,637	5,115,230	4,721,973	5,509,172	1,270,857
Derivative financial instruments . . . . .	53,109	238,506	9,247	70,897	16,355
Financial assets at fair value through profit or loss . . . . .	64	38	60,417	65,983	15,221
Tax recoverable . . . . .	41,615	54,860	70,944	74,752	17,244
Deposits, cash and bank balances . . . . .	6,812,868	5,071,448	4,231,099	5,962,548	1,375,444
	<u>11,578,572</u>	<u>10,699,212</u>	<u>9,248,008</u>	<u>11,824,843</u>	<u>2,727,760</u>
Assets directly classified as held- for-sale . . . . .	<u>223,162</u>	<u>1,602,800</u>	<u>277,643</u>	<u>12,319</u>	<u>2,842</u>
<b>Total current assets . . . . .</b>	<b><u>11,801,734</u></b>	<b><u>12,302,012</u></b>	<b><u>9,525,651</u></b>	<b><u>11,837,162</u></b>	<b><u>2,730,602</u></b>
<b>LESS: CURRENT LIABILITIES</b>					
Trade and other payables . . . . .	12,616,963	12,484,444	12,178,262	12,400,392	2,860,529
Deferred gain on sale and lease back assets . . . . .	126,017	120,942	124,748	112,062	25,851
Borrowings . . . . .	4,387,670	4,483,197	7,631,753	9,046,403	2,086,829
Lease liabilities . . . . .	—	—	1,442,700	1,582,519	365,056
Derivative financial instruments . . . . .	152,621	155,901	2,041,199	2,198,847	507,231
Current tax liabilities . . . . .	754,511	1,157,686	899,811	654,249	150,922
Dividend payable . . . . .	—	—	—	412,361	95,124
	<u>18,037,782</u>	<u>18,402,170</u>	<u>24,318,473</u>	<u>26,406,833</u>	<u>6,091,542</u>
Liabilities classified as held-for- sale . . . . .	<u>257,550</u>	<u>—</u>	<u>19,017</u>	<u>1,427</u>	<u>329</u>
<b>Total current liabilities . . . . .</b>	<b><u>18,295,332</u></b>	<b><u>18,402,170</u></b>	<b><u>24,337,490</u></b>	<b><u>26,408,260</u></b>	<b><u>6,091,871</u></b>
<b>Net current liabilities . . . . .</b>	<b><u>(6,493,598)</u></b>	<b><u>(6,100,158)</u></b>	<b><u>(14,811,839)</u></b>	<b><u>(14,571,098)</u></b>	<b><u>(3,361,269)</u></b>
	<b><u>51,615,664</u></b>	<b><u>45,452,857</u></b>	<b><u>42,196,313</u></b>	<b><u>40,895,487</u></b>	<b><u>9,433,790</u></b>

\* 1USD:RM4.335 (based on the Group reporting rate as at 31 March 2020 sourced from BNM)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD ENDED:**

	Audited			Unaudited		
	31 December 2017 <sup>(1)</sup>	31 December 2018 <sup>(1)</sup>	31 December 2019	31 March 2019 (restated)	31 March 2020	
	RM'000	RM'000	RM'000	RM'000	RM'000	U.S.\$ '000**
Operating revenue . . . . .	24,402,401	23,885,781	24,583,312	5,949,437	6,036,584	1,446,010
Operating costs						
— depreciation, impairment and amortisation . . . . .	(5,986,213)	(7,644,816)	(7,084,236)	(1,643,040)	(1,848,469)	(442,784)
— foreign exchange (losses)/gains . . . . .	(191,563)	8,389	5,421	14,577	65,594	15,712
— domestic interconnect and international outpayment . . . . .	(2,700,723)	(2,408,317)	(1,980,257)	(530,672)	(416,564)	(99,784)
— marketing, advertising and promotion . . . . .	(2,108,755)	(2,147,698)	(2,001,470)	(488,979)	(497,362)	(119,139)
— other operating costs . . . . .	(8,455,866)	(8,927,499)	(7,762,235)	(2,005,522)	(1,968,552)	(471,549)
— staff costs . . . . .	(1,906,939)	(2,068,133)	(2,220,200)	(502,496)	(650,213)	(155,753)
— other (losses)/gains-net . . . . .	(57,665)	(297,790)	(22,601)	(22,709)	566	136
Other operating income/ expenses-net . . . . .	5,370	(3,057,592)	806,853	460,570	433,746	103,900
<b>Operating profit before finance cost . . . . .</b>	<b>3,000,047</b>	<b>(2,657,675)</b>	<b>4,324,587</b>	<b>1,231,166</b>	<b>1,155,330</b>	<b>276,749</b>
Finance income . . . . .	241,807	221,459	230,468	56,381	42,137	10,094
Finance cost						
— Finance cost excluding foreign exchange gains/ (losses) on financing activities . . . . .	(1,253,369)	(1,272,385)	(1,738,473)	(408,922)	(426,235)	(102,101)
— Net foreign exchange gains/(losses) on financing activities . . . . .	352,000	(208,689)	59,085	115,433	(165,313)	(39,599)
	(901,369)	(1,481,074)	(1,679,388)	(293,489)	(591,548)	(141,700)
Joint ventures						
— share of results (net of tax) . . . . .	(48,989)	1,678	(2,819)	(2,236)	(1,936)	(464)
Associates						
— share of results (net of tax) . . . . .	(352,670)	(26,364)	(647)	1,082	7,903	1,893
— loss on dilution of equity interests . . . . .	(2,595)	(403,712)	—	—	—	—
<b>Profit/(loss) before taxation . . . . .</b>	<b>1,936,231</b>	<b>(4,345,688)</b>	<b>2,872,201</b>	<b>992,904</b>	<b>611,886</b>	<b>146,572</b>
Taxation and zakat . . . . .	(773,749)	(901,552)	(1,057,105)	(193,078)	(213,586)	(51,163)
<b>Profit/(Loss) for the financial year/period . . . . .</b>	<b><u>1,162,482</u></b>	<b><u>(5,247,240)</u></b>	<b><u>1,815,096</u></b>	<b><u>799,826</u></b>	<b><u>398,300</u></b>	<b><u>95,409</u></b>

	Audited			Unaudited		
	31 December	31 December	31 December	31 March		
	2017 <sup>(1)</sup>	2018 <sup>(1)</sup>	2019	2019	31 March 2020	
	RM'000	RM'000	RM'000	RM'000	RM'000	U.S.\$ '000**
Other comprehensive expense income/ (expense):						
Items that will not be reclassified to profit or loss:						
— actuarial gains on defined benefits plan, net of tax . .	18,027	4,092	3,570	1,026	5,975	1,431
— fair value through other comprehensive income . . .	—	(574,655)	(1,598,067)	(827,129)	(22,708)	(5,439)
Items that may be reclassified subsequently to profit or loss:						
— available-for-sale reserve . . . . .	(1,358)	—	—	—	—	—
— currency translation differences . . . . .	(2,070,454)	(1,298,172)	(271,745)	(149,969)	(243,418)	(58,309)
— net cash flow hedge . . . . .	271	(25,080)	61,158	23,370	91,009	21,800
— net cost of hedging . . . . .	—	(42,994)	(6,632)	9,178	(99,335)	(23,795)
— net investment hedge . . . . .	(15,801)	15,801	—	—	—	—
Other comprehensive expense for the financial period, net of tax . . . . .	(2,069,315)	(1,921,008)	(1,811,716)	(943,524)	(268,477)	(64,312)
<b>Total comprehensive income/(expense) for the financial year/period . . .</b>	<b><u>(906,833)</u></b>	<b><u>(7,168,248)</u></b>	<b><u>3,380</u></b>	<b><u>(143,698)</u></b>	<b><u>129,823</u></b>	<b><u>31,097</u></b>
Profit for the financial period attributable to:						
— owners of the Company . . . . .	909,480	(5,034,573)	1,457,550	725,165	188,106	45,059
— non-controlling interests . . . . .	253,002	(212,667)	357,546	74,661	210,194	50,350
	<b><u>1,162,482</u></b>	<b><u>(5,247,240)</u></b>	<b><u>1,815,096</u></b>	<b><u>799,826</u></b>	<b><u>398,300</u></b>	<b><u>95,409</u></b>
Total comprehensive income/(expense) for the financial year/period attributable to:						
— owners of the Company . . . . .	(586,819)	(6,764,630)	(325,276)	(185,109)	(9,604)	(2,301)
— non-controlling interests . . . . .	(320,014)	(403,618)	328,656	41,411	139,427	33,398
	<b><u>(906,833)</u></b>	<b><u>(7,168,248)</u></b>	<b><u>3,380</u></b>	<b><u>(143,698)</u></b>	<b><u>129,823</u></b>	<b><u>31,097</u></b>
Earnings per share (sen)						
— basis . . . . .	10.1	(55.6)	16.0	8.0	2.1	0.5
— diluted . . . . .	10.1	(55.4)	16.0	8.0	2.1	0.5
EBITDA <sup>(2)</sup> . . . . .	9,230,118	8,334,134	10,619,150	2,421,768	2,503,893	599,785

\*\* 1USD:RM4.174650 (based on the Group reporting year-to-date average rate up to 31 March 2020 sourced from BNM)

- (1) The Group had voluntarily changed its accounting policy on the accounting for the changes in subsequent measurement of put liability. Up to 31 December 2018, the Group had accounted for the changes in subsequent measurement of put liability in profit or loss. With effect from the financial year ended 31 December 2019, the Group has changed its accounting policy to account for the changes in subsequent measurement of put liability in other reserves within equity. The Group has accounted for the change in accounting policy retrospectively in accordance with MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors”. For further details, see note 50 to the Group’s audited financial statement for the year ended 31 December 2019.

Accordingly, due to the changes in accounting policy described in the preceding paragraph, the selected consolidated statement of comprehensive income for the year ended 31 December 2019, will not be directly comparable to the selected consolidated statement of comprehensive income for the year ended 31 December 2018 and 31 December 2017. See further, “*Risk Factors — Risks Relating to the Operations of the Group and its Business — Due to changes in accounting policies and standards, the financial information of the Group as at and for the year ended 31 December 2017 and 31 December 2018 may not be directly comparable with the corresponding financial information for the financial periods or financial years subsequent to 31 December 2017 or, as the case may be, 31 December 2018*”.

If the Group applied the voluntary changes in accounting policy to its consolidated statements of comprehensive income for the financial year ended 31 December 2017 and 31 December 2018, the impacts of the change are as below:

	2017			2018		
	Audited RM’000	Adjustment	Restated RM’000	Audited RM’000	Adjustment	Restated RM’000
Operating costs						
— other (losses)/gains-net . . . . .	(57,665)	89,863	32,198	(297,790)	272,548	(25,242)
Profit/(Loss) for the financial year . . . . .	1,162,482	89,863	1,252,345	(5,247,240)	272,548	(4,974,692)
Total comprehensive income/(expense) for the financial year . . . . .	(906,833)	89,863	(816,970)	(7,168,248)	272,548	(6,895,700)
Profit for the financial period attributable to:						
— owners of the Company . . . . .	909,480	89,863	999,343	(5,034,573)	272,548	(4,762,025)
Total comprehensive income/(expense) for the financial year/period attributable to:						
— owners of the Company . . . . .	(586,819)	89,863	(496,956)	(6,764,630)	272,548	(6,492,082)
Earnings per share (sen)						
— basis . . . . .	10.1	1.0	11.1	(55.6)	3.0	(52.6)
— diluted . . . . .	10.1	1.0	11.1	(55.4)	3.0	(52.4)

- (2) EBITDA is not a uniformly or legally defined financial measure. The Group defines EBITDA as net profit/(loss) before tax, interest expense/(income), depreciation, impairment and amortisation, other operating income/(expenses), foreign exchange gains/(losses), gain/(loss) on dilution of equity interests and share of results of associates and joint ventures. EBITDA is presented because the Group believes it is a widely accepted financial indicator on an entity’s ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, or as an indicator of the Group’s operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or an alternative to cash flows as a measure of liquidity or any measures of performance derived in accordance with Malaysian GAAP. The computation of EBITDA herein may differ from similarly titled computations of other companies.

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the following:

- (a) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Group in respect of the financial years ended 31 December 2017, 2018 and 2019;
- (b) the unaudited consolidated interim financial information of the Group in respect of the three months ended 31 March 2020;
- (c) each relevant Pricing Supplement;
- (d) all amendments and supplements from time to time to this Offering Circular; and
- (e) the most recently published audited consolidated financial statements (including the auditors' report thereon and notes thereto) and any interim unaudited consolidated financial information of the Group published subsequently to the date of this Offering Circular from time to time,

each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which, in the case of documents specified in paragraphs (c), (d) and (e) above, shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified offices of the Paying Agents set out at the end of this Offering Circular. The documents, specified in items (a), (b) and (e) above will also be published by Axiata on the website of Bursa Securities ([www.bursamalaysia.com](http://www.bursamalaysia.com)). See "*General Information*" for a description of the financial statements currently published by the Group.

None of the Arrangers, the Dealers or the Delegate accepts any responsibility for any of the information appearing on the website.

## RISK FACTORS

*Each of the Trustee and Axiata believes that the following factors may affect its ability to fulfil its obligations in respect of the Sukuk issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Trustee nor Axiata is in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Sukuk issued under the Programme are also described below. References herein to the “Trustee” shall mean Axiata SPV2 Berhad acting in any capacity, except where the context does not permit.*

*Each of the Trustee and Axiata believes that the factors described below represent the principal risks inherent in investing in the Sukuk issued under the Programme, but the inability of the Trustee to pay Periodic Distribution Amounts, Dissolution Amounts or other amounts on or in connection with any Sukuk or to pay any amount in respect of the Dissolution Amounts or other amounts on or in connection with any Sukuk may occur for other reasons which may not be considered significant risks by the Trustee or Axiata based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

*Although the Trustee and Axiata believe that the various structural elements described in this Offering Circular lessen some of these risks for Sukukholders, there can be no assurance that these measures will be sufficient to ensure payment to Sukukholders of any Periodic Distribution Amount or the Dissolution Amount in respect of the Sukuk of any Series on a timely basis or at all.*

*Words and expressions defined in “Form of the Sukuk” and “Terms and Conditions of the Sukuk” shall have the same meanings in this section.*

### RISKS RELATING TO THE TRUSTEE

#### **The Trustee has a limited operating history and no material assets and will depend on receipt of payments from Axiata to make payments to Sukukholders**

The Trustee is a public company with limited liability incorporated under the laws of Malaysia on 4 June 2012 and has a limited operating history. The Trustee will not engage in any business activity other than participating in the transactions contemplated by the Transaction Documents.

The Trustee’s only material assets, which will be held on trust for Sukukholders, will be the relevant Trust Assets relating to each Series of Sukuk, including its rights to receive payments from Axiata under the Transaction Documents. Therefore, the Trustee is subject to all the risks to which Axiata is subject to the extent that such risks could limit Axiata’s ability to satisfy in full and on a timely basis its obligations under such documents.

The ability of the Trustee to pay amounts due on the Sukuk will be dependent upon receipt by the Trustee from Axiata of all amounts due under the Transaction Documents for the relevant Series (which in aggregate may not be sufficient to meet all claims under the relevant Sukuk and the Transaction Documents).

Further, Axiata is the ultimate holding company of all of the relevant operating companies. Axiata relies solely on the upstreaming of dividends and management fees payable by the Group’s various shareholdings in the operating companies to generate investment holding revenues. The ability of

Axiata to pay all amounts due under the Transaction Documents to the Trustee will depend upon the financial performance of each of the operating companies and/or the ability of the operating companies to make such dividend payments (which could be subject to regulatory restrictions). No assurance can be given that Axiata will have sufficient cash flow from dividends and management fees to satisfy its obligations or otherwise, to enable the Trustee to make payments under the Sukuk, or that its subsidiaries will pay dividends and/or management fees at all.

## **RISKS RELATING TO GENERAL MARKET CONDITIONS**

### **Pandemic outbreaks, in particular, COVID-19, or other infectious diseases, or any other serious public health concerns have and may adversely impact the Group's business, financial condition, results of operations and prospects**

The Group could be adversely impacted by global pandemics, and the Group's business and operations have been affected by the unprecedented disruption caused by the COVID-19 pandemic, which has resulted in a rapid deterioration of the political, socioeconomic and financial situation globally. Since its outbreak, COVID-19 has spread with alarming speed across various countries and territories. The COVID-19 pandemic, together with the restrictions on travel and imposition of quarantine and/or lockdown measures, have had, and may continue to have, a material adverse effect on various aspects of the Group's business and operations, such as, among others, adversely affecting the Group's mobile roaming and prepaid revenue, and business continuity. Such pandemic outbreaks have disrupted, and could continue to disrupt, global supply chains of network systems, equipment, handsets, devices and content and have led to, and could continue to lead to, delays in the deployment, installation, upgrade, operation and/or maintenance of network infrastructure, and/or delivery of equipment, handsets, devices and content. The imposition of lockdowns, social distancing requirements and movement restriction measures on a nationwide or at a city level in the countries that the Group operates in, have led to access and workforce constraints (such as the inability to replace its employees or re-allocate human resources within the Group in a timely manner) and impede the Group's ability to operate and serve its customers, resulting in deterioration in service levels and/or quality, delays to projects and deliverables to customers, inability to meet contractual obligations and/or failure to comply with regulatory requirements. Such measures have dampened both consumer and enterprise spending, and have, and may continue to adversely affect, the revenue of the Group. For instance, the Group's sales and service activities at retail outlets, including its prepaid reload business and SIM activation and device sales, has been adversely affected in the countries in which the Group operates where the lockdown measures have been more stringent such as Malaysia, Sri Lanka, Bangladesh and Nepal. In addition, there were also some foregone revenue by the Group due to free data provided by some of the operating companies in countries such as Malaysia, Nepal and Sri Lanka. For instance, the telecommunication companies in Malaysia provided daily internet of 1GB specifically for education and work productivity tools, as well as general web browsing and access to key government mobile applications to customers, as part as a joint-initiative between industry and the government. In addition, the decline in revenues and the delay in payments from customers or non-payments from customers may lead to funding constraints for the Group.

A prolonged and widespread COVID-19 pandemic may result in a global recession with a severe impact on various sectors such as telecommunication, aviation, travel, retail, tourism, automobile, manufacturing and oil and gas, as well as reduced investment and spending and severe unemployment. An economic downturn of this scale, coupled with the uncertainties around disruption to business and business models posed by technology, changes in enterprise and consumer customer behaviours, and government and regulatory actions, has posed, and will continue to pose, challenges to the management of capital investments, working capital and business changes. Any of



the above factors have had and are expected to continue to have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The consequences of the COVID-19 pandemic or a future outbreak of infectious disease are unpredictable and there can be no assurance that any precautionary or other measures taken against such infectious diseases would be effective. The effectiveness of the measures adopted by various governments in response to the COVID-19 pandemic and the extent to which these can mitigate the adverse economic impacts from the pandemic remain uncertain. There can be no assurance that the business environment and/or customer demand will fully recover post-COVID-19. Although the Group has taken steps to mitigate the risk and the effects of the COVID-19 pandemic, the Group may not be able to foresee or accurately predict such events, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

### **Political, economic and social developments in Malaysia and other Asian countries may adversely affect the Group**

As a substantial portion of the Group's operating revenue is derived from activities in Asia, in particular Malaysia, Indonesia, Sri Lanka, Bangladesh, Cambodia, Nepal, Pakistan, Myanmar and Laos, the Group's business, prospects, financial condition, results of operations and prospects may be adversely affected by political, economic and social developments in such countries. Any adverse change in trends, restrictions on ownership of assets by foreigners, nationalisation of assets, adverse change arising from or uncertainty in the implementation of economic or legal reform, or a general economic slowdown as a result of changes in labour costs, inflation, interest rates, taxation or other political or economic developments in the key markets in Asia in which the Group operates, could materially affect the growth, prospects, financial condition or results of operations of the Group.

Further, some of the countries in South Asia (which includes Sri Lanka, Bangladesh, Nepal and Pakistan) and the Southeast Asia (which includes Malaysia, Indonesia, Cambodia, Myanmar and Laos) in which the Group operates and has investments, have experienced or may experience political instability. The continuation or re-emergence of such political instability or any change of leadership in these countries in the future could have a material adverse effect on economic or social conditions in those countries, which could, in turn, have a material adverse effect on the Group's financial condition, results of operations and prospects. Such political instability could also have a material adverse effect on the ownership, control and condition of the Group's assets in those areas. Furthermore, any changes in the composition of governments could result in a change in policies, including with respect to the telecommunications industry in these countries, which may result in increased competition and/or increased regulation of the Group's activities. Political and economic uncertainties within the Asian region include, but are not limited to, the risks of war, terrorism, riots, expropriation, nationalism, renegotiations or nullifications of existing contracts, changes in interest rates and methods of taxation.

Laws and regulations and fiscal policies affecting the economy as a whole and the telecommunications sector specifically in these emerging markets in Asia also tend to be evolving and changing compared to mature markets and the Group may be adversely affected by any such change relating to telecommunications operators, licensing and services. To minimise risk and the effect that these dynamic circumstances may have on the Group, the Group has adopted a rigorous approach to regulatory management, which includes:

- developing annual regulatory action plans for each of the operating companies, focusing on the regulatory issues that will have the most significant strategic, financial or reputational impact;

- actively engaging with regulators in all relevant jurisdictions, particularly when such authorities invite industry submissions on various issues;
- strengthening the Group's engagement and collaboration with reputable international and regional organisations such as the Global System for Mobile Communications Association ("GSMA"), the International Telecommunications Union ("ITU"), the Asia-Pacific Telecommunity ("APT"), the World Bank, the ASEAN Secretariat and other regional industry think-tanks on matters such as regulatory transparency, pro-investment policymaking and regulatory best practices;
- working closely with the Government of Malaysia (in particular, with the Prime Minister's Office, the Ministry of Foreign Affairs, the Ministry of International Trade and Industry and Malaysian Embassies) and the governments of the countries in which the Group has significant presence, to ensure that the Group's investment interests are protected;
- establishing Group-wide positions on key issues such as spectrum management, access pricing, competition and licence renewal; and
- developing and disseminating a strong common baseline of best practice regulatory skills across the Group.

**Uncertainties and instability in global market conditions could adversely affect the Group's business, financial condition, and results of operations**

Global markets have experienced, and may continue to experience, significant dislocation and turbulence due to economic and political instability in several areas of the world. These ongoing global economic conditions have led to significant volatility in capital markets around the world, including Asia, and further volatility could significantly impact investor risk appetite and capital flows into the countries in which the Group operates.

Geopolitical tensions, such as the trade war between the United States and China (which lead to, amongst other things, the imposition of tariffs and the restriction on imports between both countries), tensions between the United States and Iran, and the Russia-Saudi Arabia oil price war, coupled with the slowing of economic growth in various regions around the world, has had an impact on the prospective economic growth in the global financial markets and downward pressure on equity prices. In addition, the interplay of United States' fiscal and monetary policies, and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could, in turn, impact global growth. The Trump presidency in the United States has also been believed by certain economists to be creating uncertainties in the direction of the United States economy and United States' trade policies, which could adversely affect the global markets.

In addition, economic conditions in some Eurozone sovereign states, including as a result of uncertainty caused by the United Kingdom's withdrawal from the European Union ("**Brexit**"), could possibly lead to a material change in the current political and/or economic framework of the European Monetary Union. One potential change that may result from the crisis is an end to the single-currency system that prevails across much of Europe, with some or all European member states reverting to currency forms used prior to adoption of the euro. The crisis could also lead to the restructuring or breakup of other political and monetary institutions within the European Union. The risk may have been exacerbated by Brexit, which was supported by a majority of the United Kingdom public in a referendum held on 23 June 2016. As the United Kingdom exits or if certain

states within the Eurozone were to exit the European Union, or following the occurrence of such other change as contemplated herein, such countries may not be able to meet their existing debt obligations or may default on these obligations, which could have a ripple effect across sovereign states and the private sector in Europe and the rest of the world and possibly lead to a global economic crisis. Any changes to the euro currency could also cause substantial currency readjustments across Europe and other parts of the world, further exacerbating the credit crisis. These events and uncertainties could adversely impact the Group's business, financial condition and results of operations. The broad ramifications of Brexit for the United Kingdom, the European Union and the global economy have yet to be seen, casting uncertainty on global prospects and possible volatility in financial markets.

In addition, the COVID-19 pandemic has disrupted various markets, caused stock markets worldwide to lose significant value, increased unemployment levels and impacted economic activity in Asia and worldwide. A number of governments, including those in Asia, have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19. Certain countries in which the Group operates, such as for Cambodia and Nepal, may be particularly affected due to their dependent on tourism for GDP growth. In addition, countries that depend on foreign remittance for economic growth, such as Bangladesh and Nepal, may also be particularly affected due to the reduction in foreign remittance caused by increased unemployment of its citizen and/or residents abroad. For more information on the impact of COVID-19 on the Group's business, see "*— Pandemic outbreaks, in particular, COVID-19, or other infectious diseases, or any other serious public health concerns have and may adversely impact the Group's business, financial condition, results of operations and prospects*" above. It is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession. The exact ramifications of the COVID-19 pandemic are highly uncertain and, as at the date of this Offering Circular, it is difficult to predict its scope and duration.

These and other related events have had a significant impact on the global credit and financial markets and economic growth as a whole, and consequently, on consumer and business demand for telecommunications, IT and related services, and digital services. In addition, certain of the countries in which the Group operates are highly dependent on exports to other countries within the Asia-Pacific region and to other major markets worldwide, including the United States and China. Any economic slowdown experienced in the United States, China and in other major economies may lead to reduced demand for exports from these countries and may adversely affect the economies of these countries.

### **The Group is subject to interest rate fluctuations**

As at 31 March 2020, the Group's total outstanding interest-bearing debt obligations (excluding lease liabilities) were approximately RM17.9 billion. This includes floating rates (calculated as the sum of a specified margin and an applicable bank base rate) and fixed rates which were payable on the Group's outstanding debt. The interest cost to the Group of the floating interest rate debt will be subject to fluctuations in underlying base rates. In addition, the Group is subject to market disruption clauses contained in its loan agreements with finance providers. Such clauses state that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher costs of funds to the Group despite the margins agreed in the relevant loan agreement. As a consequence of the foregoing and because the Group hedges certain of its floating interest rate exposure, the Group's results of operations, financial condition and prospects could be adversely affected by increases in interest rates.

## **RISKS RELATING TO THE REGULATORY ENVIRONMENTS IN WHICH THE GROUP AND ITS BUSINESSES OPERATE**

### **The Group is subject to licensing requirements and operates in a regulated industry**

The Group's operation of mobile telecommunications networks and the provision of related services are subject to stringent statutory licensing requirements and regulated to varying degrees by national, state, regional or local governmental and/or regulatory authorities in each of the jurisdictions in which the Group operates and/or has investments. The Group's operating licences specify the services it can offer and in some instances specify the spectrum allocated to the Group (albeit increasingly, spectrum allocations are specified in spectrum licences or spectrum assignments, instead of operating licences). Notwithstanding, these licences are subject to renewal, review, interpretation, modification or termination by the relevant authorities. New conditions and obligations may be imposed for new licences and upon renewal of expiring licences and such conditions and obligations may be more onerous than those of existing or expiring licences. There is no assurance that the relevant authorities will not take any action that could materially and adversely affect the Group. Certain of its operating licences contain obligations with respect to network roll-out and population coverage. Failure to meet such obligations stipulated in the relevant operating licences may result in such licences being suspended and eventually revoked and/or financial penalties being imposed. There can be no assurance that the Group will be able to identify and rectify every breach by it when such a breach occurs due to the scale of its operations. The Group's operating licences are generally renewable upon expiry, provided that the licensee has complied with the terms and conditions of its licence, applicable laws and regulatory instruments. As at the date of this Offering Circular, the renewal of certain of the Group's licenses remain subject to the relevant regulatory authority's further approval and/or review. There is no assurance that such licences will be renewed, or that any renewal on new terms will be commercially acceptable to the Group or continue to be commercially viable, or that such licences will continue to provide the same level of returns for the Group. The cost of procuring such new licences or the renewal of expiring licences may be substantially higher than that estimated by the Group. The Group must renew certain licences annually and has to renew on a cyclical basis a number of material licences that have been granted to its operating companies (see "*Annex A — Key Licences*").

Adverse terms and conditions on services offered by the Group could be imposed on renewed licences by the relevant authorities, certain of which could affect the profitability of the Group.

Any failure to obtain new licences, delay in the renewal of existing licences or a change in the authorisation under which it is operating, could impede the ability of the Group to continue to operate the affected business, and the realisable value of its relevant network infrastructure and related assets may be adversely affected.

Changes in laws, regulations or government policy in the countries where the Group has licences to operate, or in which it has an interest in a business holding such a licence, or changes in the terms of the licences held by it or its competitors or the allocation of new or additional licences to its existing or potential competitors, could also adversely affect the Group's business, results of operations and prospects, particularly if any such changes result in an increase in competitive intensity, reductions in prices or changes in price structures, reduction or revocation of spectrum, inability to or delay in obtaining additional spectrum, changes to the regulation of interconnection fees, or a requirement that its operating companies open up their access networks and/or infrastructure to its competitors.

As technologies develop, new services that arise may be subject to licensing by the relevant regulators. Increased demand for data has led to the need for additional spectrums to deliver that

service and a consequent requirement for licensing of such spectrums. In addition, the eventual roll-out of 5G technology would likely be accompanied by new licensing regimes in the countries in which the Group operates. There is no assurance that the Group will be able to obtain such licences and spectrum assignments or that it will be able to do so on terms commercially favourable to the Group. The relevant regulatory authorities may also limit the Group from acquiring its desired quantity of spectrum, such as through the imposition of caps on spectrum or direct allocation of spectrum to the Group's competitors. If the Group fails to secure relevant licences and spectrum assignments, it may be at a competitive disadvantage to its rivals who may be able to differentiate their products with enhanced offerings. Furthermore, even if relevant licences and spectrum assignments with respect to new technologies are obtained by the Group, there is no guarantee that the Group will be able to efficiently utilise the spectrum it is allocated in a commercially viable manner or that there will be sufficient spectrum allocated to the Group or that there will be no onerous conditions imposed in the allocation of such spectrum. The failure by the Group to operate these networks, which may become widespread over time with more users switching to such networks, may adversely affect the growth, financial condition, results of operations and prospects of the Group.

**The Group's mobile operations are dependent upon the availability of spectrum, the ability to fund the acquisition of such spectrum may be affected if spectrum is priced beyond its financial means**

Radio spectrum is a finite resource and the size and capacity of the Group's mobile networks are limited by the amount of radio spectrum allocated to the Group by the regulatory authorities in the countries where it operates. Regulatory authorities may recall and reassign or re-allocate any spectrum allocation or assignment previously granted where it is in their discretion to do so, including the reallocation of spectrum which is currently held by an existing operator to a new market entrant. The relevant regulatory authorities may also limit the Group from acquiring its desired quantity of spectrum, such as through the imposition of caps on spectrum or direct allocation of spectrum to the Group's competitors.

Should there be changes in spectrum allocation policy or practice as a result of licence/spectrum renewal, spectrum re-farming or any legal/judicial process which leaves the Group's mobile operations with less spectrum, this may result in the Group having to incur more capital expenditure to obtain more equipment or modify the affected networks to adjust to the change in spectrum held. In addition, certain parts of the Group's networks are located in dense urban areas and radio frequency engineering techniques are needed to increase the average network capacity on the networks in these areas in order to deal with the high density usage and to maintain mobile network quality. Due to the Group's high number of subscribers, minutes of use ("MOU") and high data usage, these techniques may be insufficient to maintain mobile service quality that is comparable to the Group's competitors. Should the Group's radio spectrum holdings prove inadequate in the future and securing additional spectrum is limited by prohibitively-priced spectrum and/or by its financial ability, the expansion of its businesses may be affected. Any failure by the Group to retain, extend the tenure and/or acquire additional radio spectrum, or to maintain and improve mobile service quality based on its current spectrum allocation, on a timely basis and on commercially acceptable terms, could have a material adverse effect on its business, financial condition, results of operations and prospects.

In addition, in the event that any of the Group's competitors acquire greater spectrum allocations than it in the future (for instance, for the purposes of improving and expanding on 4G / Long Term Evolution ("LTE") and the potential launch of 5G services), if the Group is not able to continue to utilise its assigned spectrum in full or in a timely manner, if it cannot fund the requisite incremental

capital expenditure to utilise its assigned spectrum in full, or if it is unable to effectively roll-out 5G given its insufficient spectrum holdings in the requisite spectrum blocks, or if it cannot obtain additional spectrum from the regulatory authorities as and when needed, it may experience difficulty in attracting and retaining subscribers, which could have a material adverse effect on its results of operations, financial condition and prospects.

**The Group is exposed to risks relating to the legalisation and relocation of its existing BTS, transmission sites and changes to fibre optic rights-of-way granted**

In order to support its mobile networks, Celcom, XL, Dialog, Robi, Smart, Ncell and edotco have established certain network infrastructure, including physical structures for both transmission towers and rooftop sites (“**Outdoor Structures**”) on which transmission equipment (2G Base Transceiver Stations (“**BTS**”), 3G BTS, 4G BTS and microwave links) are located including fibre optic cables and ducts. These Outdoor Structures require approvals, rights-of-way and licences from the local authorities and/or relevant government ministries. Given the rapid deployment of the Outdoor Structures required to support its network growth in the past and the long lead time generally required to obtain such approvals, rights-of-way and licences in certain countries, the Group has a significant number of Outdoor Structures which have been installed, and operations have commenced in respect of such Outdoor Structures while pending approval from the local authorities and relevant state government department. The lack of complete approvals for some the Group’s Outdoor Structures have in certain cases, resulted in the local authorities or relevant state government department issuing notices to dismantle such Outdoor Structures which were then relocated. Despite coordinated industry-level engagement with local authorities and national regulatory agencies, there is no assurance that the local authorities or the relevant state government department will not take any action to shut down such sites, require the relocation of certain segments of fibre optic cable spans and impose penalties on the Group for such non-compliance.

Further, as many state and local government laws and regulations relating to the establishment of such sites were generally unclear and subject to interpretation in the past, the increasing establishment and adoption of new by-laws, regulations and guidelines by government and/or local authorities to regulate the establishment and the operation of the Outdoor Structures may result in the Group being required to pay fines or additional fees or to dismantle or relocate certain sites which do not comply with the new policies and guidelines. The Group has also experienced local opposition to the building of certain Outdoor Structures because of concerns about alleged health risks. As a result of such opposition, the Group has in some instances been required, and may in the future be required, by the local authorities to remove and relocate certain Outdoor Structures. In some instances, the local authorities may revise existing policies, guidelines and permit fees, which may cause the Group to incur additional compliance costs.

Apart from the significant costs involved in dismantling existing Outdoor Structures and the disruption caused to the Group’s operations while establishing new Outdoor Structures, new regulations such as tower ownership, fibre optic cable and ducts sharing and site sharing arrangements may provide competing operators with an opportunity to establish a presence with a low cost entry in certain areas where the Group operates.

In addition, the Group may be required to relocate existing switching centres and/or data centres upon the expiration of tenancies for such sites if it is unable to obtain renewals of such tenancies or if such renewals are at unfavourable rates. Such relocation could also involve significant costs.

## **The business of the Group is subject to extensive laws and regulations**

The business of the Group is subject to extensive government regulations which may impact or limit flexibility to respond to market conditions, competition, new technologies or changes in cost structures. For instance, the Group could be subject to the risk of imposition of laws and regulations restricting the level, percentage and manner of foreign ownership and investment, as well as the risk of nationalisation. Furthermore, judicial developments in various jurisdictions can be unpredictable. The Group could also be subject to the risk of changes in foreign exchange policies or controls in countries in which they operate, which could restrict, limit or impede the flow of currencies.

The business and results of operations of the Group could be materially and adversely affected by changes in law, regulation or government and/or regulatory policies. In particular, decisions or changes in decisions by governments or regulators concerning economic or business interests or goals which are inconsistent with the interests or actions of the Group could materially and adversely affect their financial conditions, results of operations and investments. In addition, changes in law, regulation or government and/or regulatory policies (including in relation to taxation and sector-specific levies) may increase the compliance obligations and business costs faced by the Group which could materially and adversely affect its financial conditions, results of operations and investments.

The operations of the Group are also subject to various other laws and regulations such as those relating to customer data privacy and protection, payment services and anti-money laundering, anti-bribery and corruption, moneylending, workplace safety and health, public order and safety, cybersecurity, online falsehoods and national security. For instance, the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) has been amended, among others, to introduce corporate liability provision for bribery and corruption under Section 17A, which came into effect on 1 June 2020. In addition, there have been changes in the regulatory landscape for the media and telecommunications industry, particularly in respect of issues of cybersecurity, law enforcement and consumer protection. These changes, together with increasing scrutiny by regulators and inclination of regulators towards stronger enforcement actions, may lead to additional compliance costs for the business. Failure by the Group to comply with these regulations could result in various sanctions. Such sanctions may materially and adversely affect business and/or capacity to operate in line with the business objectives of the Group. In addition, if the Group fails to comply with existing or future laws and regulations in the countries in which it operates, the Group may suffer damage to its reputation, which could in turn have a material adverse effect on its business, financial condition, results of operations and prospects.

Certain key laws and regulations to which the Group is subject are disclosed in the section “*Licences and Regulations*” of this Offering Circular.

## **The Group operates in legal and regulatory systems where the interpretation, application and enforcement of laws and regulations may be uncertain**

The Group may face difficulties when they operate in legal and regulatory systems where the interpretation, application and enforcement of laws and regulations may be uncertain or unclear and may be subject to considerable discretion. The application of the laws and regulations may depend, to a large extent, upon subjective criteria such as good faith of the parties to the transaction and principles of public policy. Interpretation of, compliance with and enforcement of, judicial or regulatory decisions, rulings, directives or guidelines may be uncertain or unclear, and the consequences thereof may not be manageable or predictable. Judicial decisions may not be systematically or publicly available and may not constitute binding precedent. Enforcement of laws and regulations may not be well established.

There may not be public consultation or notice prior to changes in interpretation, application and enforcement of laws and regulations. Where the interpretation, application and enforcement of laws and regulations are subject to uncertainty and considerable discretion, it could lead to a challenging operating environment, increasing the difficulties involved in planning and managing a business. Any negative interpretation, application and enforcement of laws and regulations against the Group may have a material adverse effect on its business, financial condition, results of operations and prospects.

## **RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP AND ITS BUSINESSES OPERATE**

### **The Group faces strong competition in the markets in which it operates**

The telecommunications sectors in Malaysia, Indonesia, Sri Lanka, Bangladesh, Cambodia and Nepal are fully liberalised and as a result, competition in these markets has been keen and has been increasing in recent years between both existing and new telecommunications operators. The market for mobile services in many of the countries in which the Group operates is highly competitive. Increased competition from existing and new mobile operators and Over The Top (“OTT”) services has resulted in, and is expected to continue to result in, greater price competition and competitive product offerings in voice and mobile data services, with operators lowering monthly subscription fees and tariffs, providing handset subsidies and offering more attractive product and service packages. Prices and average revenue per unit (“ARPU”) for certain services offered by some of the Group’s international operations have experienced significant declines in recent years and are anticipated to continue to decline as a result of capacity additions, new technologies, new market entrants and general price competition. Consolidation between other players in the markets in which the Group operates may also intensify the competition that the Group faces. The management of the Group continuously monitors the development of the domestic business environment and is taking measures to ensure that the Group remains competitive.

Apart from competition from other mobile operators and OTT services, there has been, and continues to be, a growing trend in some of the countries in which Axiata operates for governments and regulatory authorities to intensify market competition by allowing non-mobile operators such as fixed broadband and fixed wireless operators access to spectrum, as well as the approval to provide wider range of services in order to compete with mobile operators. For example, in Malaysia, the country’s fixed broadband operator, TM has been awarded spectrum to offer mobile broadband services in order to fulfil its convergence aspirations. The entry of TM into the mobile space in Malaysia has intensified competition in an already crowded and fragmented mobile market.

The increased competition in certain markets has also resulted in a higher churn rate and increased subscriber acquisition costs. In addition, the emergence of non-traditional OTT service providers that provide free voice over internet protocol (“VoIP”) calling and messaging could impact the Group’s revenue base. Changes in subscriber behaviour or competition could lead to a decline in the Group’s existing subscriber base as subscribers choose to receive mobile services from such other providers, or result in lower revenues from competitive pricing policies, increased selling costs to attract or replace subscribers, or a decrease in the rate at which the Group attracts new subscribers, any of which could adversely affect the Group’s financial condition, results of operations and prospects. The Group is proactively exploring mitigation strategies to ensure that the impact of substitution is minimised. In addition to the Group’s mobile telecommunication services, there has been an increasing trend of subscribers’ spending behaviour shifting from basic mobile voice communication to mobile data services to enable browsing and provide access to social networking, lifestyle and other value added data services. Providers in the industry are improving technologies



and infrastructure to facilitate the provision of such services and continue to compete for subscribers. The Group is making appropriate investments, continuously reviewing and making changes proactively to its business model to meet the spending behaviour of its subscribers and ensuring the long term competitiveness and financial performance of the Group.

The disintermediation in the telecommunications industry by handset suppliers and other digital service providers and non-traditional telecommunications services providers (including social media networks and OTT players) obtaining access to, and establishing relationships with, customers by providing multimedia and video content, applications and services directly on demand have challenged the business models and profits of vertically integrated providers like the Group. To this end, the Group has, and will continue to, actively partner with new service providers in a manner that is mutually beneficial.

The Group's position in each of the markets in which it operates will also depend on effective marketing initiatives and the Group's ability to anticipate and respond to various competitive factors affecting the industry, including new services, pricing strategies by competitors, changes in consumer behaviour and preferences and economic, political and social conditions in the countries in which it operates. Any failure by the Group to compete effectively, including in terms of pricing of services, acquisition of new subscribers and retention of existing subscribers, could have a material adverse effect on its financial condition, results of operations and prospects.

The Group may also be subject to competition from providers of new communications services as a result of technological development. The introduction of any such new services is likely to result in a decline in the Group's revenue and/or market share and have a material adverse effect on its financial condition, results of operations and prospects.

**The Group's international operations may not be successful and it faces difficulties and risks when commencing businesses in new markets or expanding its operations in certain emerging markets**

One of the Group's strategies is to take advantage of financial, strategic and operational synergies arising from the consolidation of the mobile businesses of its subsidiaries, associated companies, jointly-controlled entities and investee companies. In order to successfully leverage such synergies, the Group is required to continue to streamline and integrate some of the operations and systems of its various operating companies, which have historically operated as individual entities. There is no assurance that the Group will be able to generate synergies from these businesses and be successful in continuing to grow its regional footprint. Any delay or failure to achieve these objectives may have a material adverse effect on the Group's financial condition, results of operations and prospects.

In addition, the Group may be unable to successfully transplant and adopt its business model developed in Malaysia and other key markets into new or existing ventures due to differences in market structure and regulatory environments. The rapid development and establishment of mobile telecommunications businesses in new markets may also raise unanticipated operational, control or other risks. The Group may be unable to profitably manage new ventures and may incur substantial costs and experience delays or other operational or financial problems in trying to do so, and it may incur additional debt or assume contingent liabilities as a result. It may also face changes in the regulations it faces in different countries, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group may also expand its mobile telecommunications operations in South Asia and Southeast Asia and other identified emerging markets through further acquisitions or investments, including in

countries in which the Group already has a presence. Given the limited size of the Malaysian telecommunications market, the Group's future growth depends, to a large extent, on the success of the businesses of its subsidiaries and associates offshore and its ability to successfully continue in carrying out its expansion and consolidation strategy. The Group will continue to actively pursue merger and acquisition opportunities that complement and are aligned with the Group's overall growth strategy.

The successful further expansion of the Group's international network depends on its ability to identify suitable opportunities for investment or acquisition and in reaching agreement with potential overseas partners or sellers on satisfactory commercial and technical terms. Some of the markets the Group has entered or may seek to enter are dominated by large incumbent telecommunications providers. There can be no assurance that such opportunities or agreements can be established or that any of the Group's future acquisitions or agreements will be completed or completed on commercial terms favourable to the Group. In addition, in seeking further expansion opportunities, the Group may conduct limited legally permissible business in certain countries that are subject to economic sanctions, including Iran.

There is no assurance that the Group will be successful in making further investments or acquisitions due to limited opportunities, competition for available opportunities from other potential investors, foreign ownership restrictions, government policies and regulatory approvals, political considerations and the specific preferences of sellers. In particular, other major telecommunications companies in the region are following similar strategies or attempting to penetrate the same markets as the Group. The acquisition of new businesses will also involve risks, including unforeseen contingent risks or latent liabilities relating to acquired businesses that may only become apparent after the merger or acquisition is finalised, potential difficulties in the integration and management of networks, operations and systems, potential difficulties in the retention of key personnel, potential difficulties in the co-ordination of sales and marketing efforts, and diversion of attention of the Group's management from other on-going business concerns. In countries where the Group already has operations, regulatory authorities may require the divestment of assets, business or spectrum as a condition of granting approvals necessary for further investments or acquisitions by the Group. This may limit the ability of the Group to further consolidate its operations and expand its businesses in certain countries.

In certain markets where regulatory and legal issues are major challenges, the Group may incur substantial expenses in connection with its international operations in these markets and this may adversely impact the return on its investment in these operations. In addition, the Group will require additional licences, spectrum assignments and/or other authorisations to expand its operations and there is no assurance that it will be able to secure the necessary regulatory approvals for such expansion. Regulatory regimes and regulations in certain of the markets in which the Group operates are also subject to change and interpretation by local authorities and governments and this may affect its expansion activities, for example, if any changes impose greater barriers to entry or restrictions on its expansion plans.

### **The Group is exposed to information technology and cybersecurity risks**

The Group's businesses and operations rely heavily on information technology, in particular, in view of one the Group's strategies to leverage on digitisation and analytics in its business and operations. Accordingly, the Group is exposed to risks of cybersecurity threats, data privacy breaches as well as other network security risks. The scale and level of sophistication of cybersecurity threats have increased especially in recent times. The Group is exposed to the risks of cyber-attacks that can cause disruptions to the network and services provided to customers, and cyber theft of sensitive

and/or confidential information, which may result in litigation actions from customers, an adverse impact on the reputation of the Group and/or regulatory fines and penalties. The Group's exposure to these risks increases with the growing dependency on connectivity and smart devices by customers.

The Group has established appropriate policies and frameworks, developed in-house capabilities and established partnerships with top-tier technology partners to ensure information system security and network security. For instance, the Group has adopted the National Institute of Standards and Technology framework to improve incident detection and response maturity. The Group has also implemented a three-year cyber security strategy, known as "Digital Trust 2020" to improve on people, processes and technology. While the Group believes that these measures may mitigate the impact of cybersecurity threats, data privacy breaches as well as other network security risks, there can be no assurance that these initiatives are sufficient or that the Group's business, financial condition and results of operations would not be materially and adversely affected by such cybersecurity threats, data privacy breaches as well as other network security risks.

### **The Group is exposed to potential risks relating to security of customer data and privacy breaches**

Concerns around data privacy have been escalating, with the governments in many countries in which the Group operates, enacting and strengthening laws and regulations relating to data privacy.

For instance, the Personal Data Protection Act 2010 in Malaysia requires data users to take practical steps to protect the personal data from any loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction of the personal data. There are also additional security standards which will apply to the Group in Malaysia regarding personal data processed electronically and non-electronically as contained in the Personal Data Protection Standard 2015, the Personal Data Protection Code of Practice for Licensees under the Communications and Multimedia Act 1998 and the General Consumer Code of Practice for the Communications and Multimedia Industry Malaysia.

The Group has established appropriate policies and frameworks to protect the data privacy of its customers in its networks and systems infrastructure. For instance, in 2019, Group implemented the "Privacy Programme" to enhance data privacy governance, business protocols, practices and standards. Nonetheless, significant failure of security measures or lapses in established processes may undermine customer confidence and result in litigation actions from customers and/or regulatory fines and penalties. Failure of security mechanisms may also result in the imposition of additional regulatory measures relating to the security and privacy of customer data. The imposition of such additional regulatory measures may have a material adverse effect on the Group's business, financial condition and results of operations.

### **There are concerns about perceived mobile telecommunications health risks**

While the Group is not aware of any substantiated evidence of public health effects from exposure to the levels of electromagnetic energy typically emitted from mobile communications devices and other mobile equipment (including BTS and Outdoor Structures), the actual or perceived risk of exposure to electromagnetic energy could adversely affect mobile operators, such as the Group, through the growing pressure from local communities to dismantle and/or relocate the Group's Outdoor Structure sites to other areas, reduced subscriber growth, reduction in subscribers or reduced usage per subscriber. To mitigate the impact of this, the telecommunications industry is guided by international standards on limiting potential health hazards from electromagnetic emissions and the Group is committed to following the same best practices. Nonetheless, any concerted growth of health complaints from the use of mobile communications services could have a material adverse effect on the results of operations of the Group.

## **RISKS RELATING TO THE OPERATIONS OF THE GROUP AND ITS BUSINESSES**

### **The Group's financial performance and growth prospects are dependent heavily on two key subsidiaries**

The Group's financial performance and growth prospects depends heavily on the performance of two key subsidiaries, Celcom and XL. In particular, the Group is dependent on Celcom for cash generation and XL for growth prospects. In addition, these two operating companies are the largest subsidiaries of the Group by revenue. The combined revenues of Celcom and XL contributed approximately 57 per cent. (including inter-segment revenues) of the Group's total revenue for the three months ended 31 March 2020. Consequently, any factor or event, outlined herein or otherwise, that results in a reduction in revenues of either of these subsidiaries may have a material adverse effect on the financial condition, results of operations and overall prospects of the Group.

### **The Group's existing operations and planned investments and expansions require significant capital investment**

Telecommunications service businesses are capital intensive in nature and the Group has made significant investments in its network infrastructure and technology to provide its services, particularly with the roll out of data-capable technology such as 4G / LTE. In the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019, the Group's capital expenditures related to property, plant and equipment were RM6.3 billion, RM6.1 billion, and RM6.2 billion, respectively.

In order to remain competitive and continue to provide technologically innovative and compatible services, the Group must continue to expand and modernise its networks, which involves substantial capital investment. It also requires significant amounts of capital to market and distribute its services and products, to develop, market and distribute new services and products, to develop and implement new mobile telecommunications technologies, potentially to acquire and invest in other telecommunications companies and acquire new or renew expiring licences and spectrum rights. Where an operating company is not wholly-owned by the Group, the Group will need to consider whether the other shareholders are willing to meet additional capital needs.

The Group expects to require financing to broaden the existing range of mobile telecommunications services it provides and to develop new services. In addition to investing in improvements and upgrades to its existing systems and network, the Group's longer term strategy includes making investments in telecommunications-related businesses. The Group's ability to obtain additional financing will depend on a number of factors, including:

- the Group's future financial condition, results of operations and cash flows;
- general market conditions for financing activities by mobile and fixed-line telecommunications companies and tower infrastructure companies; and
- economic, political, regulatory and other conditions in the markets where the Group operates.

Adequate financing for the expansion and modernisation of the Group's network and support systems and for telecommunications-related investments may not be available to the Group on acceptable terms, or at all. Accordingly, there is no assurance that the Group will have sufficient capital resources in the mid-term or that it will not exceed its estimate of the necessary capital expenditures to improve or expand its mobile telecommunications infrastructure or update its other technologies

to the extent necessary to remain competitive and to adapt to potentially challenging operating environments. If adequate financing is not available, the Group's business prospects may be adversely affected.

#### **Increased cost of debt due to international credit market volatility**

If the capital and credit markets continue to experience recent volatility and the availability of funds remains limited, the Group will incur increased financing costs associated with its debt. In addition, the unprecedented global recessionary impact arising from the uncertainties posed by the COVID-19 pandemic may heighten execution risk for funding activities and increase credit risk premiums for market participants. It is possible that the Group's ability to access the capital and credit markets may be limited by these or other factors at a time when the Group would like, or need, to do so, which could have an impact on the Group's ability to grow its business, refinance maturing debt, maintain its dividends, maintain credit ratings and/or react to changing economic and business conditions. Restrictive covenants and other limitations in the Group's existing indebtedness may limit the ability of the Group to obtain financing on favourable terms or utilise the Group's assets as security for such future financing. Furthermore, future credit facilities or other debt instruments may contain covenants that limit the Group's operating and financing activities and require the creation of security interests over its assets. Therefore, the ability to meet payment obligations, refinance maturing debt and fund planned capital expenditure may depend solely on the success of the Group's business strategy and its ability to generate sufficient revenue to satisfy its obligations, which are subject to many uncertainties and contingencies beyond its control, including those highlighted above.

#### **Depreciation of the currencies in which the Group operates and exchange rate fluctuations, as well as changes in monetary policies in the countries in which it operates may adversely affect the Group**

Fluctuations relative to the Malaysian Ringgit in the currencies of various countries in which the Group conducts its operations may result in better or worse financial results for the Group once those currencies have been translated into Malaysian Ringgit, which is the currency the Group uses as its reporting currency for its financial statements.

In addition, a substantial portion of the indebtedness and capital expenditure of the subsidiaries in the Group is denominated in U.S. dollars or currencies other than the relevant operational currencies of the subsidiaries. Fluctuations in the exchange rates between the Group's operational currencies and these foreign currencies may result in better or worse financial results for the subsidiaries in the Group, due to fluctuations in the amounts of local currency required to satisfy their foreign currency debt obligations or capital expenditure requirements. As at 31 March 2020, the Group had debt exposure of USD2.0 billion of which approximately 40 per cent. was hedged, which is a decrease from approximately 46 per cent as at 31 December 2019. Major devaluation or depreciation of any such currencies may also result in disruption of the international foreign exchange markets and may limit the Group's ability to transfer or to convert such currencies into Malaysian Ringgit and other currencies in which its indebtedness and other obligations are denominated. In addition, the governments of certain countries in which the Group operates or has investments have instituted or may in the future institute restrictive exchange rate policies that limit or restrict the Group's ability to convert its respective currencies into other currencies, or to transfer other currencies out of their jurisdiction or institute monetary policies which subject their currencies to depreciation against the U.S. dollar. The Group has in place certain currency hedges to cover its foreign currency exposure on certain debts of the Group. There is no assurance that currency exchange rate fluctuations or

limitations on the Group's ability to convert or transfer currencies would not have a material adverse effect on the Group's financial condition and results of operations.

Bank Negara Malaysia ("BNM"), Malaysia's Central Bank, has in the past intervened in the foreign exchange market to stabilise the Malaysian Ringgit and on 1 September 1998, fixed the exchange rate of the Ringgit to the U.S. dollar at RM3.80 to U.S.\$1.00. On 21 July 2005, BNM announced that the exchange rate of the Malaysian Ringgit will be allowed to operate in a managed float, with its value being determined by various economic factors. BNM had stated that it would monitor the exchange rate against a currency basket to ensure that the exchange rate will not deviate significantly from the current exchange rate, which may result in significantly higher domestic interest rates, liquidity shortages or other exchange controls. There is no assurance that BNM will continue this policy in the future or that it will be successful in doing so. There can be no assurance that the Malaysian government will not impose more restrictive or other foreign exchange controls.

**The Group may not realise the benefits it expects from its investments in network infrastructure and new technologies**

In order to continue to develop its business and offer new services, the Group intends to continue to invest in its network infrastructure and technology as well as new technologies. In addition to the further development of its existing products and services, the launch of new and commercially viable products and services is important to the success of the Group. It expects to incur substantial capital expenditure to further develop the existing as well as the new range of services and products. Commercial acceptance by consumers of new services offered by the Group may not occur at the rate or level expected, and it may not be able to successfully adapt the new services effectively and economically to meet consumers' demands, thus impairing the return on its investments.

There is no assurance that services enabled by new technologies implemented by the Group in certain of its markets will be adopted by the public to the extent required to generate an acceptable rate of return. In addition, the Group faces the risk of unforeseen complications in the deployment of these new services and technologies, and there is no assurance that its estimate of the necessary capital expenditures to offer such services will not be exceeded.

New services and technologies may not be developed and/or deployed according to expected schedules or may not achieve commercial acceptance or be cost effective. The failure of any of the Group's services to achieve commercial acceptance could result in additional capital expenditures or a reduction in profitability to the extent that the Group is required under the applicable accounting standards to recognise a charge for the impairment of assets. Any such charge could materially and adversely affect the Group's financial condition, results of operations and prospects.

For instance, the Group's investment in 5G technology and infrastructure may not translate to monetary benefits. The investment in 5G network and related systems carries risks of uncertainty and may dilute earnings of the Group. The investment in 5G networks is dependent on 5G applications and services which have not yet been fully developed. The investment in 5G networks may require significant capital outlay and could have a long gestation period for the Group's recovery of its investments, and there is no assurance that the Group may break even in a timely manner, or at all. In addition, the high quality of existing 4G networks may limit the perceived value of the new 5G networks and may also impact the monetisation potential of 5G networks.

**The Group relies on manufacturers of telecommunications equipment and network facility providers, as well as other external suppliers, for the Group's key technical support platforms and systems; the telecommunications industry is dominated by a few key suppliers**

The Group relies on global manufacturers of telecommunications equipment for continued maintenance, service and supply and continued cooperation on the part of these manufacturers is important for it to maintain its operations without disruption. The Group is dependent on imports for the majority of its network components, as most of the network equipment cannot be sourced locally. The network equipment and facilities are for the provision and support of mobile switching centres, Base Station Controllers ("BSC"), BTS and other network and IT equipment.

The Group also relies on external global suppliers for many of its key IT platforms, customer service systems and billings systems. The Group may experience delays and other problems in acquiring the necessary equipment, support and spare parts if mobile equipment manufacturers encounter financial difficulties. In addition, further consolidation of major telecommunications suppliers and other technology and systems providers may reduce the number of suppliers from whom the Group can purchase equipment and technology, and may result in higher pricing and increased costs for the Group, either as a result of increased prices by market dominant suppliers or because existing equipment and technology used by the Group may no longer be supported by the new market players. There can also be no assurance that the Group will be able to enter into new contracts with suppliers on commercially acceptable terms. Any prolonged delays, failure or refusal by a key supplier to provide such services or equipment arising from disruptions caused by, among others, global pandemics such as the COVID-19 pandemic, government-imposed bans and/or sanctions due to security and other concerns, or any consolidation of the industry or cost escalation by any key supplier may significantly affect the Group's business and operations.

In addition, the Group also imports services and products from its suppliers, and any adverse impact on import policies, including any increase in import duties and tariffs, or any embargo on imports from countries from which its suppliers originate may have negative impact on the Group's business operations. In particular, trade tensions between the United States and major trading partners, in particular with China, have continued to escalate following the introduction of a series of tariff measures by the United States and/or its trading partners. Any further change in the global trade policy, including the tightening of regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes may have an adverse effect on the Group's ability to procure the requisite components or services from its suppliers. For example, Huawei Technologies Co. Ltd, one of the Group's suppliers, is currently experiencing significant disruptions to its operations due to the United States-China trade war, where the government of the United States has banned almost all American companies from utilising information and communications technology supplied by Huawei. Any additional export restrictions imposed by United States against Huawei and its designated affiliates, as well as any future sanctions the United States may impose against Huawei entities, may lead to a disruption in the business of Huawei. While each operating company has implemented its own risk management process to mitigate potential risks, failure of the Group's key suppliers, such as Huawei, in delivering its products and services in a timely manner, may have a material adverse effect on the Group's business, financial condition and results of operations.

**The telecommunications industry is subject to rapid technological change and continued transformation, which may affect the Group's competitive position if it is unable to develop new products and services and introduce them to its markets in a timely manner and at competitive prices**

The telecommunications industry is subject to rapid, ongoing technological change and has experienced significant changes in recent years, including the introduction of data services, which

the Group expects to continue. Increased smartphone adoption, wireless technology, satellite-based communications services, private and public radio networks, VoIP, personal tablets and other communications services which have the technical capability to handle telephone calls or provide portable broadband internet access compete with the businesses of the Group. In addition, rapid advancements in wireless communications and new digital technologies such as 5G, artificial intelligence, application programming interfaces, cloud-based technologies and blockchain are driving the development of entirely new ecosystems and business models.

Continued growth of such technologies, emerging and future technological changes and new services may adversely affect the viability or competitiveness of the Group's businesses. This may have additional financial implications for the Group, as some subsidiaries may need to increase capital expenditure to implement new network technologies at a faster rate than previously planned. Furthermore, changing market demand and consumer trends, together with the speed of development and deployment of technology, may require the Group to adopt new technologies that could shorten the lifecycle of its existing technologies, rendering them less competitive and increasing the rate of technology obsolescence. In order to compete effectively, the Group must continue to improve the speed and features of its existing products and services and develop attractive products and services for its subscribers. The Group constantly assesses the development of these new technologies and the readiness of the required components end-to-end and also monitors the likely preparedness of the competition.

The Group may not adopt the necessary skills in time to embrace these new technologies and may require substantial capital expenditure and access to related and/or enabling technologies in order to integrate the new technologies with existing platforms to respond successfully to technological advances and emerging industry standards. The Group may face competition from new technologies which are distinctly different from the Group's product and/or service offering, and which it may be difficult for the Group to adopt, and there is no assurance that the Group will adopt the technologies or industry standards that will ultimately dominate the market over time. Moreover, the Group operates predominantly in emerging markets where the regulatory practices including spectrum availability may not synchronise with the technology progression path and the market demand for new technologies.

Such changes may also require the Group to replace and upgrade its network and systems to remain competitive and, as a result, the Group may be required to incur significant additional capital expenditure in order to maintain the latest technological standards and remain competitive against newer products and services. It may not be successful in enhancing its network infrastructure in a timely and cost-effective manner to facilitate integration and innovation, which could have a material adverse effect on the book value of its network and its quality of services, business, prospects, results of operations and financial condition.

The Group may also not succeed in adequately developing or introducing new or improved products and services in an economical or timely manner and it may not be able to succeed in delivering new products and services to the market ahead of its competitors or at competitive prices. In addition, the Group may adopt new technologies that may prove to be unprofitable, inadequate or incompatible with the technologies of its subscribers or other carriers. In addition, new technologies implemented by competitors may allow them to provide lower priced, enhanced or better quality services, which could have a material adverse effect on the Group's ability to compete effectively. If the Group is unable to compete because its products and services have not kept pace with the evolving industry, its competitive position may be adversely affected. New technologies may also enable players from adjacent industries to enter the telecommunications and IT services markets, thus increasing



competition and depressing prices. This may result in a loss of market share and could have an adverse effect on the Group's financial condition and results of operations.

**The Group's success depends on the reliability of its network infrastructure and systems, which are vulnerable to damage or interruption due to events outside the Group's control**

The Group provides mobile telecommunications services that rely to varying degrees on its key network infrastructure, including its mobile networks, fixed network and its transmission networks which comprise optical fibre cable, microwave, submarine cable and satellite transmission links. The provision of services by the Group depends on the reliability of this integrated network which is vulnerable to damage or interruptions in operation due to natural disasters, adverse weather conditions, floods, fire, power loss, telecommunications failures, network software flaws, transmission cable cuts, acts of terrorism, breaches of security or similar events. The Group's BTS and transmission sites may also be subject to vandalism and theft, which could interfere with its operations and cause network failures. Furthermore, parts of the Group's network infrastructure and systems may suffer from obsolescence or may require significant enhancement to effectively service increasing capacity demand. In the event that the Group experiences significant problems with its switches, BTS, BSC, network backbone, other system hardware or software, including problems outside its control, temporary service interruptions or quality of service problems could arise. In addition, some parts of the network is supplied by or shared with third-party service providers such as fiber optic providers, radio access network site providers, in-building coverage systems and data centre facilities. Any failure of the Group's integrated network to service increasing capacity demand or that results in an interruption to its operations or provision of any service, could damage its brand equity, reduce the confidence of its subscribers and consequently impair its ability to attract and retain subscribers, lead to a violation of the terms of its various licences and could have a material adverse effect on its results of operations, financial condition and prospects. The Group continues to evaluate and ensure that an adequate disaster recovery plan is in place within each of its business units to ensure seamless business continuity.

**The Group depends on interconnection agreements with its competitors' networks and gateways and on domestic telephone networks**

The Group is dependent on interconnection agreements with its competitors' mobile and fixed-line networks, third-party international gateways and associated infrastructure for the successful operation of its business. If, for any reason, these interconnection arrangements are disrupted, whether because of a failure by a counterparty to perform its contractual obligations or for any other reason, or if there are any adverse changes in the terms of such interconnection agreements or failure to reach or renew agreements on commercially acceptable terms, or at all, one or more of the Group's services may be delayed, interrupted or stopped, the quality of its services may be lowered, its average monthly churn rate may increase or its interconnection rates may increase, all of which could materially adversely affect its business, financial condition, results of operations and prospects.

**The insurance cover which the Group has in place does not cover all of the risks that it faces and the occurrence of events that are not covered by its insurance could cause losses, which, if significant, could have a material adverse effect on the Group's financial condition, results of operations and prospects**

The Group maintains insurance policies with registered insurance companies in Malaysia and overseas that cover a number of the potential categories of losses that the Group might incur. Insurance coverage for the Group is based on the Group's business exposure and the Group ensures

that adequate cover has been taken based on advice by the Group's insurance broker. For example, the Group maintains cover in the area of business interruption, general liability, cyber security, professional indemnity and political violence. However, the Group may not be fully insured against all potential hazards that may impact or affect its business. The occurrence of events that are not fully insured, or non-settlement of claims, could have a material adverse effect on the Group's financial condition, results of operations and prospects.

**The Group may not be able to adequately protect its intellectual property, which could harm the value of its brands and products and adversely affect its businesses; it may also be subject to infringement actions in connection with its use of third party intellectual property**

The Group depends on its brands and believes that they are important to its business. The Group relies primarily on trademarks and similar intellectual property rights to protect its brands and branded products. The success of its business depends, in part, on its continued ability to use its existing trademarks in order to increase brand awareness and further develop its branded products. The Group has registered certain trademarks and has other trademark registrations pending. The Group seeks to register all of its trademarks though in many cases it cannot be certain that these trademarks have not been registered by another party in the past or that these trademarks will be registered by the relevant authority. The Group may not be able to adequately protect its trademarks and its use of these trademarks may result in liability for trademark infringement, trademark dilution or unfair competition. As the telecommunications industry is highly competitive, the Group must also ensure that its know-how and commercially sensitive information is kept confidential. Any leak of this information may adversely affect its competitive position and results of operations. In addition, in the course of its business, the Group is licensed, from time to time, to use intellectual property belonging to third parties including content and software providers. The Group and its business partners to whom it outsources certain of its services may, from time to time, unknowingly infringe the rights of such third parties or may fail to pay royalties to such third parties which may result in claims being made against the Group. Any significant resulting damages may adversely affect the Group's business, results of operations and prospects.

**The Group depends on key management for the growth and successful implementation of its strategy**

The Group believes that the growth it has achieved to date, as well as its position as one of the key mobile telecommunications services providers in South Asia and Southeast Asia are, to a large extent, attributable to a strong and experienced senior management team and a skilled workforce. The Group believes that the continued growth of its business and the successful implementation of its strategy depend on senior management and key personnel. There can be no assurance that members of the senior management team will remain in the Group for the foreseeable future. Competition for key personnel in the telecommunications industry is intense, and there is limited availability of individuals with the requisite knowledge of the telecommunications industry and relevant experience in the markets in which the Group operates. The Group may not be able to successfully recruit, train or retain the necessary qualified and skilled personnel in the future. Any failure to manage the Group's personnel needs successfully could have a material adverse effect on its business, results of operations and prospects.

**The Group depends significantly on its network of dealers and distributors for sales of its products and services**

The Group sells its services principally through a network of dealers and distributors. As such, the Group is highly dependent on its dealers and distributors for its product sales. Any dispute with such

dealers may disrupt sales and have a material adverse effect on the Group's revenues and profitability.

Certain of the Group's distributors, such as those of Celcom, are third parties. As a result, while the Group has no control over the operations of such distributors, it may be held accountable for their actions, as such distributors may be deemed to be agents or representatives of the Group in their sales activities. Failure by such distributors to comply with applicable regulations may lead to penalties being imposed on the Group, thus adversely affecting the Group's reputation, business, results of operations and prospects.

The Group acknowledges the consumer trend resulting in greater adoption of online services for the purchase and distribution of its products. Consumers are increasingly using online methods to get access to services such as bill payments and mobile credit reload amongst others. Failure by the Group to move more of its services into the digital sphere may result in reduced sales or loss of customers.

### **The Group's leverage could adversely affect its general financial condition**

As at 31 March 2020, the Group had total outstanding interest-bearing debt obligations (excluding lease liabilities) of RM17.9 billion. In order to fund future operations and expansion, in addition to utilising cash, internal revenues and other sources, the Group may incur additional indebtedness, which may limit its ability to obtain additional financing for working capital, capital expenditure, strategic acquisitions and general corporate purposes, limit its flexibility in planning for or reacting to changes in the markets in which it competes, render it more vulnerable to general adverse economic and industry conditions and make it more difficult for it to satisfy its financial obligations or be able to refinance maturing indebtedness.

The Group's ability to meet its payment obligations under the Sukuk will depend on the success of its business strategy and its ability to meet and/or generate sufficient revenues to refinance its obligations, which are subject to uncertainties and contingencies beyond its control.

### **The Group may be required to record significant accelerated depreciation and/or impairment charges to its earnings in the future resulting from the impairment review of its goodwill, other intangible assets, property, plant and equipment and/or investments**

The Group is required to assess whether there is any impairment indicator or impairment on assets, including non-financial assets such as goodwill, other intangible assets, property, plant and equipment and investments of the Group, at the end of each financial reporting period. If such impairment indication exists, an analysis is performed to assess whether the carrying value of the non-financial asset is fully recoverable. The Group may be required, in the future, to record a significant impairment charge on its non-financial assets to its future earnings during the financial period in which any such impairment is determined and that may have a material adverse effect on its financial results. Due to factors such as the rapid changes in technology adoption and evolving macroeconomic conditions, there is no assurance that the non-financial assets of the Group will not be subject to impairment in the future.

### **The Group is exposed to various regulatory and litigation risks**

The Group operates internationally and provides services with facilities in many countries, which means that the Group is confronted with complex legal and regulatory requirements and judicial systems in many jurisdictions. These include the risk of regulatory and litigation action by regulators

and private parties. In particular, as discussed under the section “*Risks relating to the regulatory environments in which the Group and its businesses operate*”, the risks faced by the Group are compounded by the uncertainty or lack of clarity relating to the interpretation, application and enforcement of laws and regulations in the jurisdictions as described in that section. In addition, assessment of whether the risks of regulatory or litigation actions by regulators or private parties are remote, possible, or probable may require significant judgement due to the complexities of such actions, and there is no assurance that the Group would be able to ascertain with certainty whether such actions will result in damages, taxes, fines, penalties and/or other payments imposed on the Group or that such actions would not have a material adverse effect on the Group’s businesses, financial condition, results of operations, performance or prospects. Risks of regulatory or litigation action could materialise into losses or liabilities for the Group, such as through (without limitation) payment of significant damages, taxes, fines or other amounts, seizure, nationalisation, loss or disposal of material assets, curtailment or prohibition of material business operations or activities or cancellation, termination or loss of material licences or concessions. While the Group consults with its legal counsel and other experts (both within and outside the Group) on matters relating to such regulatory or litigation actions where relevant, there is no assurance that such regulatory or litigation actions will be concluded or settled on favourable or reasonable terms, or at all. In addition, any payment of taxes, fines, penalties or other amounts made or to be made as a result of such regulatory or litigation actions may be subject to disputes and may result in further liabilities, losses or regulatory actions being taken against the Group. Certain material regulatory and litigation actions which the Group is exposed to are disclosed in the section “*Business of the Group — Legal proceedings and disputes*”.

#### **The Group’s internal control system may fail**

There is no assurance that the system of internal controls implemented by the board of directors and the board audit committee of Axiata will prevent any misstatements in the accounts of the Group or losses being made by the Group. A failure of any of the key components of the Group’s internal control system, including control environment, risk assessment, control activities, information and communication and monitoring could have a material adverse effect on the Group’s business, prospects, financial condition and results of operations.

#### **The Government of Malaysia is a substantial shareholder in the company but there can be no assurance that it will continue to maintain its shareholding**

As at 31 March 2020, Khazanah was the registered holder of approximately 36.79 per cent. of Axiata’s issued share capital. There is no assurance that Khazanah will remain Axiata’s substantial shareholder or that there will not be a change of control of Axiata or the entry of another major shareholder with the ability to exert significant influence on the direction or operations of the Group, nor that the Group’s business, financial condition, results of operations and prospects would not be adversely affected by such a change in control or influence.

Any controlling or substantial shareholder in Axiata, including Khazanah, will be able to exercise control over many matters requiring approval by Axiata’s shareholders, including the election of Axiata’s directors and the approval of significant corporate transactions. There is no assurance that the interests of such substantial shareholders will be aligned with those of Axiata’s other shareholders and as they will own a significant portion of the shares of Axiata, they could delay or prevent a change of control of Axiata or other transactions, even if such transactions would be beneficial to the other shareholders of Axiata.

**The Group may enter into a number of memoranda of understanding, strategic alliances and partnerships with various corporate and telecommunications leaders, and the termination of any such alliances or partnerships may result in negative publicity**

The Group has entered into, and may in future enter into, memoranda of understanding, strategic alliances, equity partnerships and collaborations with various global, regional and local corporate and telecommunications leaders. The continuation of such arrangements would remain subject to review based on strategic benefits attained by the relevant parties from time to time and there is no assurance that such alliances, partnerships or collaborations will not be terminated by any party, or that such termination will be mutually agreed. The termination of any of the Group's well publicised strategic alliances, partnerships or collaborations could result in negative publicity and damage to the Group's branding and reputation, which, together with such termination, may adversely affect the Group's results of operations, business and prospects. In addition, any negative publicity or adverse brand image suffered by such strategic partners may adversely affect the Group's brand image and reputation.

**The Group may face the occurrence of natural catastrophes, severe weather conditions, other acts of God, or other uncontrollable events such as acts of terrorism**

The provision of the Group's services depends on the quality, stability, resilience and robustness of its networks and systems. The Group faces the risks of the malfunction of, loss of, or damage to, network infrastructure from natural or man-made causes or other events beyond the control of the Group. Some of the countries in which the Group operates have experienced a number of major natural catastrophes over the years, including typhoons, droughts, floods, fires and earthquakes. Some of these catastrophes have also increased in intensity and frequency due to climate change, which may cause a prolonged and exacerbated impact on the infrastructure and operations of the Group.

In addition, other events that are outside the control of the Group, such as fire, deliberate acts of sabotage, vendor failure/negligence, shutting down of operations due to pandemic outbreaks, industrial accidents, blackouts, terrorist attacks, criminal acts or large scale cyber-attacks on the network and systems of the Group, could damage, cause operational interruptions to, or otherwise adversely affect any of their facilities and activities, as well as potentially cause injury or death to their personnel. There is no assurance that the occurrence of such natural catastrophes, severe weather conditions, other acts of God or other uncontrollable events will not materially disrupt the business of the Group.

**The Group may be adversely affected by the imposition and enforcement of more stringent environmental regulations**

The Group is subject to environmental laws, regulations and ordinances in the countries in which the Group operates. There can be no assurance that environmental laws, regulations and ordinances will not change in the future in a manner that could materially and adversely affect the Group. Environmental laws, regulations and ordinances may impose upon the Group obligations to investigate and remedy or pay for the investigation and remediation of environmental conditions, and to compensate public and private parties for related damages. Any such liability in connection with facilities currently owned or operated by the Group could materially and adversely affect the Group. The Group could be required to comply with stricter regulatory requirements aimed to address climate change, such as reducing its carbon emissions, enforcing stricter emissions standards, paying carbon taxes, increasing energy prices or replacing and/or upgrading its network and system infrastructure to comply with such regulatory requirements on emissions, any of which could

increase costs of operations for the Group and could have an adverse effect on the Group's financial condition and results of operations. In addition, non-compliance with or changes in these environmental laws, regulations and ordinances could adversely affect the Group and may have a material adverse effect on the Group's results or operations.

#### **The Group may face difficulties in converting and remitting foreign currencies**

The Group may operate in countries where it might face difficulties in converting and remitting foreign currencies. There could be insufficient liquidity or foreign exchange controls imposed in countries that limit conversion and remittance of currencies, which may in turn adversely affect the Group's ability to receive payments from, or make payments to, these countries.

**Due to changes in accounting policies and standards, the financial information of the Group as at and for the year ended 31 December 2017 and 31 December 2018 may not be directly comparable with the corresponding financial information for the financial periods or financial years subsequent to 31 December 2017 or, as the case may be, 31 December 2018**

Up to 31 December 2018, the Group had accounted for the changes in subsequent measurement of put liability in profit or loss. With effect from the financial year ended 31 December 2019, the Group has changed its accounting policy to account for the changes in subsequent measurement of put liability over non-controlling interests in other reserves within equity. The Group has accounted for the change in accounting policy retrospectively in accordance with MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors". For further details, see note 50 to the Group's audited financial statement for the year ended 31 December 2019.

The Group's financial information as at and for the year ended 31 December 2017 and 31 December 2018 have not been restated to account for the changes in accounting policy described in the preceding paragraph and, accordingly, will not be directly comparable with the corresponding financial information for the financial periods or financial years subsequent to 31 December 2017 and 31 December 2018. However, if the Group is to apply the voluntary changes in accounting policy to its audited consolidated statements of comprehensive income for the financial year ended 31 December 2017 and 31 December 2018, the impact of the restatement is as set out under the note 1 to the table titled "Consolidated Statement of Comprehensive Income" under the section headed "Summary Financial Information" below. Nonetheless, potential investors should exercise caution when comparing the Group's consolidated financial information as at and for the year ended 31 December 2017 and 31 December 2018 with the corresponding financial information for the financial period or financial years subsequent to 31 December 2017 and 31 December 2018.

### **RISKS RELATING TO THE GROUP'S TOWER INFRASTRUCTURE BUSINESS — EDOTCO GROUP**

#### **General risks relating to the Group's tower infrastructure business**

The Group's tower infrastructure business faces substantial competition from, amongst others, telecommunications operators and independent tower companies. Competitive pressures could materially and adversely affect, *inter alia*, the Group's lease rates and services income, and could result in its existing customers not renewing their leases, or new customers leasing towers from the Group's competitors. The Group also faces, and expect to continue to face, competition in identifying and successfully acquiring tower assets, particularly for high-quality tower assets and large site portfolios, which could also make its tower acquisitions more costly. Any of the foregoing factors could materially and adversely affect the Group's business, financial condition and results of operations.

In addition, one of the Group's three core strategies is the expansion of its infrastructure business, edotco, with the aspiration to be one of the top five players in the world. There can be no assurance that the Group will achieve the original goals and objectives that it had set out to achieve in relation to its tower infrastructure business. Expansion plans generally involve numerous risks, including but not limited to, the financial costs of setting up new business units and working capital requirements. Such expansion plans may be expensive and may expose the Group's business to unforeseen liabilities or risks associated with entering new markets or new businesses.

#### **The licensing requirements relating to edotco's business in Sri Lanka remain uncertain**

The licensing requirements relating to edotco's business in Sri Lanka remain uncertain, given that the existing legislation in Sri Lanka does not include passive infrastructure/tower operations as part of its licensing regime. As at the date of this Offering Circular, the edotco Group's operations in Sri Lanka does not require a licence to operate. However, given factors such as political instability in Sri Lanka, there is no guarantee the Sri Lankan government will not introduce new tower licensing frameworks and that the edotco Group will be granted an operating licence in Sri Lanka under their prospective tower licensing framework. The edotco Group continuously engages with the relevant officials to seek clarity regarding the licensing guidelines and framework to ensure that the necessary authorisations are obtained.

### **RISKS RELATING TO THE GROUP'S DIGITAL BUSINESS — ADS**

#### **General risks relating to the Group's digital business**

Axiata established ADS to focus on enhancing existing revenues and driving new sources of value from digital services such as in digital financial services, digital advertising and API platform. The achievement of ADS' business primarily depends on the growth and take-ups of the digital services market. There can be no assurance that the future demand and market acceptance for digital services will continue to grow at the projected phase.

ADS faces intense business competition and regulatory challenges. Competition from mobile virtual network operators ("MVNO") venturing into digital services and OTT players from local and global internet companies are some of the direct threats. The digital financial services sector is highly regulated and subject to stringent and complex laws, rules and regulations across the countries it operates. Failure to comply or adapt to these rules and regulations may result in penalties and, at worst, revocation of licences. To stay competitive, ADS must offer value and relevance of products and services, and ultimately to enhance user experience.

There can be no assurance that the Group will achieve the original goals and objectives that it had set out to achieve in relation to its digital business. In particular, an investment in growing the digital financial services may potentially require substantial capital outlay and could be subjected to investment and/or financial losses arising from failure to scale and acquire customers and/or the failure to manage the various risk exposures, including credit risks, market risks, liquidity risks, technology risks and/or other operational risks. The business is also exposed to regulatory risks associated with the financial services and/or banking industry, including compliance with existing and/or new laws and regulations and the associated cost of compliance. The Group's digital financial services arm may not be able to attract, integrate and retain the right talent with the appropriate skillsets and expertise to develop and/or execute the Group's business strategies and plans or effectively manage risks arising from its activities. The expected long-term benefits from these digital businesses may not be realised. The Group may also face the risk of unforeseen complications which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

## **RISK FACTORS RELATING TO THE SUKUK**

### **Absence of secondary market and/or limited liquidity**

There is no assurance that a secondary market for the Sukuk of any Series will develop or, if it does develop, that it will provide the Sukukholders with liquidity of investment or that it will continue for the life of such Sukuk. Accordingly, a Sukukholder may not be able to find a buyer to buy its Sukuk readily or at prices that will enable the Sukukholder to realise a desired yield. The market value of the Sukuk may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Sukuk. Accordingly, the purchase of the Sukuk is suitable only for investors who can bear the risks associated with a lack of liquidity in the Sukuk and the financial and other risks associated with an investment in the Sukuk. An investor in the Sukuk must be prepared to hold the Sukuk for an indefinite period of time or until their maturity. Approval-in-principle has been granted in relation to the Programme. Application will be made for permission to deal in and quotation of Sukuk that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST and Bursa Securities has granted its approval for the listing of the Programme under the Bursa Securities (Exempt Regime) but there can be no assurance that any such listing will enhance the liquidity of the Sukuk.

### **The Sukuk are limited recourse obligations**

The Sukuk are not debt obligations of the Trustee, the Delegate, Axiata, any of the Agents or any of their respective affiliates. Instead, the Sukuk represent an interest in the Trust Assets. Recourse to the Trustee in respect of each Series of Sukuk is limited to the Trust Assets of that Series and the proceeds of such Trust Assets are the sole source of payments on the relevant Sukuk. Upon the occurrence of a Dissolution Event, or early dissolution pursuant to Conditions 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*), 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of Axiata*), 11(e) (*Capital Distributions of the Trust — Dissolution following a Total Loss Event*) or 11(f) (*Capital Distributions of the Trust — Dissolution following a Revocation Event*), the sole rights of each of the Trustee, the Delegate and the Sukukholders of the relevant Series of Sukuk will be against Axiata to enforce the payment obligations of Axiata under the Transaction Documents to which it is a party. Sukukholders will otherwise have no recourse to any assets of the Delegate, Axiata, the relevant Dealer, the Trustee (including its directors and service providers), and the Agents or any affiliate of any of the foregoing entities in respect of any shortfall in the expected amounts due under the relevant Trust Assets. There can be no assurance that the proceeds of the realisation of, or enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Sukuk of the relevant Series. Furthermore, under no circumstances shall any Sukukholder, the Trustee or the Delegate have (i) any right to cause the sale or other disposition of any of the Trust Assets except to Axiata in accordance with the terms of the Transaction Documents or (ii) any other recourse against the Trust Assets, except the right to receive distributions derived from the Trust Assets in accordance with the Conditions, and the sole right of the Trustee, the Delegate and the Sukukholders against Axiata shall be to enforce the obligations of Axiata under the Transaction Documents to which it is a party.

No amount whatsoever shall be due or payable by the Trustee (including the Dissolution Amount and Periodic Distribution Amounts) except to the extent funds are available therefore from the relevant Trust Assets.

### **The Sukuk may be subject to Early Dissolution**

In certain circumstances, the Sukuk may be subject to early dissolution. If the Optional Dissolution Right is specified as being applicable in the applicable Pricing Supplement, Axiata may (i) exercise



its option under the Sale Undertaking to procure the Trustee to dissolve the Trust and redeem the Sukuk (in whole, but not in part) on the relevant Optional Dissolution Date at the relevant Optional Dissolution Amount as specified in the applicable Pricing Supplement.

In addition, the Sukuk may be redeemed prior to their stated maturity if Axiata has or will become obliged to provide funding to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount or the relevant Dissolution Amount by reason of Condition 12 (*Taxation*) and such obligation cannot be avoided by the Trustee taking reasonable measures available to it. In such circumstances, Axiata has the option to require the Trustee to dissolve the Trust and redeem the Sukuk prior to their scheduled maturity. Early dissolution in either instance may reduce the return that a Sukukholder would have realised had the Sukuk been redeemed at maturity.

An early dissolution feature of any Sukuk is likely to limit its market value. During any period when the Trustee may elect to redeem Sukuk, the market value of those Sukuk generally will not rise substantially above the dissolution amount payable.

**The occurrence of a Revocation Event or a Total Loss Termination Event will cause a redemption of the relevant Series of Sukuk prior to their Scheduled Dissolution Date**

In relation to each Series (a) the occurrence of a Total Loss Termination Event; or (b) the occurrence of a Revocation Event, will result in the redemption of the Sukuk and the consequent dissolution of the Trust.

In accordance with the terms of the Master Wakala Agreement, the Wakeel is responsible for ensuring that any Lease Assets are, so long as the relevant Sukuk are outstanding, insured against a Total Loss Event. In the event of a Total Loss Event occurring, the Wakeel, on behalf of the Trustee shall ensure that (i) where a Revocation Event has not occurred, the Takaful/Insurance Proceeds are applied (on behalf of the Trustee) towards the purchase of additional Airtime Vouchers in accordance with the Master Airtime Purchase Agreement or towards the lease payments for new assets in accordance with a Supplemental Headlease Agreement; and (ii) in the event of a Total Loss Termination Event occurring, all Takaful/Insurance Proceeds are paid in the Specified Currency directly into the relevant Transaction Account as soon as practicable and in any event by no later than close of business in Malaysia on the 45<sup>th</sup> day after the occurrence of the Total Loss Event.

In relation to a Series comprising Lease Assets, if (i) a Total Loss Event occurs and an amount (if any) less than the Takaful/Insurance Coverage Amount is available to the Wakeel for the purchase of additional Airtime Vouchers or to be applied by the Wakeel towards the lease of new assets from Axiata; or (ii) a Total Loss Termination Event occurs and the amount credited to the relevant Transaction Account is less than the Takaful/Insurance Coverage Amount, the Wakeel acknowledges that it shall have failed in its responsibility to properly insure the Lease Assets and accordingly irrevocably and unconditionally undertakes to (A) in the event that paragraph (i) above is applicable, apply the Total Loss Shortfall Amount towards the purchase of additional Airtime Vouchers or the lease of new assets from Axiata (as applicable) or (B) in the event that paragraph (ii) above is applicable, pay (in the Specified Currency in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly to the relevant Transaction Account, in each case as soon as practicable and in any event by no later than close of business in Malaysia on the 46<sup>th</sup> day after the Total Loss Event has occurred.

Following the occurrence of a Total Loss Event, Rentals shall cease to accrue under the relevant Lease with effect from the date on which a Total Loss Event occurs, and no additional rental

payment shall be made in respect of the period between the date on which the Total Loss Event occurred and the date on which the Total Loss Shortfall Amount is paid pursuant to paragraph (A) or (B) above. The Lessee will pay the accrued and unpaid rental up to the date on which the Total Loss Event occurred to the Lessor no later than the date of the Total Loss Event.

Pursuant to the Purchase Undertaking, where (a) a Revocation Event has occurred; or (b) a Total Loss Termination Event has occurred, Axiata will irrevocably grant to the Trustee the right to require Axiata to purchase and accept the transfer and conveyance on the relevant Revocation Event Dissolution Date or Total Loss Dissolution Date (as applicable) specified in the Exercise Notice of all of the Trustee's interests, rights, benefits and entitlements in and to any Residual Assets at the Residual Assets Exercise Price specified in the Exercise Notice. The Residual Assets Exercise Price will be paid into the relevant Transaction Account on the Business Day prior to the Revocation Event Dissolution Date or Total Loss Dissolution Date (as applicable).

The Trustee (or the Delegate on its behalf) will use the relevant amounts received from Axiata as above to redeem the relevant Series of Sukuk at their Dissolution Amount.

### **Sukuk where denominations involve integral multiples: Definitive Certificates**

In relation to any issue of Sukuk which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Sukuk may be traded in amounts that are not integral multiples of such minimum Specified Denomination.

A holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a face amount of Sukuk such that his holding amounts to a Specified Denomination.

If Definitive Certificates are issued, holders should be aware that Definitive Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### **No third-party guarantees**

Investors should be aware that no guarantee is or will be given in relation to the Sukuk by the shareholders of Axiata or any other person.

### **The ratings of the Programme may be downgraded or withdrawn and they may not reflect all the risks associated with an investment in those Sukuk**

The Programme has been assigned a rating of Baa2(s) and BBB+ by Moody's and S&P respectively. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Trustee and Axiata to perform their respective obligations under the Transaction Documents and credit risks in determining the likelihood that payments will be made when due under the Transaction Documents. A reduction or withdrawal of the ratings may adversely affect the market price of the Sukuk and the Trustee's or Axiata's ability to access the debt capital markets. Further, credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Sukuk. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

**The insolvency laws of Malaysia and other local insolvency laws may differ from those of another jurisdiction with which the Sukukholders are familiar**

As the Trustee and Axiata are incorporated under the laws of Malaysia, any insolvency proceedings relating to the Trustee or Axiata are likely to involve Malaysia insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Sukukholders are familiar.

**RISKS RELATING TO THE MARKET GENERALLY**

**Limited liquidity in the secondary market**

The Sukuk may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Sukuk easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Sukuk that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Sukuk generally would have a more limited secondary market and more price volatility than conventional debt securities.

**Exchange rate risks and exchange controls**

The Trustee will pay principal and profit on the Sukuk and Axiata will make any payments under the Transaction Documents in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Sukuk; (ii) the Investor's Currency-equivalent value of the principal payable on the Sukuk; and (iii) the Investor's Currency-equivalent market value of the Sukuk.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Trustee or Axiata to make payments in respect of the Sukuk. As a result, investors may receive less profit or principal than expected, or no profit or principal.

**The value of fixed rate Sukuk may be adversely affected by movements in market interest rates**

Investment in fixed rate Sukuk involves the risk that if market interest rates subsequently increase above the rate paid on the fixed rate Sukuk, this will adversely affect the value of the fixed rate Sukuk.

**The market value of the Sukuk may fluctuate**

Trading prices of the Sukuk are influenced by numerous factors, including the operating results, business and/or financial condition of Axiata, political, economic, financial and any other factors that can affect the capital markets and/or the business of Axiata. Adverse economic developments,

acts of war and health hazards in countries in which Axiata operates could have a material adverse effect on Axiata's operations, operating results, business, financial position, and performance. Any such developments may result in large and sudden changes in the volume and price at which the Sukuk will trade. There can be no assurance that these developments will not occur in the future.

### **Inflation risk**

Sukukholders may suffer erosion on the return of their investments due to inflation. Sukukholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Sukuk. An unexpected increase in inflation could reduce the actual returns.

### **Legal risk factors may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations. These activities are also subject to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Sukuk are legal investments for it; (ii) Sukuk can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Sukuk. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Sukuk under any applicable risk-based capital or similar rules.

## **RISK FACTORS RELATING TO A SERIES CONTAINING LEASE ASSETS, SHARES AND/OR AIRTIME VOUCHERS**

### **Risks relating to any land or other assets underlying the Lease Assets, Shares and Airtime Vouchers**

No investigation or enquiry will be made and no due diligence will be conducted in respect of any land, towers or other assets underlying any Lease Assets or on any of the Shares or Airtime Vouchers. Only limited representations will be obtained from Axiata in respect of the land or other assets underlying the Lease Assets or on any of the Shares or Airtime Vouchers.

## **RISKS RELATING TO A SERIES CONTAINING AIRTIME VOUCHERS**

### **Lack of continued return following failure to make payment of the Sukuk Exercise Price or the Residual Assets Exercise Price**

If, in relation to a Series which contains Airtime Vouchers but does not also contain Lease Assets at such time, Axiata fails to pay an amount on its due date and the sale and purchase pursuant to the Purchase Undertaking of the Trustee's interest, rights, benefits and entitlements in and to the relevant Sukuk Assets or Residual Assets (as applicable) does not occur in full on the relevant Dissolution Date, the distribution term specified in the Master Wakala Agreement and the relevant Distribution Notice shall be deemed to be extended for successive periods having the same length as the original distribution periods (for that Series) until the earlier of: (i) the date upon which the relevant outstanding amounts are paid in full by Axiata; and (ii) the date upon which there are no more Airtime Vouchers remaining for distribution and sale. If (ii) occurs, then that Series will cease to continue generating profits for the relevant Sukukholders, who would have a claim for the outstanding amount and any accrued but unpaid profit amounts (calculated as of the date on which (ii) occurs).

## **RISK FACTORS RELATING TO PAYMENTS**

### **Credit risk**

The Trustee will fund the redemption amount payable by it in respect of each Series of Sukuk with amounts to be received from Axiata under the Transaction Documents, see “*Summary of the Principal Transaction Documents*”. These payment obligations are unsecured obligation of Axiata and accordingly investors will also be subject to the full credit risk of Axiata in relation to the redemption amounts.

## **RISK FACTORS RELATING TO TAXATION**

### **Taxation risks on payments**

#### *Malaysian taxation*

Under present Malaysian law, all profit payable to non-residents in respect of the Sukuk is exempted from withholding tax. However, there is no assurance that this present position will continue and in the event that such exemption is revoked, modified or rendered otherwise inapplicable, such profit shall be subject to withholding tax at the then prevailing withholding tax rate.

However, notwithstanding the foregoing:

- (a) Axiata shall be obliged pursuant to the Transaction Documents, in the event of any such withholding, to pay such additional amounts to the Trustee so as to ensure that the Trustee receives the full amount which it would have received had no such withholding been imposed; and
- (b) the Trustee shall be obliged pursuant to the Transaction Documents and the Sukuk, in the event of any such withholding, to pay such additional amounts to the Sukukholders so as to ensure that the Sukukholders receive the full amount which they would have received had no such withholding been imposed.

For further information please refer to the section entitled “*Taxation*” below.

## **RISKS RELATING TO ENFORCEMENT**

### **Claims for specific enforcement**

In the event that Axiata fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of Axiata’s obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement, which is a discretionary matter.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by Axiata to perform its obligations set out in the Transaction Documents to which it is a party.

## **Certain foreign judgments may not be enforceable against the Trustee or Axiata in Malaysia**

Foreign judgments obtained in the superior courts of reciprocating countries as listed in the First Schedule of the Reciprocal Enforcement of Judgment Act 1958 (the “**REJA**”) (other than a judgment of such a court given on appeal from a court which is not a superior court) in respect of any sum payable by the Trustee or Axiata can be recognised and enforced in Malaysia by applying to register the said foreign judgment with the Malaysian courts. This process of registration of foreign judgment dispenses the need to re-litigate or re-examine the issues in dispute, so long as: (1) the enforcement is not contrary to public policy in Malaysia; (2) the foreign judgement was not given or obtained by fraud or in a manner contrary to natural justice; (3) the foreign judgement was by a court of competent jurisdiction in such jurisdiction and was not obtained in proceedings in which the foreign judgment debtor being the defendant in the original court did not receive notice of those proceedings in sufficient time to enable it to defend the proceedings and did not appear; (4) the foreign judgement has not been wholly satisfied or is enforceable by execution in the original court; (5) the foreign judgement is final and conclusive between the parties thereto; (6) the foreign judgement is for a liquidated sum; (7) the liquidated sum payable under the judgement (if any) is not directly for the payment, satisfaction or enforcement of any penal or revenue laws or sanctions imposed by the authorities of such jurisdiction; (8) the foreign judgement is not preceded by a final and conclusive judgment by a court having jurisdiction in that matter; (9) the rights under the foreign judgement are vested in the person by whom the application for registration was made. The judgement creditor under a judgement to which the REJA applies, may apply to the High Court at any time in accordance with the provisions of the REJA within six years after the date of the judgment or, where there have been proceedings by way of appeal against the judgment, after the date of the last judgment given in those proceedings, to have the judgement registered. A person who has obtained a judgment against the Trustee and/or Axiata in a court which is not listed in the First Schedule of the REJA will have to rely entirely on the principles of common law to enforce the judgement, that is, by instituting a fresh suit in Malaysia based either on the judgment or on the original cause of action.

## **ADDITIONAL RISKS**

### **Suitability of investments**

The Sukuk may not be a suitable investment for all investors. Each potential investor in Sukuk must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk, the merits and risks of investing in the Sukuk and the information contained or incorporated by reference in this Offering Circular;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk and the impact the Sukuk will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk, including where the currency of payment is different from the potential investor’s currency;
- (d) understand thoroughly the terms of the Sukuk and be familiar with the behaviour of any relevant indices and financial markets; and

- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

### **Change of law**

The terms and conditions of the Sukuk and certain Transaction Documents are based on English law in effect as at the date of this Offering Circular. Certain Transaction Documents are governed by Malaysian law. No assurance can be given as to the impact of any possible judicial decision or change to English or Malaysian law or administrative practice after the date of this Offering Circular.

### **Investors must make their own determination as to Shari'a compliance**

CIMB Islamic Bank Berhad, Citigroup Global Markets Limited and the Global Shariah Supervisory Committee of Standard Chartered Bank, as *Shari'a* Advisers in respect of the Programme (the "**Shari'a Scholars**") have issued a confirmation *fatwa* in respect of the Sukuk and the related structure and mechanism described in the Transaction Documents and their compliance with *Shari'a* principles. However, this *fatwa* is only an expression of the view of the relevant *Shari'a* adviser based on their experience in the subject and is not a binding opinion. There can be no assurance as to the *Shari'a* permissibility of the structure or the issue and the trading of the Sukuk and none of the Trustee, Axiata, the Delegate and the Dealers makes any representation as to the same. Investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Investors are advised to obtain their own independent *Shari'a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Sukuk on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Sukuk may limit the liquidity and adversely affect the market value of the Sukuk.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties in the transaction would be, if in dispute, the subject of court proceedings under the laws of Malaysia or England and Wales. In such circumstances, the arbitrator or judge (as applicable) may first apply the relevant law rather than *Shari'a* principles in determining the obligations of the parties.

### **The Master Declaration of Trust, any Supplemental Declaration of Trust and any other Transaction Document may be modified without notice to Sukukholders**

The Master Declaration of Trust contains provisions permitting the Delegate from time to time and at any time without any consent or sanction of the Sukukholders to make any modification to or to waive or authorise of any breach or proposed breach of, any of the provisions of the Master Declaration of Trust, any Supplemental Declaration of Trust or any other Transaction Document if, in the opinion of the Delegate, (i) such modification is of a formal, minor or technical nature, (ii) such modification is made to correct a manifest error or (iii) except for certain Reserved Matters defined in the Master Declaration of Trust, such modification, waiver or authorisation is not materially prejudicial to the interest of Sukukholders. Unless the Delegate otherwise decides, any such modification, waiver or authorisation shall as soon as practicable thereafter be notified by the Trustee to the Sukukholders and shall in any event be binding upon the Sukukholders.

## TERMS AND CONDITIONS OF THE SUKUK

*The following, other than the words in italics, is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Sukuk in definitive form issued under the Programme. The terms and conditions applicable to any Sukuk in global form will differ from those terms and conditions which would apply to the Sukuk were it in definitive form to the extent described under “Summary of Provisions relating to the Sukuk while in Global Form” below.*

Axiata SPV2 Berhad (in its capacity as issuer and in its capacity as trustee, the “**Trustee**”) has established a programme (the “**Programme**”) for the issuance of sukuk (the “**Sukuk**”) in a maximum aggregate face amount of U.S.\$1,500,000,000 as may be increased in accordance with the terms of the Programme Agreement (as defined below) and subject to any regulatory approval (if required).

Sukuk issued under the Programme are issued in series (each series of Sukuk being a “**Series**”). The terms for a Sukuk (or the relevant provisions thereof) are set out in Part A of the applicable Pricing Supplement attached to the relevant Supplemental Declaration of Trust or endorsed on a Certificate which supplement and amend these terms and conditions (the “**Conditions**”) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of each Series. References to the “**applicable Pricing Supplement**” are to the pricing supplement (or the relevant provisions thereof) attached to the relevant Supplemental Declaration of Trust or endorsed on each Certificate.

Each Sukuk will represent an undivided ownership interest in the relevant Trust Assets (as defined below) held on trust by the Trustee (the “**Trust**”) for the holders of such Sukuk pursuant to: (i) a master declaration of trust (the “**Master Declaration of Trust**”) dated 17 July 2012 and entered into by the Trustee, Axiata Group Berhad (“**Axiata**”) and The Hongkong and Shanghai Banking Corporation Limited as the Trustee’s delegate (the “**Delegate**”) as may be supplemented or amended from time to time; and (ii) a supplemental declaration of trust in respect of the relevant Series (the “**Supplemental Declaration of Trust**”) having the details set out in the applicable Pricing Supplement.

The Sukuk of each Series shall form a separate series and these Conditions shall apply *mutatis mutandis* separately and independently to the Sukuk of each Series and, in these Conditions, the expressions “**Sukuk**”, “**Sukukholders**” and related expressions shall be construed accordingly.

In these Conditions, references to “**Sukuk**” shall be references to the Sukuk (whether in global form as a global Certificate (a “**Global Certificate**”) or in definitive form as definitive Certificates (each a “**Definitive Certificate**”)) which are the subject of the applicable Pricing Supplement.

These Conditions include summaries of, and are subject to, the detailed provisions of the Master Declaration of Trust as supplemented by each relevant Supplemental Declaration of Trust and the other Transaction Documents.

Payments relating to the Sukuk will be made pursuant to an agency agreement dated 17 July 2012 (the “**Agency Agreement**”) made between, *inter alios*, the Trustee, the Delegate, Axiata, The Hongkong and Shanghai Banking Corporation Limited as principal paying agent (in such capacity, the “**Principal Paying Agent**” and, together with any further or other paying agents appointed from time to time in respect of the Sukuk, the “**Paying Agents**”), The Hongkong and Shanghai Banking Corporation Limited as calculation agent (together with any further or other calculation agents appointed from time to time in respect of the Sukuk, in such capacity, the “**Calculation Agent**”),



The Hongkong and Shanghai Banking Corporation Limited as transfer agent (together with any further or other transfer agents appointed from time to time in respect of the Sukuk, in such capacity, the “**Transfer Agent**”) and The Hongkong and Shanghai Banking Corporation Limited as registrar (in such capacity, a “**Registrar**”). The Paying Agents, the Calculation Agent, the Registrar and the Transfer Agent are together referred to in these Conditions as the “**Agents**”. References to the Agents or any of them shall include their successors.

The Sukukholders are entitled to the benefit of, are bound by, and are deemed to have notice of the following documents, copies of which are available for inspection during usual business hours at the principal office of the Trustee (currently at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur, Malaysia) and at the specified offices of the Paying Agents:

- (a) a master headlease agreement dated 17 July 2012 between the Trustee and Axiata (the “**Master Headlease Agreement**”) and, in respect of each Series, the applicable supplemental headlease agreement with respect thereto (each a “**Supplemental Headlease Agreement**”);
- (b) a master sublease agreement dated 17 July 2012 between the Trustee and Axiata (the “**Master Sub-Lease Agreement**”) and, in respect of each Series, the applicable supplemental sub-lease agreement with respect thereto (each a “**Supplemental Sub-Lease Agreement**”);
- (c) a master airtime sale and purchase agreement dated 17 July 2012 between the Trustee and Axiata (the “**Master Airtime Purchase Agreement**”) and, in respect of each Series, the applicable supplemental airtime sale and purchase agreement with respect thereto (each a “**Supplemental Airtime Purchase Agreement**”);
- (d) a master share sale and purchase agreement dated 17 July 2012 between the Trustee and Axiata (the “**Master Share Purchase Agreement**”) and, in respect of each Series, the applicable supplemental share sale and purchase agreement with respect thereto (each a “**Supplemental Share Purchase Agreement**”);
- (e) a master murabaha agreement dated 17 July 2012 between, *inter alios*, the Trustee and Axiata (the “**Master Murabaha Agreement**”) and, in respect of each Series, the murabaha contract with respect thereto (each a “**Murabaha Contract**”);
- (f) a transaction agency agreement dated 17 July 2012 between Axiata, the Wakeel and the transaction agent (the “**Transaction Agency Agreement**”);
- (g) a wakala agreement dated 17 July 2012 between, *inter alios*, the Trustee and Axiata (the “**Wakala Agreement**”);
- (h) a purchase undertaking dated 17 July 2012 executed by Axiata in favour of the Trustee and the Delegate (the “**Purchase Undertaking**”) containing the form of sale agreement (a “**Sale Agreement**”) to be entered into in the circumstances set out in the Purchase Undertaking;
- (i) a sale undertaking dated 17 July 2012 executed by the Trustee in favour of Axiata (the “**Sale Undertaking**”) containing the form of Sale Agreement to be entered into in the circumstances set out in the Sale Undertaking;
- (j) a redemption undertaking dated 17 July 2012 executed by the Trustee in favour of Axiata (the “**Redemption Undertaking**”);

- (k) a substitution undertaking dated 17 July 2012 executed by the Trustee in favour of Axiata (the “**Substitution Undertaking**”);
- (l) a change of control undertaking dated 17 July 2012 executed by Axiata in favour of the Trustee and the Delegate (the “**Change of Control Undertaking**”);
- (m) the Master Declaration of Trust and, in respect of each Series, the applicable Supplemental Declaration of Trust with respect thereto;
- (n) the Agency Agreement; and
- (o) in respect of each Series, the applicable Pricing Supplement,

as each may be amended and restated and/or supplemented from time to time.

Each Sukukholder, by its acquisition and holding of its interest in a Sukuk, shall be deemed, in respect of each Series, to authorise and direct the Trustee on behalf of the Sukukholders, to: (a) enter into a Murabaha Contract with Axiata; (b) acquire relevant Shares, Airtime Vouchers and/or Lease Assets from Axiata; and (c) enter into each other Transaction Document to which it is a party, subject to the terms and conditions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust and these Conditions.

## 1. INTERPRETATION

Words and expressions defined in the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of any inconsistency between any such document and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail. In addition, in these Conditions the following expressions have the following meanings:

“**Accountholder**” means each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as entitled to a particular face amount of the Sukuk (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Sukuk standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error);

“**Additional Business Center**” has the meaning given to it in the applicable Pricing Supplement;

“**Additional Distribution Period**” has the meaning given to it in the Purchase Undertaking;

“**Additional Lease Period**” has the meaning given to it in the Purchase Undertaking;

“**Airtime Voucher**” means, in relation to a particular Series, airtime vouchers sold pursuant to the Supplemental Airtime Purchase Agreement relating to such Series;

“**Authorised Entity**” means an entity which is a duly licensed provider of telecommunications services or such other person as may lawfully provide such telecommunications services in the jurisdiction in which such person is providing telecommunications services;

“**Axiata Event**” has the meaning given to it in Condition 15 (*Dissolution Events*);

“**Broken Amount**” has the meaning given to it in the applicable Pricing Supplement;

“**Business Day**” has the meaning given to it in Condition 9(b) (*Floating Periodic Distribution Provisions — Periodic Distribution Amount*);

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the applicable Pricing Supplement and, if so specified in the applicable Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Amount**” has the meaning given to it in the applicable Pricing Supplement;

“**Cancellation Dissolution Date**” means the date on which all of the Sukuk are cancelled following an exercise of the Redemption Undertaking;

“**Cancellation Notice**” means a notice substantially in the form set out in schedule 1 (*Form of Cancellation Notice*) of the Redemption Undertaking;

“**Cancellation Sukuk**” means, in relation to a particular Series, the Sukuk specified as such in the relevant Cancellation Notice;

“**Certificate**” has the meaning given to in Condition 2(a) (*Form, Denomination and Title — Form and Denomination*);

“**Change of Control**” shall have the meaning given to it in the applicable Pricing Supplement (to the extent that such Pricing Supplement also specifies the Change of Control Exercise Option as being applicable);

“**Change of Control Amount**” means, in relation to a particular Series, the aggregate face amount of the Change of Control Sukuk to be redeemed plus any due but unpaid Periodic Distribution Amounts under such Change of Control Sukuk;

“**Change of Control Confirmation Notice**” has the meaning given in Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*);

“**Change of Control Exercise Option**” means the option specified in Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*);

“**Change of Control Exercise Period**” has the meaning given in Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*);

“**Change of Control Exercise Notice**” has the meaning given in Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*);

“**Change of Control Exercise Notice Receipt**” has the meaning given in Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*);

“**Change of Control Notice**” has the meaning given in Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*);

“**Change of Control Purchase Notice**” means a notice substantially in the form set out in schedule 1 (*Form of Change of Control Purchase Notice*) of the Change of Control Undertaking;

“**Change of Control Sukuk**” means, in relation to a particular Series, the Sukuk specified in the relevant Change of Control Purchase Notice;

“**Change of Control Triggering Event**” means a Change of Control, **provided that**, in the event that the Sukuk are, on the Rating Date, rated Investment Grade by two Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change of Control and a Rating Downgrade;

“**Clearstream, Luxembourg**” has the meaning given to it in Condition 2(a) (*Form, Denomination and Title — Form and Denomination*);

“**Collection Account**” means the ledger account to be maintained by the Wakeel in accordance with the terms of the Wakala Agreement;

“**Continuing Director**” means, as of the date of any determination, any member of the board of directors of Axiata who:

- (a) was a member of such board of directors on the Issue Date (the “**Existing Directors**”); or
- (b) was nominated for election or elected to such board of directors (in circumstances where such board of directors consisted only of Existing Directors prior to such election) with the approval of a majority of the Existing Directors (each person so elected an “**Approved Director**”); or
- (c) was nominated for election or elected to such board of directors (in circumstances where such board of directors contained at least one Approved Director prior to such election) with the approval of a majority of the Existing Directors, if any, and Approved Director(s);

“**Day Count Fraction**” has the meaning given to it in Condition 8(c) (Fixed Periodic Distribution Provisions — Determination of Periodic Distribution Amount) (if the Fixed Periodic Distribution provisions are applicable) or Condition 9(e) (Floating Periodic Distribution Provisions — Calculation of Periodic Distribution Amount) if the Floating Periodic Distribution Provisions are applicable);

“**Deferred Payment Price**” has the meaning given to it in the Master Murabaha Agreement;

“**Delegation**” has the meaning given to it in Condition 20 (The Delegate);

“**Determination Date**” has the meaning specified in the applicable Pricing Supplement;

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

“**Dispute**” has the meaning given to it in Condition 22 (Governing Law);

“**Dissolution Amount**” means, in relation to a particular Series, either:

- (a) the sum of:
  - (i) the outstanding face amount of such Series; and
  - (ii) any due but unpaid Periodic Distribution Amounts for such Series; or
- (b) such other amount specified in the applicable Pricing Supplement as being payable upon dissolution of the relevant Series;

**“Dissolution Date”** means, in relation to a particular Series, either:

- (a) the Scheduled Dissolution Date;
- (b) the Tax Redemption Date;
- (c) the Total Loss Dissolution Date;
- (d) the Revocation Event Dissolution Date;
- (e) if an Optional Dissolution Right is applicable to the relevant Series, the Optional Dissolution Date;
- (f) the Cancellation Dissolution Date; or
- (g) the Dissolution Event Redemption Date;

**“Dissolution Event”** has the meaning given to it in Condition 15 (*Dissolution Events*);

**“Dissolution Event Redemption Date”** has the meaning given to it in Condition 15 (*Dissolution Events*);

**“Dissolution Request”** has the meaning given to it in Condition 15 (*Dissolution Events*);

**“Distribution Profit”** means, in relation to a particular Distribution Period, an amount equal to the Voucher Percentage of the Periodic Distribution Amount for the corresponding Return Accumulation Period as determined in accordance with Condition 8(c) (*Fixed Periodic Distribution Provisions — Determination of Periodic Distribution Amount*);

**“Early Dissolution Amount (Tax)”** means, in respect of any Sukuk, the Dissolution Amount or such other amount specified in the applicable Pricing Supplement;

**“Euroclear”** has the meaning given to it in Condition 2(a) (*Form, Denomination and Title — Form and Denomination*);

**“Exercise Notice”** means (as the context requires) an exercise notice delivered or to be delivered in connection with any Purchase Undertaking or Sale Undertaking;

**“Extraordinary Resolution”** has the meaning given to it in schedule 4 (*Provisions for Meetings of Sukukholders*) to the Master Declaration of Trust;

**“First Periodic Distribution Date”** has the meaning given to it in the applicable Pricing Supplement;

**“Fixed Amount”** has the meaning given to it in the applicable Pricing Supplement;

**“Fixed Periodic Distribution Provisions”** has the meaning given to it in Condition 8(a) (*Fixed Periodic Distribution Provisions — Application*);

**“Floating Periodic Distribution Provisions”** has the meaning given to it in Condition 9(a) (*Floating Periodic Distribution Provisions — Application*);

**“Head Lease Interest”** means, in relation to a Series, all of the present and future rights, interests, obligations and ownership interest of the Trustee in its capacity as lessee under the relevant Supplemental Headlease Agreement;

**“Investment Grade”** means a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns; a rating of “Aaa”, or “Aa”, “A” or “Baa”, as modified by a “1”, “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s, or any of its successors or assigns; or the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Trustee as having been substituted for S&P or Moody’s or any combination thereof, as the case may be;

**“Issue Date”** has the meaning given to it in the applicable Pricing Supplement;

**“Issue Price”** has the meaning given to it in the applicable Pricing Supplement;

**“Lease Assets”** means, in relation to a particular Series, the assets to be leased pursuant to and as set out in schedule 1 (*Lease Assets*) of the Supplemental Headlease Agreement for that Series, as such assets may be repaired, refurbished, upgraded or replaced from time to time;

**“Lease Payment”** means, in relation to any Series comprising Lease Assets, the amount to be paid by the lessee to the lessor in consideration for the lease of the Lease Assets in relation to a particular Series, pursuant to the Master Headlease Agreement and the relevant Supplemental Headlease Agreement;

**“Lease Percentage”** means, in relation to a particular Series comprising Lease Assets and at any time, the ratio (expressed as a percentage) of (i) the aggregate Value of the relevant Lease Assets to (ii) the aggregate Value of the Airtime Vouchers (if any) and Lease Assets at that time;

**“Liability”** means, in respect of any person, any actual loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability whatsoever and including any value added tax or similar tax charged or chargeable in respect of any sums referred to in this definition and legal or other fees and expenses on a full indemnity basis and references to **“Liabilities”** shall mean all of these;

**“Murabaha Indemnity Amount”** has the meaning given to it in the Master Murabaha Agreement;

**“Margin”** has the meaning given to it in the applicable Pricing Supplement;

**“New Lease Assets”** means the assets specified as such in a notice substantially in the form set out in schedule 1 (*Form of Substitution Notice*) of the Substitution Undertaking which shall only comprise of *Shari’a* compliant assets;

**“Optional Dissolution Date”** means, in relation to the exercise of an Optional Dissolution Right, the date specified as such in the Exercise Notice delivered by Axiata to the Trustee and:

- (a) if the Floating Periodic Distribution Provisions are specified in the applicable Pricing Supplement as being applicable, must be a Periodic Distribution Date; and

(b) must be no less than 30 days and no more than 60 days after the date on which the Exercise Notice is delivered to the Trustee;

**“Optional Dissolution Right”** means the right specified in Condition 11(c) (Capital Distributions of the Trust — Dissolution at the Option of Axiata);

**“Outstanding Amount”** means, in relation to a particular Series and at any given time, the aggregate face amount of the relevant Sukuk outstanding at that time;

**“Payment Business Day”** means a day on which banks in the relevant place of surrender of any Certificate are open for presentation and payment of registered securities and for dealings in foreign currencies; and in the case of payment by transfer to an account, if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre; or if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Business Centre;

**“Periodic Distribution Amount”** has the meaning given to it in Condition 8(b) (Fixed Periodic Distribution Provisions — Periodic Distribution Amount) or Condition 9(b) (Floating Periodic Distribution Provisions — Periodic Distribution Amount), as specified in the applicable Pricing Supplement;

**“Periodic Distribution Date”** has the meaning given to it in Condition 9(b) (Floating Periodic Distribution Provisions — Periodic Distribution Amount);

**“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**“Potential Dissolution Event”** means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

**“Proceedings”** has the meaning given to it in Condition 22 (Governing Law);

**“Proceeds”** means the proceeds of the issuance of a Series of Sukuk;

**“Programme Agreement”** means the programme agreement between the Trustee, Axiata and the Dealers named therein dated 17 July 2012 as amended and restated by an amended and restated programme agreement dated 10 August 2020 and as further amended, restated or supplemented from time to time;

**“Rate”** means, in relation to a particular Series, the rate or rates (expressed as a per cent. per annum) specified in the applicable Pricing Supplement for such Series and calculated or determined in accordance with these Conditions and/or the applicable Pricing Supplement;

**“Rating Agencies”** means (i) Moody’s Investors Service, Inc. (“**Moody’s**”); (ii) Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. (“**S&P**”); and (iii) if either or both of Moody’s or S&P shall not make a rating of the Sukuk publicly available, an



internationally recognised securities rating agency or agencies, as the case may be, selected by Axiata, which shall be substituted for Moody's, S&P or both, as the case may be;

**“Rating Date”** means in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by Axiata or any other person or persons to effect a Change of Control;

**“Rating Downgrade”** means in connection with a Change of Control Triggering Event, the Sukuk cease to be rated Investment Grade by each of the two Rating Agencies rating the Sukuk on, or within six months after, the date of, or public notice of the occurrence of, a Change of Control or the intention by Axiata or any other person or persons to effect a Change of Control (which period shall be extended (by no more than an additional three months after the consummation of the Change of Control) so long as the rating of the Sukuk is under publicly announced consideration for possible downgrade by any of the Rating Agencies);

**“Record Date”** has the meaning given to it in Condition 10(a) (Payment — Payments in respect of Sukuk);

**“Reference Banks”** means the four major banks selected by the Calculation Agent (in consultation with Axiata) in the market that is most closely connected with the Reference Rate, **provided that** once a Reference Bank has first been selected by the Calculation Agent or its duly appointed representative, such Reference Bank shall not be changed unless it ceases to be capable of acting as such;

**“Reference Rate”** has the meaning given in the relevant Pricing Supplement;

**“Register”** has the meaning given to it in Condition 2(a) (Form, Denomination and Title — Form and Denomination);

**“Regular Period”** means:

- (a) in the case of Sukuk where Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including the Return Accrual Commencement Date to but excluding the first Periodic Distribution Date and each successive period from and including one Periodic Distribution Date to but excluding the next Periodic Distribution Date;
- (b) in the case of Sukuk where, apart from the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Periodic Distribution Date falls; and
- (c) in the case of Sukuk where, apart from one Return Accumulation Period other than the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Periodic Distribution Date falls other than the Periodic Distribution Date falling at the end of the irregular Return Accumulation Period;

“**Relevant Date**” has the meaning given to it in Condition 12 (*Taxation*);

“**Relevant Jurisdiction**” has the meaning given to it in Condition 12 (*Taxation*);

“**Relevant Powers**” has the meaning given to it in Condition 20 (*The Delegate*);

“**Rental**” for each Lease Period means an amount equal to the aggregate of:

- (a) the Lease Percentage of the Periodic Distribution Amount for the corresponding Return Accumulation Period as determined in accordance with Condition 8(c) (*Fixed Periodic Distribution Provisions — Determination of Periodic Distribution Amount*); and
- (b) the Supplementary Rental (if any);

“**Residual Assets**” means, in relation to any Series:

- (a) where such Series comprises Airtime Vouchers and Lease Assets at such time;
  - (i) following the occurrence of a Revocation Event, the unsold Airtime Vouchers and the remaining Lease Assets; or
  - (ii) following the occurrence of a Total Loss Termination Event, the unsold Airtime Vouchers at such time; or
- (b) where such Series comprises Airtime Vouchers but not Lease Assets at such time, following the occurrence of a Revocation Event, the unsold Airtime Vouchers,

**provided always that** where a Series comprises Shares, “Residual Assets” shall also include such Shares;

“**Residual Assets Exercise Price**” means, at any time, and in relation to a Series, an amount equal to the aggregate of:

- (a) the outstanding face amount of the Sukuk for that Series;
- (b) to the extent such Series originally comprised Lease Assets, all accrued but unpaid Rental (or part thereof) relating to the Lease Assets (if any), to the extent not received by the Trustee in its capacity as Lessor under the Supplemental Sub-Lease Agreement;
- (c) without duplication or double counting, an amount equal to any accrued but unpaid Wakala Services Charge Amount; and
- (d) to the extent such Series originally comprised Airtime Vouchers, all accrued but unpaid Distribution Profit (or part thereof) relating to the Airtime Vouchers (if any), to the extent not received by the Trustee under the Master Wakala Agreement,

*less*

- (e) an amount equal to only one of the following (as applicable):
  - (i) the outstanding Deferred Payment Price (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has been concluded for that Series pursuant to the Master Murabaha Agreement; or

- (ii) the outstanding Murabaha Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has not been concluded pursuant to the Master Murabaha Agreement for that Series but the Wakeel has complied with its obligations contained in the Master Wakala Agreement; or
- (iii) the outstanding Wakala Indemnity Amount (after any reduction pursuant to the Master Wakala Agreement) due under the Master Wakala Agreement, where the Wakeel has failed to comply with its obligations in the Master Wakala Agreement; and
- (f) to the extent such Series originally comprised Lease Assets and an Exercise Notice has been served immediately following a Total Loss Termination Event, the Takaful/ Insurance Coverage Amount for that Series,

which price Axiata, the Trustee and the Delegate acknowledge shall be the price for the remaining Wakala Assets following the occurrence of a Revocation Event and/or a Total Loss Termination Event (as applicable);

**“Return Accrual Commencement Date”** has the meaning given to it in the applicable Pricing Supplement;

**“Return Accumulation Period”** means the period from (and including) a Periodic Distribution Date (or, in the case of the first Return Accumulation Period, the Issue Date) to (but excluding) the next (or, in the case of the first Return Accumulation Period, the first) Periodic Distribution Date;

**“Revocation Date”** means, in relation to a Revocation Event, the earlier of the date that (A) the Trustee is notified and (B) the Trustee becomes aware that a provider of Airtime Vouchers for a particular Series has ceased to be an Authorised Entity;

**“Revocation Event”** means, in respect of a Series, an event or circumstance where (i) such Series comprises Airtime Vouchers but does not also comprise Lease Assets at that time (ii) the Revocation Date has occurred and (iii) Axiata is unable within 45 days of the Revocation Date to lease new assets to the Trustee pursuant to a Supplemental Headlease Agreement or (in its capacity as Wakeel) obtain Airtime Vouchers pursuant to a Supplemental Airtime Purchase Agreement, in each case for an amount at least equal to the aggregate amount of Airtime Vouchers owned by the Trustee but unsold as at the Revocation Date;

**“Revocation Event Dissolution Date”** has the meaning given in Condition 11(f) (*Capital Distributions of the Trust — Dissolution following a Revocation Event*);

**“Sale Agreement”** means any sale agreement entered into in connection with the Purchase Undertaking or the Sale Undertaking;

**“Scheduled Dissolution Date”** means, in respect of each Series, the date specified as such in the applicable Pricing Supplement;

**“Shari’a”** means the *Shari’a* as interpreted by the *Shari’a* Board;

**“Shari’a Board”** means (i) in relation to the first issuance under the Programme, the Central Shariah Committee of HSBC Bank Middle East Limited, and (ii) for subsequent issuances

under the Programme, any other Shari'a adviser appointed by the Trustee from time to time, provided that at any time, at least one Shari'a adviser appointed must be (a) a person or a corporation, registered with the Securities Commission Malaysia, (b) a licensed Islamic bank under the Islamic Financial Services Act of Malaysia, 2013, or (c) a licensed bank or licensed investment bank approved to carry on Islamic banking business under the Islamic Financial Services Act of Malaysia 2013;

**“Specific Period Distribution Date”** has the meaning given to it in the applicable Pricing Supplement;

**“Specified Currency”** has the meaning given to it in the applicable Pricing Supplement;

**“Specified Denomination(s)”** has the meaning given to it in the applicable Pricing Supplement;

**“sub-unit”** has the meaning given to it in Condition 9(e) (*Floating Periodic Distribution Provisions — Calculation of Periodic Distribution Amount*);

**“Sukuk Assets”** means:

- (a) any Airtime Vouchers to be purchased by the Trustee from Axiata pursuant to the Master Airtime Purchase Agreement and any relevant Supplemental Airtime Purchase Agreement;
- (b) any Shares to be purchased by the Trustee from Axiata pursuant to the Master Share Purchase Agreement and any relevant Supplemental Share Purchase Agreement;
- (c) any Lease Assets to be leased by the Trustee from Axiata pursuant to the Master Headlease Agreement and any relevant Supplemental Headlease Agreement; and/or
- (d) any Commodities to be purchased by the Trustee (or by the Wakeel on its behalf) to be sold to Axiata pursuant to the Master Murabaha Agreement);

**“Sukuk Exercise Price”** means, in relation to each Series and at any time, an amount equal to the aggregate of:

- (a) the outstanding face amount of the Sukuk for that Series;
- (b) to the extent such Series comprised Lease Assets, all accrued but unpaid Rental (or part thereof) relating to the Lease Assets (if any), to the extent not received by the Trustee in its capacity as Lessor under the Supplemental Sub-Lease Agreement;
- (c) to the extent such Series comprised Airtime Vouchers, all accrued but unpaid Distribution Profit (or part thereof) relating to the Airtime Vouchers (if any), to the extent not received by the Trustee under the Master Wakala Agreement;
- (d) without duplication or double counting, an amount equal to any accrued but unpaid Wakala Services Charge Amount;
- (e) an amount equal to any outstanding Cancellation Amounts payable in relation to the exercise of the Redemption Undertaking (to the extent not already set off pursuant to the Transaction Documents); and

- (f) without duplication or double-counting, an amount representing any prior ranking claims (as described in items (i) and (ii) of Condition 6(d) (*Trust — Application of Proceeds from Trust Assets*)) in accordance with Condition 6(d) (*Trust — Application of Proceeds from Trust Assets*);

*less*

- (g) to the extent such Series comprises a Murabaha Contract, an amount equal to only one of the following (as applicable):
  - (i) the outstanding Deferred Payment Price (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has been concluded for that Series pursuant to the Master Murabaha Agreement; or
  - (ii) the outstanding Murabaha Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has not been concluded for that Series pursuant to the Master Murabaha Agreement but the Wakeel has complied with its obligations contained in the Master Wakala Agreement; or
  - (iii) the outstanding Wakala Indemnity Amount (after any reduction pursuant to the Master Wakala Agreement) due under the Master Wakala Agreement, where the Wakeel has failed to comply with its obligations in the Master Wakala Agreement;

**“Sukukholder”** means a person in whose name a Sukuk is registered in the Register (or in the case of joint holders, the first named thereof) save that, for so long as the Sukuk of any Series are represented by a Global Certificate, each Accountholder shall be deemed to be the Sukukholder in respect of the aggregate face amount of such Sukuk standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, for the purposes hereof other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Trustee, solely in the registered holder of such Global Certificate in accordance with and subject to the terms of the Master Declaration of Trust as supplemented by the relevant supplemental Declaration of Trust and such Global Certificates, and the expressions **“holder”** and **“holder of Sukuk”** and related expressions shall (where appropriate) be construed accordingly;

**“Takaful/Insurance Coverage Amount”** means, at any time, and in relation to a particular Series comprising Lease Assets, an amount equal to:

- (a) the aggregate of:
  - (i) the Outstanding Amount;
  - (ii) without duplication or double counting, an amount equal to any Wakala Services Charge Amount outstanding under the terms of this Agreement; and
  - (iii) an amount equal to the Rental payable by Axiata as lessee under the relevant Supplemental Sub-Lease Agreement for the subsequent 50 day period,

*less*

- (b) an amount equal to the aggregate of:
  - (i) the Share Value (if applicable to that Series);
  - (ii) the aggregate Voucher Cost Price of Airtime Vouchers owned by the Trustee but unsold by the Wakeel (if applicable to that Series);
  - (iii) only one of the following (to the extent applicable to that Series):
    - (A) the outstanding Deferred Payment Price where a Murabaha Contract has been concluded pursuant to the Master Murabaha Agreement; or
    - (B) the outstanding Murabaha Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement), where a Murabaha Contract has not been concluded pursuant to the Master Murabaha Agreement but the Wakeel has complied with its obligations in the Master Murabaha Agreement; or
    - (C) the outstanding Wakala Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement), where the Wakeel has failed to comply with its obligations in the Master Murabaha Agreement;

“**Takaful/Insurances**” means the insurances which the Wakeel is required to take out, to the extent that it is reasonable and commercially practicable, in a *Shari’a* compliant manner, in relation to the Lease Assets on behalf of the Trustee in accordance with the terms of the Master Wakala Agreement;

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET or TARGET 2) (the “**TARGET System**”) is open;

“**Tax Event**” has the meaning given to it in Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*);

“**Tax Redemption Date**” means the date specified as such in the Exercise Notice delivered by Axiata to the Trustee and:

- (a) if the Floating Periodic Distribution Provisions are specified in the applicable Pricing Supplement as being applicable, must be a Periodic Distribution Date; and
- (b) must be no less than 30 days and no more than 60 days after the date on which the Exercise Notice is delivered to the Trustee;

“**Taxes**” has the meaning given to it in Condition 12 (*Taxation*);

“**Total Loss Dissolution Date**” has the meaning given to it in Condition 11(e) (*Capital Distributions of the Trust — Dissolution following a Total Loss Event*);

“**Total Loss Event**” means, in relation to a Series comprising Lease Assets, the earlier of the date that (A) the Trustee is notified and (B) the Trustee becomes aware of (i) a total loss or

destruction of, or damage to the whole of the Lease Assets in a particular Series or any event or occurrence that renders the whole of such Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted in each case by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical or (ii) Axiata ceasing to have full legal ownership in the entirety of the Lease Assets;

“**Total Loss Termination Event**” means an event or circumstance where (i) a Series comprises Lease Assets but does not also comprise Airtime Vouchers at such time (ii) a Total Loss Event has occurred and (iii) Axiata is unable, within 45 days of the Total Loss Event occurring, to lease new assets to the Trustee pursuant to a Supplemental Headlease Agreement or (in its capacity as Wakeel) purchase Airtime Vouchers pursuant to a Supplemental Airtime Purchase Agreement, in each case for an amount at least equal to the Takaful/Insurance Coverage Amount;

“**Transaction Account**” has the meaning given to it in Condition 6(c) (*Trust — Operation of Transaction Account*);

“**Transaction Documents**” means, in relation to each Series, the Master Wakala Agreement, the Master Murabaha Agreement, the Transaction Agency Agreement, the Master Headlease Agreement, any relevant Supplemental Headlease Agreement, the Master Sub-Lease Agreement, any relevant Supplemental Sub-Lease Agreement, the Master Share Purchase Agreement, any relevant Supplemental Share Purchase Agreement, the Master Airtime Purchase Agreement, any relevant Supplemental Airtime Purchase Agreement, the Purchase Undertaking, the Sale Undertaking, any relevant Sale Agreement, the Redemption Undertaking, the Change of Control Undertaking, the Substitution Undertaking, the Master Declaration of Trust, any relevant Supplemental Declaration of Trust, the Agency Agreement, the Programme Agreement, any relevant Certificate and any documents specified in the applicable Pricing Supplement;

“**Trust Assets**” has the meaning given to it in Condition 6(b) (*Trust — Trust Assets*);

“**Value**” means, in relation to a particular Series and at any time:

- (a) in respect of Airtime Vouchers, the aggregate Voucher Cost Price of such Airtime Vouchers on the Issue Date and any subsequent Airtime Vouchers purchased pursuant to the terms of the Transaction Documents whilst such Series remains outstanding, less the aggregate Voucher Cost Price of any Airtime Vouchers which Axiata has substituted with Lease Assets pursuant to the terms of the Transaction Documents **provided that** following a Revocation Event this amount shall be reduced to zero until new Airtime Vouchers have been purchased pursuant to a Supplemental Airtime Purchase Agreement;
- (b) in respect of Lease Assets, an amount equal to the amount of the relevant Lease Payment and any subsequent Lease Payments paid pursuant to the terms of the Transaction Documents whilst such Series remains outstanding, less the aggregate Voucher Cost Price of any Airtime Vouchers replacing the relevant Lease Assets pursuant to the terms of the Transaction Documents, **provided that** following a Total Loss Event this amount shall be reduced to zero until such time that additional Lease Assets have been leased pursuant to a Supplemental Sub-Lease Agreement; and
- (c) in respect of Shares, the Share Purchase Price for such Shares,

in each case, in the Specified Currency;

“**Voucher Percentage**” has the meaning given in the Master Wakala Agreement;

“**Wakala Assets**” means, in relation to each Series, the relevant Airtime Vouchers, Lease Assets and/or Shares (as relevant);

“**Wakala Services**” means, in relation to each Series, the following services to be provided by the Wakeel in accordance with the terms and conditions of the Master Wakala Agreement:

- (a) where such Series comprises Lease Assets, each of the services specified in the Master Wakala Agreement relating to the Lease Assets to be provided by the Wakeel on behalf of the Trustee;
- (b) where such Series comprises Shares, each of the services relating to the Shares specified in the Master Wakala Agreement to be provided by the Wakeel on behalf of the Trustee;
- (c) where such Series comprises a Murabaha Contract, each of the services relating to the Murabaha Contracts specified in the Master Wakala Agreement to be provided by the Wakeel on behalf of the Trustee; and
- (d) where such Series comprises Airtime Vouchers, each of the services relating to Airtime Vouchers specified in the Master Wakala Agreement to be provided by the Wakeel on behalf of the Trustee;

“**Wakala Services Charge Amount**” means, in respect of a Wakala Services Period, all payments made or costs incurred by the Wakeel in respect of the Wakala Services performed during that Wakala Services Period;

“**Wakala Services End Date**” means, in relation to a particular Series, the Dissolution Date for that Series, unless:

- (a) where that Series comprises Lease Assets, a Total Loss Termination Event occurs;
- (b) where that Series comprises Airtime Vouchers, a Revocation Event occurs; or
- (c) the Wakala Services End Date is extended in accordance with the Purchase Undertaking,

in which case it shall mean (i) in the case of (a) above, the date of the Total Loss Dissolution Date; (ii) in the case of (b) above, the date of the Revocation Event Dissolution Date and (iii) in the case of (c) above, the later of (A) the last day of the Additional Lease Period or (B) the last day of the final Additional Distribution Period (as appropriate);

“**Wakala Services Payment Date**” means the date falling one Business Day prior to each Periodic Distribution Date and, in relation to the final Wakala Services Payment Date, the Dissolution Date;

“**Wakala Services Period**” means, in relation to a Series, the period from, and including, a Wakala Services Payment Date (or with respect to the first Wakala Service Period, from, and including, the Issue Date of the relevant Sukuk for that Series) to, but excluding, the



immediately following Wakala Services Payment Date (or, with respect to the final Wakala Services Period, the Wakala Services End Date); and

All references in these Conditions to “U.S. dollars”, “USD”, “U.S.\$” and “\$” are to the lawful currency of the United States of America. All references to “euro” and “C” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended.

## 2. FORM, DENOMINATION AND TITLE

### (a) Form and Denomination

The Sukuk are issued in registered form in the Specified Denomination(s). A certificate (each a “Certificate”) will be issued to each Sukukholder in respect of its registered holding of Sukuk. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Sukukholders (the “Register”) which the Trustee will cause to be kept by the Registrar outside Hong Kong and the United Kingdom in accordance with the provisions of the Agency Agreement.

*Upon issue, Sukuk will be represented by beneficial interests in one or more Global Certificates, in fully registered form, which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”). Ownership interests in Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants.*

*References to Euroclear and Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.*

### (b) Title

Title to the Sukuk passes only by registration in the Register. Subject to the terms of any relevant Global Certificate and/or the definition of “Sukukholders”, the registered holder of any Sukuk will (except as otherwise required by law) be treated as the absolute owner of the Sukuk represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Sukuk. The registered holder of a Sukuk will be recognised by the Trustee as entitled to his Sukuk free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Sukuk.

The Trustee and the Delegate may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof and shall not be liable to any Sukukholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of confirmation purporting to be signed on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Sukuk credited to his or her securities account.

### 3. TRANSFERS OF SUKUK

#### (a) Transfers

Subject to Condition 3(d) (*Transfers of Sukuk — Closed Periods*), Condition 3(e) (*Transfers of Sukuk — Regulations*), the limitations as to transfer set out in Condition 2(b) (*Form, Denomination and Title — Title*) and the provisions of the Agency Agreement, a Sukuk may be transferred whole or in an amount equal to the Specified Denomination(s) or any integral multiple thereof by depositing the Certificate, with the form of transfer on the back, duly completed and signed, at the specified office of the Transfer Agent together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the individuals who have executed the forms of transfer.

Transfers of interests in the Sukuk represented by a Global Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

#### (b) Delivery of New Certificates

Each new Certificate to be issued upon any transfer of Sukuk will, within three (3) business days of receipt by the Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Sukuk to the address specified in the form of transfer. For the purposes of this Condition, “**business day**” shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Sukuk in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Sukuk not so transferred will, within five (5) business days of receipt by the Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Sukuk not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

Except in the limited circumstances described in each Global Certificate, owners of interests in a Global Certificate will not be entitled to receive physical delivery of Certificates.

#### (c) Formalities Free of Charge

Registration of any transfer of Sukuk will be effected without charge on behalf of the Trustee by the Registrar or the Transfer Agent but upon payment (or the giving of such indemnity as the Trustee, Registrar or Transfer Agent may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

#### (d) Closed Periods

No Sukukholder may require the transfer of a Sukuk to be registered during the period of fifteen (15) days ending on (and including) the due date for any payment of the Dissolution Amount or any Periodic Distribution Amount (as defined in Condition 8(b) (*Fixed Periodic Distribution Provisions — Periodic Distribution Amount*) or Condition 9(b) (*Floating Periodic Distribution Provisions — Periodic Distribution Amount*)), as

specified in the applicable Pricing Supplement) or any other date on which payment of the face amount or payment of any profit in respect of a Sukuk falls due as specified in the applicable Pricing Supplement.

(e) **Regulations**

All transfers of Sukuk and entries on the Register will be made subject to the detailed regulations concerning transfers of Sukuk scheduled to the Master Declaration of Trust. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Sukukholder who requests in writing a copy of such regulations.

Unless otherwise requested by him, each Sukukholder shall be entitled to receive, in accordance with Condition 2(b) (*Form, Denomination and Title — Title*), only one Certificate in respect of his or her entire holding of Sukuk. In the case of a transfer of a portion of the face amount of a Sukuk, a new Certificate in respect of the balance of the Sukuk not transferred will be issued to the transferor in accordance with Condition 3(b) (*Transfers of Sukuk — Delivery of New Certificates*).

#### 4. STATUS AND LIMITED RECOURSE

(a) **Status**

Each Sukuk will represent an undivided beneficial ownership interest in the relevant Trust Assets (pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust) and will be a limited recourse obligation of the Trustee. Each Sukuk will rank *pari passu*, without preference or priority, with all other Sukuk of the relevant Series issued under the Programme.

(b) **Limited Recourse**

The proceeds of the relevant Trust Assets are the sole source of payments on the Sukuk of each Series. The Sukuk do not represent an interest in or obligation of any of the Trustee, the Delegate, Axiata, any of the Agents or any of their respective affiliates. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Sukuk. If, following distribution of such proceeds, there remains a shortfall in payments due under the Sukuk, subject to Condition 16 (*Enforcement and Exercise of Rights*), Sukukholders acknowledge that, by subscribing for or acquiring Sukuk, they will not have any claim against the Trustee (and/or its directors, officers or shareholders), Axiata (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates, or against any of their respective assets (other than the relevant Trust Assets) in respect of such shortfall and any unsatisfied claims of Sukukholders shall be extinguished. In particular, no Sukukholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Trustee (and/or its directors), Axiata (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates as a consequence of such shortfall or otherwise.

Axiata is obliged to make payments under the relevant Transaction Documents to which it is a party directly to the Trustee, the Delegate (acting in the name and on behalf of the Trustee) and/or the Agents. The Delegate will, as delegate of the Trustee for the Sukukholders, have direct recourse against Axiata to recover payments due to the Trustee

from Axiata pursuant to such Transaction Documents. Neither the Trustee nor the Delegate shall be liable for the late, partial or non-recovery of any such payments from Axiata save in the case of its wilful default, actual fraud or gross negligence.

**(c) Agreement of Sukukholders**

By subscribing for or acquiring Sukuk, each Sukukholder is deemed to have agreed that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

- (i) no amount whatsoever shall be due or payable by any of the Trustee, the Delegate (acting in the name and on behalf of the Trustee) or any of their respective agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets;
- (ii) no recourse shall be had for the payment of any amount owing hereunder or under any relevant Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (and/or its directors, officers, administrators or shareholders), Axiata (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, any Agent or any of their respective agents or affiliates to the extent the relevant Trust Assets have been exhausted following which all obligations of the Trustee, the Delegate, Axiata, any Agents and their respective agents or affiliates shall be extinguished;
- (iii) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, it will not institute against, or join with any other person in instituting against, the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law;
- (iv) no recourse under any obligation, covenant or agreement contained in any Transaction Document shall be had against any shareholder, member, officer, agent or director of the Trustee, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise. The obligations of the Trustee under the Transaction Documents to which it is a party are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents or directors of the Trustee save in the case of their wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and
- (v) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Sukuk. No collateral is or will be given for the payment obligations under the Sukuk.

## 5. NEGATIVE PLEDGE; CONSOLIDATION, MERGER AND SALE OF ASSETS

### (a) Negative Pledge

So long as any of the Sukuk remains outstanding, Axiata will ensure that no Relevant Indebtedness or Relevant Sukuk Obligation of Axiata or any of its Principal Subsidiaries (as defined below) will be secured by any mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of Axiata or any of its Principal Subsidiaries unless Axiata, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Transaction Documents are secured by the Security Interest equally and rateably with the Relevant Indebtedness or Relevant Sukuk Obligation; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution of the Sukukholders,

**provided that** the restrictions set out in this Condition 5 (*Negative Pledge; Consolidation, Merger and Sale of Assets*) shall not apply to:

- (A) Security Interests upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of any person, entity or Subsidiary of Axiata existing at such time as such person, entity or Subsidiary becomes a Principal Subsidiary, **provided that** such Security Interests were not created in anticipation of such entity becoming a Principal Subsidiary;
- (B) Security Interests securing indebtedness or relevant sukuk obligations or refunding indebtedness or relevant sukuk obligations (as the case may be) secured by any Security Interest referred to in sub-paragraph (A) above; **provided that** the principal amount of such indebtedness is not increased and the Security Interest is limited to the present or future business, undertaking, assets or revenues (including any uncalled capital) originally subject thereto or are of equal or lesser value; and
- (C) the creation by Axiata or any of the Principal Subsidiaries of Axiata of any Security Interest upon any property or assets acquired, purchased or owned or to be acquired, purchased or owned, or to be developed, constructed or redeveloped, by Axiata or any of the Principal Subsidiaries of Axiata for the purpose of securing the payment of any sum due in respect of any Relevant Indebtedness or Relevant Sukuk Obligation or any payment under any guarantee of, or indemnity or other like obligation relating to any Relevant Indebtedness or Relevant Sukuk Obligation, the proceeds of which are to be applied towards financing or refinancing the cost of the acquisition, purchase, development, construction, redevelopment and ownership of such property or assets (including, without limitation, the equipping, alteration, repair or

improvement of such property or assets) **provided that** the Security Interest in respect of any refinancing undertaken by Axiata or any of the Principal Subsidiaries of Axiata is limited to the property or assets acquired, purchased, developed, constructed or redeveloped.

(b) **Consolidation, Merger and Sale of Assets**

So long as any of the Sukuk remains outstanding, Axiata shall not consolidate with or merge into any other company or entity, and Axiata may not, directly or indirectly, sell, convey, transfer or lease all or substantially all of its properties and assets to any company or other entity (other than as permitted pursuant to the Transaction Documents) unless:

- (i) the company or other entity formed by or surviving such consolidation or merger or the person, company or other entity which acquires by conveyance or transfer, or which leases, all or substantially all of the properties and assets of Axiata shall be a corporation organised and existing under the laws of Malaysia, and shall expressly assume all of the obligations of Axiata under the Transaction Documents; and
- (ii) immediately after giving effect to such transaction, no Dissolution Event or Potential Dissolution Event shall have happened and be continuing.

In this Condition 5 (*Negative Pledge; Consolidation, Merger and Sale of Assets*),

“**Attributable Debt**” means, with respect to any Sale/Leaseback Transaction, the lesser of (x) the fair market value of the property or other assets subject to such transaction and (y) the present value (discounted at a rate of a capital lease obligation with a like term in accordance with generally accepted accounting principles in Malaysia) of the obligations of the lessee for net rental payments (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and contingent rents) during the remaining term of the lease;

“**Deferred Purchase Debt**” means the deferred and unpaid amount of the purchase price of any property or services purchased by Axiata or any Principal Subsidiary where such deferred and unpaid amount is due more than six months after the date on which (x) such property is purchased or (y) the provision of such services is completed but shall not include any deferred and unpaid amount incurred in the ordinary course of business and in connection with the telecommunications network operations of Axiata or any of its Principal Subsidiaries;

“**Principal Subsidiary**” means at any time a Subsidiary of Axiata:

- (i) whose gross operating revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose current assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of Axiata and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated gross operating revenues of Axiata, or, as the case may be, consolidated current assets, of Axiata and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of Axiata and its Subsidiaries, **provided that** in

the case of a Subsidiary of Axiata acquired after the end of the financial period to which the then latest audited consolidated accounts of Axiata and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of Axiata and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by Axiata;

- (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of Axiata which immediately prior to such transfer is a Principal Subsidiary, **provided that** the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (ii) on the date on which the consolidated accounts of Axiata and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
  
- (iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of Axiata and its Subsidiaries relate, generate gross operating revenues equal to) not less than 10 per cent. of the consolidated gross operating revenues of Axiata, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated current assets of Axiata and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, **provided that** the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate gross operating revenues equal to) not less than 10 per cent. of the consolidated gross operating revenues of Axiata, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated current assets of Axiata and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (iii) on the date on which the consolidated accounts of Axiata and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

For this purpose, an opinion by auditors of Axiata (being qualified auditors of recognised standing) on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest or proven error.

**“Relevant Indebtedness”** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, (ii) any Attributable Debt, (iii) any Deferred Purchase Debt and (iv) any guarantee or indemnity of any indebtedness referred to in items (i), (ii) and (iii) of this definition, but shall not include any indebtedness, Attributable Debt, Deferred Purchase Debt or guarantee or indemnity, as described in items (i), (ii), (iii) or (iv) which:

- (A) if denominated or payable in Malaysian Ringgit, less than 50 per cent. of the aggregate principal amount of which is initially distributed outside Malaysia (including the Federal Territory of Labuan, Malaysia) by or with the authorisation of the issuer or trustee thereof; or
- (B) if issued by PT XL Axiata Tbk, is denominated in Indonesian Rupiah; or
- (C) if issued by Dialog Axiata PLC, is denominated in Sri Lankan rupees; or
- (D) if issued by Robi Axiata Limited, is denominated in Bangladeshi Taka; or
- (E) if issued by Ncell Axiata Limited, is denominated in Nepalese rupee;

**“Relevant Sukuk Obligation”** means any Sukuk Obligation, which is for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market or any indemnity or guarantee of such Sukuk Obligation, but shall not include any Sukuk Obligation which relates to sukuk which:

- (A) if denominated or payable in Malaysian Ringgit, less than 50 per cent. of the aggregate principal amount of which is initially distributed outside Malaysia (including the Federal Territory of Labuan, Malaysia) by or with the authorisation of the issuer or trustee thereof; or
- (B) if issued by PT XL Axiata Tbk, is denominated in Indonesian Rupiah; or
- (C) if issued by Dialog Axiata PLC, is denominated in Sri Lankan rupees; or
- (D) if issued by Robi Axiata Limited, is denominated in Bangladeshi Taka; or
- (E) if issued by Ncell Axiata Limited, is denominated in Nepalese rupee;

**“Sale/Leaseback Transaction”** means any arrangement with any person that provides for the leasing by Axiata or any Principal Subsidiary of any property or asset of Axiata or any Principal Subsidiary, whether now owned or hereafter acquired, which is sold or transferred by Axiata or a Principal Subsidiary (as the case may be) after the Issue Date to such person for a sale price of U.S.\$1,000,000 (or the equivalent thereof) or more, **provided that** any arrangement pursuant to which Axiata or any Principal Subsidiary (as the case may be) has defeased or otherwise transferred its rental or other payment obligations to a third party which is not controlled by the party effecting such defeasance or transfer, who may not assign or transfer any such obligations to Axiata or any other Subsidiary of Axiata, and, as a result of such defeasance or transfer, Axiata or any Principal Subsidiary (as the case may be) has been unconditionally and irrevocably



released from any further obligations to any party in connection with such arrangement, shall not be a Sale/Leaseback Transaction;

“**Subsidiary**” means, in relation to Axiata, any company (i) in which Axiata controls the composition of the board of directors or (ii) of which Axiata controls more than half of the voting power or (iii) of which Axiata holds more than half of the issued share capital, and includes any company which is a Subsidiary of a Subsidiary of Axiata and a Subsidiary which falls within the meaning of Section 4 of the Companies Act, 2016 of Malaysia; and

“**Sukuk Obligation**” means any undertaking or other obligation to pay any money given in connection with the issue of trust certificates or other instruments intended to be issued in compliance with the principles of *Shari’a*, whether or not in return for consideration of any kind.

## 6. TRUST

### (a) Summary of the Trust

Pursuant to the Master Declaration of Trust (and together with the relevant Supplemental Declaration of Trust, the “**Declaration of Trust**”) entered into between the Trustee and the Delegate, in respect of each Series, the Trustee agrees to hold the Trust Assets upon trust absolutely for the Sukukholders as beneficiaries in accordance with the provisions of the Declaration of Trust.

Under the Master Wakala Agreement, the Trustee will appoint Axiata as the Trustee’s agent (in such capacity, the “**Wakeel**”) to perform certain Wakala Services in respect of any Airtime Vouchers, any Lease Assets and any Shares forming part of the Trust Assets for such Series. In addition, the Trustee may also appoint the Wakeel to, and in such circumstances the Wakeel will undertake to, purchase, either itself or through the Transaction Agent, for and on behalf of the Trustee, Commodities from certain suppliers which the Trustee (in its capacity as seller) will subsequently sell to Axiata (as purchaser) pursuant to the Master Murabaha Agreement and a relevant Murabaha Contract in consideration for the payment of the Deferred Payment Price on the relevant Dissolution Date.

Each Series must contain either Airtime Vouchers and/or Lease Assets and may also contain Shares and, where a Series involves the purchase of Commodities, the Purchase Price of the relevant Commodities to be purchased will be no greater than 48 per cent. of the relevant issuance proceeds. Where a Series also contains Shares, the aggregate value of the Shares on the Issue Date shall be no more than 50 per cent. of the aggregate value of such Shares together with any Lease Assets and Airtime Vouchers on such Issue Date.

Pursuant to the Master Airtime Purchase Agreement and any relevant Supplemental Airtime Purchase Agreement, Axiata (in its capacity as seller) may sell and transfer to the Trustee (as purchaser) Airtime Vouchers from time to time. As part of the Wakala Services, Axiata (in its capacity as Wakeel) will distribute the Airtime Vouchers on behalf of the Trustee pursuant to the terms of the Wakala Agreement and the relevant Distribution Notice.

Pursuant to the Master Share Purchase Agreement and any relevant Supplemental Share Purchase Agreement, Axiata (in its capacity as seller) may sell and transfer to the Trustee (in its capacity as purchaser) the Shares.

Pursuant to the Master Headlease Agreement and any relevant Supplemental Headlease Agreement, Axiata (in its capacity as lessor) may lease to the Trustee (as lessee) the Lease Assets. Pursuant to the Master Sub-Lease Agreement and any relevant Supplemental Sub-Lease Agreement, the Trustee (in its capacity as lessor) will sub-lease the relevant Lease Assets, to Axiata (as in its capacity as Lessee) as such assets may be repaired, refurbished, upgraded or replaced as a result of any major maintenance and structural repair and/or any ordinary maintenance and repair or any substitution in accordance with the Substitution Undertaking, in each case, from time to time.

Axiata will execute the Purchase Undertaking in favour of the Trustee and the Delegate pursuant to which Axiata undertakes, where there has not been a Revocation Event or a Total Loss Termination Event to purchase all of the Trustee's interests, rights, benefits and entitlements in and to the relevant Wakala Assets at the Sukuk Exercise Price specified in an Exercise Notice delivered to it.

Pursuant to the Purchase Undertaking, where: (i) there has been a Total Loss Termination Event, or (ii) there has been a Revocation Event, Axiata undertakes, following receipt of an Exercise Notice from the Trustee (or an agent on behalf of the Trustee), to purchase all of the Trustee's interests, rights, benefits and entitlements in and to any Residual Assets at the Residual Assets Exercise Price specified in the Exercise Notice.

If, following the receipt of an Exercise Notice pursuant to the Purchase Undertaking, Axiata fails to pay all or part of the Sukuk Exercise Price or, where such Series includes the purchase of commodities, any Deferred Payment Price, Murabaha Indemnity Amount or Wakala Indemnity Amount (as applicable) payable in accordance with the Murabaha Agreement or, as the case may be, the Wakala Agreement on the due date for payment thereof, (i) where Lease Assets form part of the Trust Assets, the Master Sub-Lease Agreement and any relevant Supplemental Sub-Lease Agreement shall be deemed to be extended, (ii) where Lease Assets form part of the Trust Assets, Axiata shall continue to lease the Lease Assets from the Trustee and continue to act as Wakeel in respect of the Lease Assets, and (iii) where Airtime Vouchers form part of the Trust Assets, Axiata shall continue to act as Wakeel in respect of the ongoing distribution of the Airtime Vouchers, for a period from and including the date on which the amount was due to but excluding the date on which such amount is paid in full or there are no more Axiata Vouchers remaining for distribution and sale.

Where any Series comprises Lease Assets, upon the occurrence of a Total Loss Event, (i) the Lease shall automatically terminate and the Trustee (as lessor) will be entitled (in addition to any amounts payable pursuant to the Wakala Agreement, without double-counting) to any due and unpaid Rental up to the date on which the Total Loss Event occurred. Where a Total Loss Termination Event has occurred the Sukuk of such Series will be redeemed and the Trust will be dissolved by the Trustee on the date specified in Condition 11(e) (*Capital Distributions of the Trust — Dissolution following a Total Loss Event*). The Sukuk will be redeemed in accordance with the order of priority set out in Condition 6(d) (*Trust — Application of Proceeds from Trust Assets*) using the Takaful/Insurance Proceeds payable in respect of the Total Loss Termination Event which are required to be paid into the Transaction Account by no later than close of business in Malaysia on the 45<sup>th</sup> day after the occurrence of the Total Loss Event and any Total Loss Shortfall Amount. If a Total Loss Termination Event occurs as above and an amount (if any) less than the Takaful/Insurance Coverage Amount is credited to the Transaction Account (the difference between the Takaful/Insurance Coverage Amount and the amount

credited to the relevant Transaction Account being the “**Total Loss Shortfall Amount**”), then the Wakeel will pay the Total Loss Shortfall Amount directly into the Transaction Account as soon as practicable and in any event by no later than the close of business in Malaysia on the 46<sup>th</sup> day after the Total Loss Event has occurred. None of the Delegate or Agents is under a duty or obligation to determine or calculate the Total Loss Shortfall Amount or the Takaful/Insurance Coverage Amount.

Where any Series comprises Airtime Vouchers, following the occurrence of a Revocation Event, the Sukuk of such Series will be redeemed and the Trust will be dissolved by the Trustee on the date specified in Condition 11(f) (*Capital Distributions of the Trust — Dissolution following a Revocation Event*). The Sukuk will be redeemed in accordance with the order of priority set out in Condition 6(d) (*Trust — Application of Proceeds from Trust Assets*).

If the Change of Control Exercise Option is specified in the applicable Pricing Supplement as being applicable, the Trustee may, in accordance with Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*), upon the occurrence of a Change of Control Triggering Event, give notice of such event to the Sukukholders. In the event that Sukukholders holding Sukuk of the relevant Series elect within the Change of Control Exercise Period to redeem their Sukuk, in accordance with Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*), following the receipt of a Change of Control Confirmation Notice, pursuant to the Change of Control Undertaking, the Trustee (or the Principal Paying Agent on its behalf) shall serve a Change of Control Purchase Notice on Axiata and require Axiata, on the seventh day after the last day of the Change of Control Exercise Period to purchase from the relevant Sukukholders the relevant Change of Control Sukuk at the relevant Change of Control Amount.

If Axiata wishes to cancel any Sukuk purchased by it and/or any Subsidiary or any Change of Control Sukuk purchased from any Sukukholders, Axiata may, in accordance with the terms of the Redemption Undertaking, deliver a Cancellation Notice to the Trustee and require the Trustee to purchase and cancel any Cancellation Sukuk or Change of Control Sukuk (as applicable) surrendered to it by Axiata in consideration for payment of the relevant Cancellation Amount, which may be off-set against any amounts due and payable by Axiata under any of the Transaction Documents. In the event that Axiata wishes to cancel any Sukuk purchased by a Subsidiary from any Sukukholders, it shall first purchase such Sukuk from the relevant Subsidiary and subsequently exercise its rights under the Redemption Undertaking.

The Trustee will execute the Substitution Undertaking in favour of Axiata, pursuant to which Axiata has the right to require the Trustee to sell, transfer and convey on any Substitution Date assets forming part of the Trust Assets in consideration for new substituted assets from time to time in accordance with the provisions of the Substitution Undertaking.

Under the Wakala Agreement, Axiata shall be entitled to substitute at any time and at its own discretion any Shares with replacement shares, **provided that** the replacement shares are in companies that comply with certain eligibility criteria and the value of such replacement shares when aggregated with the value of the remaining Shares is not less than the Share Value and subject generally to the applicable provisions of the Wakala Agreement.

(b) **Trust Assets**

Unless otherwise specified in the relevant Supplemental Declaration of Trust and the applicable Pricing Supplement, the Trust Assets will comprise:

- (i) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the relevant Sukuk Assets;
- (ii) the right, title, interest and benefit, present and future, of the Trustee in, to and under the Transaction Documents (excluding: (i) any representations given by Axiata to the Trustee and the Delegate pursuant to any of the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to clause 17.1 of the Master Declaration of Trust);
- (iii) all monies standing to the credit of the relevant Transaction Account (as defined in Condition 6(c) (*Trust — Operation of Transaction Account*)); and
- (iv) any other assets, rights, cash or investments as may be specified in the applicable Pricing Supplement,

and all proceeds of the foregoing upon trust absolutely for the Sukukholders *pro rata* according to the face amount of Sukuk held by each holder for the relevant Series.

Pursuant to the Master Declaration of Trust, as supplemented by any relevant Supplemental Declaration of Trust, the Trustee holds the Trust Assets for each Series for and on behalf of the holders of the Sukuk of such Series.

(c) **Operation of Transaction Account**

In relation to each Series, the Trustee will establish a non-interest bearing transaction account (the "**Transaction Account**") with the Principal Paying Agent into which, among other things: (i) amounts to be paid by Axiata to the Trustee under the Transaction Documents will be deposited; and (ii) the Delegate will deposit all the proceeds of any action to enforce or realise the relevant Trust Assets taken in accordance with Condition 16 (*Enforcement and Exercise of Rights*).

(d) **Application of Proceeds from Trust Assets**

On each Periodic Distribution Date, any Dissolution Date or on any earlier date specified for the dissolution of the Trust for each Series, the relevant Paying Agent will apply the monies standing to the credit of the Transaction Account in the following order of priority:

- (i) *first*, (to the extent not previously paid) to pay the Delegate all amounts owing to it under, or which it is entitled to receive pursuant to, the Transaction Documents in its capacity as Delegate in accordance with the terms of the Master Declaration of Trust and to any receiver, manager or administrative receiver or any other analogous officer and any agent appointed in respect of the Trust by the Delegate in accordance with the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust;
- (ii) *second*, (to the extent not previously paid) to pay *pro rata* and *pari passu*: (i) the Trustee in respect of all amounts properly incurred and documented (each in the

reasonable opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; and (ii) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses and the payment or satisfaction of any liability properly incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;

- (iii) *third*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;
- (iv) *fourth*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Amount; and
- (v) *fifth*, only if such payment is made on a Dissolution Date, payment of any residual amount to the Wakeel as an incentive amount for its performance.

## 7. COVENANTS

The Trustee covenants that, among other things, for so long as any Sukuk is outstanding (as defined in the Master Declaration of Trust), it shall not:

- (i) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
- (ii) create any Security Interest in respect of its present or future indebtedness for borrowed money or in respect of any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) (other than under or pursuant to any of the Transaction Documents));
- (iii) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by Security Interest (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;
- (iv) subject to Condition 19 (*Meetings of Sukukholders, Modification, Waiver, Authorisation and Determination*), amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;
- (v) except as provided in the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Sukukholders;
- (vi) have any subsidiaries or employees save and except as required or incidental to the issuance of the Sukuk;
- (vii) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;

- (viii) use the proceeds of the issue of the Sukuk for any purpose other than as stated in the Transaction Documents;
- (ix) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (x) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly permitted or required thereunder or required by law or regulation or engage in any business or activity other than:
  - (A) as provided for or permitted in the Transaction Documents;
  - (B) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
  - (C) such other matters which are incidental thereto.

## 8. FIXED PERIODIC DISTRIBUTION PROVISIONS

### (a) Application

This Condition 8 (*Fixed Periodic Distribution Provisions*) is applicable to the Sukuk only if the fixed periodic distribution provisions set out in this Condition 8 (*Fixed Periodic Distribution Provisions*) (the “**Fixed Periodic Distribution Provisions**”) are specified in the applicable Pricing Supplement as being applicable.

### (b) Periodic Distribution Amount

A “**Periodic Distribution Amount**” representing a defined share of the profit in respect of the relevant Sukuk Assets will be payable in respect of the relevant Sukuk and be distributable by the Trustee to the Sukukholders in accordance with these Conditions.

### (c) Determination of Periodic Distribution Amount

Except as provided in the applicable Pricing Supplement, the Periodic Distribution Amount payable in respect of each Sukuk for any Return Accumulation Period shall be the Fixed Amount and, if the Sukuk are in more than one Specified Denomination, shall be the Fixed Amount as specified in the applicable Pricing Supplement in respect of the relevant Specified Denomination. Payments of Periodic Distribution Amounts on any Periodic Distribution Date as specified in the applicable Pricing Supplement may, if so specified in the applicable Pricing Supplement, amount to the Broken Amount as specified in the applicable Pricing Supplement.

If any Periodic Distribution Amount is required to be calculated for a period other than a Return Accumulation Period or if no relevant Fixed Amount or Broken Amount is specified in the applicable Pricing Supplement, such Periodic Distribution Amount shall be calculated by applying the Rate to the Calculation Amount, multiplying the product by the applicable Day Count Fraction, and rounding the resulting figure to the nearest

sub-unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to the Specified Denomination of the relevant Sukuk divided by the Calculation Amount.

**“Day Count Fraction”** means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 8(c) (*Fixed Periodic Distribution Provisions — Determination of Periodic Distribution Amount*):

- (i) if **“Actual/Actual (ICMA)”** is specified in the applicable Pricing Supplement:
  - (A) where the Determination Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Determination Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and
  - (B) where the Determination Period is longer than one Regular Period, the sum of:
    - (1) the actual number of days in such Determination Period falling in the Regular Period in which it begins divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year; and
    - (2) the actual number of days in such Determination Period falling in the next Regular Period divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year;
- (ii) if **“Actual/365(Fixed)”**, **“Act/365 (Fixed)”**, **“A/365 (Fixed)”** or **“A/365F”** is specified in the applicable Pricing Supplement, the actual number of days in the Determination Period in respect of which payment is being made divided by 365; and
- (iii) if **“30/360”** is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

(d) **Payment in Arrear**

Subject to Condition 8(e) (*Fixed Periodic Distribution Provisions — Cessation of Profit Entitlement*), Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*), Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of Axiata*), Condition 11(e) (*Capital Distributions of the Trust — Dissolution following a Total Loss Termination Event*), Condition 11(f) (*Capital Distributions of the Trust — Dissolution following a Revocation Event*) and Condition 15 (*Dissolution Events*) below, and unless otherwise specified in the applicable Pricing Supplement, each Periodic Distribution Amount will be paid in respect of the relevant Sukuk in arrear on each Periodic Distribution Date specified in the applicable Pricing Supplement.

(e) **Cessation of Profit Entitlement**

**Provided that**, upon due presentation, payment is not improperly withheld or refused, no further amounts will be payable on any Sukuk from and including the relevant Dissolution Date.

In the event that, upon due presentation, the amount to be paid on the relevant Dissolution Date is improperly withheld or refused, to the extent applicable, in accordance with the terms of the Purchase Undertaking:

- (a) where Lease Assets form part of the Trust Assets, the Master Sub-Lease Agreement and any relevant Supplemental Sub-Lease Agreement shall be deemed to be extended;
- (b) where Lease Assets form part of the Trust Assets, Axiata shall continue to lease the Lease Assets from the Trustee (as Lessor) and continue to act as Wakeel in respect of the Lease Assets; and/or
- (c) where Airtime Vouchers form part of the Trust Assets, Axiata shall continue to act as a Wakeel in respect of the Airtime Vouchers and the Distribution Term, as specified in the relevant Supplemental Distribution Notice, shall be deemed to be extended,

for a period from and including the date on which the amount was due, to but excluding the date on which such amount is paid in full.

Sukukholders shall be entitled to payment of a defined share in the amounts received from the continuation of the lease of the Lease Assets and/or the continuation of the sale and purchase of the Airtime Vouchers (such received amount to be the “**Additional Dissolution Distribution Amount**”) and the Additional Dissolution Distribution Amount shall be distributed by the Trustee to the Sukukholders in accordance with these Conditions.

Sukukholders hereby waive the right to receive any interest awarded by a court or regulatory authority under the terms of any judgment but, for the avoidance of doubt, such waiver shall not include a waiver of any right to receive the Additional Dissolution Distribution Amount nor shall it constitute a waiver by the Trustee of any right to receive payment of the rental received from the continuation of lease of the Lease Assets or the amounts received from the continuation of the sale and purchase of the Airtime Vouchers.

## **9. FLOATING PERIODIC DISTRIBUTION PROVISIONS**

### **(a) Application**

This Condition 9 (*Floating Periodic Distribution Provisions*) is applicable to the Sukuk only if the floating periodic distribution provisions set out in this Condition 9 (*Floating Periodic Distribution Provisions*) (the “**Floating Periodic Distribution Provisions**”) are specified in the applicable Pricing Supplement as being applicable.

### **(b) Periodic Distribution Amount**

A “**Periodic Distribution Amount**” representing a defined share of the profit in respect of the relevant Sukuk Assets will be payable in respect of the relevant Sukuk and be distributable by the Trustee to the Sukukholders in accordance with these Conditions. Such Periodic Distribution Amounts will be payable in arrear on either:

- (i) the Specified Periodic Distribution Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Periodic



Distribution Date, a “**Periodic Distribution Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Periodic Distribution Date or, in the case of the First Periodic Distribution Date, after the Issue Date.

Such Periodic Distribution Amounts will be payable in respect of each Return Accumulation Period.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur, or (y) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) in any case where Specified Periods are specified in accordance with Condition 9(b)(ii) (*Floating Periodic Distribution Provisions — Periodic Distribution Amount*) above, the Floating Rate Convention, such Periodic Distribution Date: (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis*; or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; and (ii) each subsequent Periodic Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or
- (ii) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or
- (iii) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or
- (iv) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “**Business Day**” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (ii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant Specified Currency and in each (if any) Additional Business Centre; and
- (iii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets settle payments in Hong Kong and in each (if any) Additional Business Centre.

(c) **Screen Rate Determination**

If Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate(s) is/are to be determined, the Rate applicable to the Sukuk for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate specified in the applicable Pricing Supplement is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (iii) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date to prime banks in, if the Reference Rate is LIBOR, the London inter-bank market or if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the country of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the country of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate for such Return Accumulation Period shall be the sum of the Margin as specified in the applicable Pricing Supplement and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, the Rate applicable to the Sukuk during such Return Accumulation Period will be the sum of the Margin and the Rate or (as the case may be) the arithmetic mean last determined in relation to the Sukuk in respect of a preceding Return Accumulation Period.

(d) **Cessation of Profit Entitlement**

**Provided that**, upon due presentation, payment is not improperly withheld or refused, no further amounts will be payable on any Sukuk from and including the relevant Dissolution Date.

In the event that, upon due presentation, the amount to be paid on the relevant Dissolution Date is improperly withheld or refused, to the extent applicable, in accordance with the terms of the Purchase Undertaking:

- (a) where Lease Assets form part of the Trust Assets, the Master Sub-Lease Agreement and any relevant Supplemental Sub-Lease Agreement shall be deemed to be extended;
- (b) where Lease Assets form part of the Trust Assets, Axiata shall continue to lease the Lease Assets from the Trustee (as Lessor) and continue to act as Wakeel in respect of the Lease Assets; and/or
- (c) where Airtime Vouchers form part of the Trust Assets, Axiata shall continue to act as a Wakeel in respect of the Airtime Vouchers and the Distribution Term, as specified in the relevant Supplemental Distribution Notice, shall be deemed to be extended,

for a period from and including the date on which the amount was due, to but excluding the date on which such amount is paid in full.

Sukukholders shall be entitled to payment of a defined share in the amounts received from the continuation of the lease of the Lease Assets and/or the continuation of the sale and purchase of the Airtime Vouchers (such received amount to be the “**Additional Dissolution Distribution Amount**”) and the Additional Dissolution Distribution Amount shall be distributed by the Trustee to the Sukukholders in accordance with these Conditions.

Sukukholders hereby waive the right to receive any interest awarded by a court or regulatory authority under the terms of any judgment but, for the avoidance of doubt, such waiver shall not include a waiver of any right to receive the Additional Dissolution Distribution Amount nor shall it constitute a waiver by the Trustee of any right to receive payment of the rental received from the continuation of lease of the Lease Assets or the amounts received from the continuation of the sale and purchase of the Airtime Vouchers.

(e) **Calculation of Periodic Distribution Amount**

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Sukuk for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate applicable to the relevant Return Accumulation Period (i) to the face amount (in the case of a Sukuk in global form) or (ii) to the Calculation Amount (in the case of a Sukuk in individual registered form), multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to

the Specified Denomination of the relevant Sukuk divided by the Calculation Amount. For this purpose a “**sub-unit**” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

“**Day Count Fraction**” means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 9(e) (*Floating Periodic Distribution Provisions — Calculation of Periodic Distribution Amount*):

- (i) if “**Actual/Actual**”, “**Actual/Actual (ISDA)**”, “**Act/Act**” or “**Act/Act (ISDA)**” is specified in the applicable Pricing Supplement, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/Actual (ICMA)**” or “**Act/Act (ICMA)**” is specified:
  - (A) where the Determination Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Determination Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and
  - (B) where the Determination Period is longer than one Regular Period, the sum of:
    - (1) the actual number of days in such Determination Period falling in the Regular Period in which it begins divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year; and
    - (2) the actual number of days in such Determination Period falling in the next Regular Period divided by the product: of (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year;
- (iii) if “**Actual/365(Fixed)**”, “**Act/365 (Fixed)**”, “**A/365 (Fixed)**” or “**A/365F**” is specified in the applicable Pricing Supplement, the actual number of days in the Return Accumulation Period in respect of which payment is being made divided by 365;
- (iv) if “**Actual/360**”, “**Act/360**” or “**A/360**” is specified, the actual number of days in the Return Accumulation Period in respect of which payment is being made divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“**D<sub>1</sub>**” is the first calendar day of the Return Accumulation Period, expressed as a number, unless such number would be 31, in which case D1 will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“**M<sub>1</sub>**” is the calendar month expressed as a number, in which the first day of the Return Accumulation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D1 will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if “**30E/360(ISDA)**” specified in the applicable Pricing Supplement, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“**M<sub>2</sub>**” is the calendar month expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls; and

“**D<sub>1</sub>**” is the first calendar day of the Return Accumulation Period, expressed as a number, of the Return Accumulation Period unless (i) that day is the last day of February, or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date, or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(f) **Calculation of Other Amounts**

If the applicable Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Pricing Supplement.

(g) **Publication**

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Sukuk have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the first day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Sukukholders. The Calculation Agent will be entitled to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Return Accumulation Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation

Agent shall not be obliged to publish each Periodic Distribution Amount but instead may publish only the Calculation Amount and the Periodic Distribution Amount in respect of a Sukuk having the minimum Specified Denomination.

(h) **Notifications, etc. to be Final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9 (*Floating Periodic Distribution Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Trustee, the Delegate, Axiata, the Agents and all Sukukholders. In the absence of gross negligence, wilful default or fraud no liability to the Trustee, the Delegate, Axiata, any Agent or the Sukukholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 9 (*Floating Periodic Distribution Provisions*).

## 10. PAYMENT

(a) **Payments in respect of Sukuk**

Subject to Condition 8(b) (Fixed Periodic Distribution Provisions — Periodic Distribution Amount) or Condition 9(b) (Floating Periodic Distribution Provisions — Periodic Distribution Amount) (as applicable), payment of each Periodic Distribution Amount and the relevant Dissolution Amount will be made by the relevant Paying Agent in the Specified Currency, by wire transfer in same day funds to the registered account of each Sukukholder. Payments of the Dissolution Amount will only be made against surrender of the relevant Certificate at the specified office of the relevant Paying Agent. The Dissolution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of these Conditions:

- (i) a Sukukholder's "**registered account**" means an account denominated in the Specified Currency maintained by or on behalf of it with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date;
- (ii) a Sukukholder's "**registered address**" means its address appearing on the Register at that time; and
- (iii) "**Record Date**" means:
  - (A) in the case of the payment of a Periodic Distribution Amount, the close of business on the day prior to the relevant Periodic Distribution Date; and
  - (B) the case of the payment of a Dissolution Amount, the close of business on the day prior to the relevant Dissolution Date or other due date for payment of the relevant Dissolution Amount.

(b) **Payments subject to Applicable Laws**

Payments in respect of Sukuk are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of this Condition 10 (*Payment*).

(c) **Payment only on a Payment Business Day**

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated by the relevant Paying Agent, on the due date for payment or, in the case of a payment of the Dissolution Amount, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of the relevant Paying Agent.

Sukukholders will not be entitled to any additional Periodic Distribution Amount, Dissolution Amount or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or, if the relevant Sukukholder is late in surrendering his Certificate (if required to do so).

If the Dissolution Amount or any Periodic Distribution Amount is not paid in full when due, the relevant Registrar will annotate the Register with a record of the amount actually paid.

(d) **Agents**

In acting under the Agency Agreement and in connection with the Sukuk, the Agents act solely as agents of the Trustee and (to the extent provided in the Master Declaration of Trust and the Agency Agreement) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Sukukholders or any other party to the Transaction Documents.

The names of the initial Agents and their initial specified offices are set out in this Condition. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and/or to appoint additional or other Agents **provided that:** (a) it will at all times maintain a Principal Paying Agent and a Registrar (which may be the same entity); and (b) so long as any Sukuk are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any such change or any change of any Specified Office shall be given to the Trustee, the Delegate and the Sukukholders in accordance with the provisions of the Agency Agreement.

The name and specified office of the Principal Paying Agent, Calculation Agent and Transfer Agent:

The Hongkong and Shanghai Banking Corporation Limited

Level 24, HSBC Main Building, 1 Queen's Road, Central, Hong Kong

The name and specified office of the Registrar:

The Hongkong and Shanghai Banking Corporation Limited

Level 24, HSBC Main Building, 1 Queen's Road, Central, Hong Kong



## 11. CAPITAL DISTRIBUTIONS OF THE TRUST

### (a) **Dissolution on the relevant Scheduled Dissolution Date**

Unless the Sukuk are previously redeemed or purchased and cancelled, the Trustee will redeem each Sukuk at the Dissolution Amount and the Trust will be dissolved by the Trustee on the relevant Scheduled Dissolution Date.

### (b) **Early Dissolution for Tax Reasons**

If a Tax Event occurs, where “**Tax Event**” means:

- (i) (A) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the relevant Series; and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (ii) (A) the Trustee has received notice from Axiata that Axiata has or will become obliged to pay additional amounts pursuant to the terms of any of the Transaction Documents as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the relevant Series; and (B) such obligation cannot be avoided by taking reasonable measures available to it,

then, Axiata may exercise its option granted under, and in accordance with the Sale Undertaking and deliver an Exercise Notice to the Trustee specifying the due date for redemption of the Sukuk (in whole, but not in part):

- (1) at any time (if the Floating Periodic Distribution Provisions are not specified in the applicable Pricing Supplement as being applicable); or
- (2) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Pricing Supplement as being applicable),

such notice to be delivered in the prescribed form set out in the Sale Undertaking and not less than 30 nor more than 60 days prior to the due date for redemption stated therein.

Following receipt by the Trustee of a duly completed Exercise Notice from Axiata under the Sale Undertaking, the Trustee shall, on giving not less than 30 nor more than 60 days’ notice to the Sukukholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and shall oblige the Trustee to dissolve the Trust on the relevant Dissolution Date), dissolve the Trust and redeem (in whole, but not in part) the Sukuk at their Early Dissolution Amount (Tax), together with Periodic Distribution Amounts accrued (if any) to the Dissolution Date **provided, however, that** no such notice of dissolution shall be given to Sukukholders earlier than:

- (i) where the Sukuk may be redeemed at any time (if the Floating Periodic Distribution Provisions are not specified in the applicable Pricing Supplement as being

applicable), 90 days prior to the earliest date on which the Trustee would be obliged to pay such additional amounts if a payment in respect of the Sukuk was then due or (in the case of (ii) above) Axiata would be obliged to pay such additional amounts if a payment to the Trustee under the relevant Transaction Document was then due; or

- (ii) where the Sukuk may be redeemed only on a Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Pricing Supplement as being applicable), 60 days prior to the Periodic Distribution Date occurring immediately before the earliest date on which the Trustee would be obliged to pay such additional amounts if a payment in respect of the Sukuk were then due or (in the case of (ii) above) Axiata would be obliged to pay such additional amounts if a payment to the Trustee under the relevant Transaction Document was then due.

Prior to the publication by or on behalf of the Trustee of any notice to Sukukholders pursuant to this Condition 11 (*Capital Distributions of the Trust*), it shall be sufficient, to establish that the conditions precedent set out in this Condition 11 (*Capital Distributions of the Trust*) to the right of the Trustee to dissolve the Trust have occurred, if Axiata shall deliver to the Trustee and the Delegate an opinion of independent legal advisers of recognised standing or accountant of recognised standing to the effect either that such circumstances do exist or that, upon a change in or amendment to the laws (including any regulations pursuant thereto), or in the interpretation or administration thereof, of any Relevant Jurisdiction, which at the date of such Sukuk is proposed and in the opinion of such legal adviser or accountant is reasonably expected to become effective on or prior to the date on which the relevant Periodic Distribution Amount or, as the case may be, Dissolution Amount in respect of the Sukuk would otherwise be made, becoming so effective, such circumstances would exist and the Trustee or the Delegate shall be entitled to accept such opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event they shall be conclusive and binding on the Sukukholders.

Upon the expiry of any such notice to Sukukholders as is referred to above, the Trustee shall be bound to dissolve the Trust in accordance with this Condition 11 (*Capital Distributions of the Trust*). Upon such dissolution as aforesaid and the termination of the Trust, the Sukuk shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

**(c) Dissolution at the Option of Axiata**

If the Optional Dissolution Right (as set out in the applicable Pricing Supplement) is specified in such Pricing Supplement as being applicable, Axiata shall exercise its option granted under and in accordance with the Sale Undertaking and deliver an Exercise Notice to the Trustee specifying the due date for redemption of the Sukuk (in whole, but not in part) on any Optional Dissolution Date specified in the applicable Pricing Supplement, such notice to be delivered in the prescribed form set out in the Sale Undertaking and not less than 45 days prior to the due date for redemption stated therein.

Following receipt by the Trustee of a duly completed Exercise Notice in the prescribed form pursuant to this Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of Axiata*), the Trustee shall, on giving not less than 30 nor more than 60 days' notice to the Sukukholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and shall oblige the Trustee to dissolve the Trust on the relevant Optional

Dissolution Date), dissolve the Trust and redeem (in whole, but not in part) the Sukuk at the relevant Optional Dissolution Amount, together with Periodic Distribution Amounts accrued (if any) to the Optional Dissolution Date.

Upon the expiry of any such notice to Sukukholders as is referred to in this Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of Axiata*), the Trustee shall be bound to redeem the Sukuk (in whole, but not in part) and dissolve the Trust and redeem the Trust in accordance with this Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of Axiata*). Upon payment in full of such amounts and the dissolution as aforesaid and termination of the relevant Trust, the Sukuk shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(d) **Dissolution following a Dissolution Event**

Upon the occurrence of a Dissolution Event which is continuing, the Sukuk may be redeemed at the Dissolution Amount on the Dissolution Event Redemption Date, if the conditions set out in Condition 15 (*Dissolution Events*) are satisfied, and the Trust will be dissolved by the Trustee.

(e) **Dissolution following a Total Loss Termination Event**

In relation to a Series which comprises Lease Assets, following the occurrence of a Total Loss Termination Event, the Sukuk will be redeemed and the Trust dissolved by the Trustee on the date notified by the Principal Paying Agent (the “**Total Loss Dissolution Date**”) in a notice given to the Sukukholders in accordance with Condition 18 (*Notices*). The Trustee will exercise its rights under the Purchase Undertaking by serving an Exercise Notice on Axiata requiring Axiata to purchase and accept the transfer and conveyance of all of the Trustee’s interests, rights, benefits and entitlements in and to the Residual Assets on the Total Loss Dissolution Date. The Sukuk shall be redeemed at the Dissolution Amount using: (i) the Takaful/Insurance Proceeds (if any) required to be paid into the Transaction Account by the Wakeel in accordance with the terms of the Wakala Agreement on or before the 45<sup>th</sup> day following the occurrence of the Total Loss Event; (ii) the Total Loss Shortfall Amount (if any) required to be paid into the Transaction Account by the Wakeel in accordance with the terms of the Wakala Agreement no later than the close of business in Malaysia on the 46<sup>th</sup> day after the Total Loss Event has occurred; (iii) the Residual Assets Exercise Price required to be paid into the Transaction Account by Axiata pursuant to the sale of the Residual Assets under the Purchase Undertaking; and (iv) either (a) the outstanding Deferred Payment Price (if any) required to be paid into the Transaction Account by Axiata in accordance with the terms of the Murabaha Agreement on such Total Loss Dissolution Date; (b) the outstanding Murabaha Indemnity Amount (if any) required to be paid into the Transaction Account by Axiata in accordance with the terms of the Murabaha Agreement on such Total Loss Dissolution Date; or (c) the outstanding Wakala Indemnity Amount (if any) required to be paid into the Transaction Account by Axiata in accordance with the terms of the Wakala Agreement on such Total Loss Dissolution Date.

Notwithstanding the foregoing, if following a Total Loss Termination Event, an amount greater than the Takaful/Insurance Coverage Amount (plus any accrued but unpaid Rental) is credited to the Transaction Account (the difference between the amount credited to the Transaction Account and the Takaful/Insurance Coverage Amount (plus any accrued but unpaid Rental) being the “**Total Loss Surplus Amount**”), then the Wakeel will be entitled

to retain the Total Loss Surplus Amount as an incentive fee for the performance of its obligations under the Wakala Agreement and any insurance proceeds received thereafter shall be for the Wakeel's sole account.

**(f) Dissolution following a Revocation Event**

In relation to a Series which comprises Airtime Vouchers, following the occurrence of a Revocation Event, the Trustee will exercise its rights under the Purchase Undertaking by serving an Exercise Notice on Axiata specifying the date on which Axiata would be required to purchase and accept the transfer and conveyance of all of the Trustee's interests, rights, benefits and entitlements in and to the Residual Assets, which shall be the date falling five Business Days after the 45<sup>th</sup> day following the occurrence of the Revocation Event (the "**Revocation Event Dissolution Date**"). The Sukuk shall be redeemed on the Revocation Event Dissolution Date at the Dissolution Amount using: (i) the Residual Assets Exercise Price required to be paid into the Transaction Account by Axiata pursuant to the sale of the Residual Assets under the Purchase Undertaking; and (ii) either (a) the outstanding Deferred Payment Price (if any) required to be paid into the Transaction Account by Axiata in accordance with the terms of the Murabaha Agreement on such Revocation Event Dissolution Date; (b) the outstanding Murabaha Indemnity Amount (if any) required to be paid into the Transaction Account by Axiata in accordance with the terms of the Murabaha Agreement on such Revocation Event Dissolution Date; or (c) the outstanding Wakala Indemnity Amount (if any) required to be paid into the Transaction Account by Axiata in accordance with the terms of the Wakala Agreement on such Revocation Event Dissolution Date. Following redemption of the Sukuk on the Revocation Event Redemption Date, the Trust will be dissolved.

**(g) No other Dissolution**

The Trustee shall not be entitled to redeem the Sukuk, and the Trustee shall not be entitled to dissolve the Trust otherwise than as provided in this Condition 11 (*Capital Distributions of the Trust*), Condition 14(d) (*Purchase and Cancellation of Sukuk — Dissolution of the Trust upon cancellation of all outstanding Sukuk in a Series*) and Condition 15 (*Dissolution Events*).

**(h) Cancellations**

All Sukuk which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or resold.

**(i) Effect of Payment in full of Dissolution Amount**

Upon payment in full of the Dissolution Amount and the termination of the Trust, the Sukuk shall cease to represent an undivided ownership interest in the relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

## **12. TAXATION**

All payments in respect of the Sukuk by the Trustee shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction ("**Taxes**"), unless the

withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay such additional amounts as shall be necessary in order that the full amount which otherwise would have been due and payable under the Sukuk is received by the Sukukholders, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate presented for payment (where presentation is required):

- (i) by or on behalf of a holder who is liable for such Taxes in respect of such Sukuk by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Sukuk; or
- (ii) by or on behalf of a Sukukholder who would be able to avoid such withholding or deduction by presenting the relevant Certificate to another Paying Agent in a different Member State of the European Union; or
- (iii) more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days.

In these Conditions:

**“Relevant Date”** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the relevant Paying Agent or the Trustee or the Registrar on or before the due date, it means the date on which the full amount of the money having been so received, notice to that effect shall have been duly given to Sukukholders by the Trustee in accordance with Condition 18 (*Notices*); and

**“Relevant Jurisdiction”** means Malaysia (including, without limitation, the Federal Territory of Labuan) or any political subdivision or authority thereof or therein having the power to tax.

The Transaction Documents provide that payments thereunder by Axiata shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment by Axiata of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee or the Delegate acting on its behalf.

If Axiata becomes subject to any taxing jurisdiction other than or in addition to Malaysia, references in these Conditions to Malaysia, shall be construed as references to Malaysia and/or such other jurisdiction, as the case may be.

### **13. PRESCRIPTION**

The right to receive distributions in respect of the Sukuk will be forfeited unless claimed within a period of ten (10) years (in the case of any Dissolution Amount) and five years (in the case of any Periodic Distribution Amounts) from the Relevant Date in respect thereof.

### **14. PURCHASE AND CANCELLATION OF SUKUK**

#### **(a) Purchases**

Axiata and/or any Subsidiary may at any time purchase Sukuk at any price in the open market or otherwise. Such Sukuk may be held, reissued, re-sold or, at the option of

Axiata, surrendered to the Registrar for cancellation in accordance with Condition 14(b) (*Purchase and Cancellation of Sukuk — Cancellation of Sukuk held by Axiata and/or any of its Subsidiaries*).

(b) **Cancellation of Sukuk held by Axiata and/or any of its Subsidiaries**

If Axiata wishes to cancel any Sukuk purchased by it and/or any Subsidiary pursuant to Condition 14(a) (*Purchase and Cancellation of Sukuk — Purchases*) above (the “**Cancellation Sukuk**”), Axiata may, in accordance with the terms of the Redemption Undertaking, deliver a Cancellation Notice to the Trustee and require the Trustee to purchase and cancel any Cancellation Sukuk surrendered to it by Axiata in consideration for payment of the relevant Cancellation Amount, which may be off-set against any amount that is due and payable by Axiata to the Trustee under the Master Wakala Agreement, the Master Murabaha Agreement, the Sale Undertaking and/or the Purchase Undertaking, **provided that** any amounts to be off-set shall first be applied against any amounts due under the Master Murabaha Agreement.

(c) **Redemption at the Option of the Sukukholders (Change of Control Exercise Option)**

If Change of Control Exercise Option is specified in the applicable Pricing Supplement as being applicable, the Sukuk may be cancelled following the occurrence of a Change of Control Triggering Event subject to and in accordance with this Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*).

Axiata has undertaken in the Change of Control Undertaking to notify the Trustee and the Delegate promptly upon the occurrence of a Change of Control Triggering Event and to provide details in respect thereof promptly upon becoming aware of its occurrence. The Trustee, upon receipt of such a notice from Axiata or otherwise upon becoming aware of the occurrence of a Change of Control Triggering Event, shall promptly give notice (a “**Change of Control Notice**”) of the occurrence of a Change of Control Triggering Event to the Sukukholders in accordance with Condition 18 (*Notices*).

A Change of Control Notice shall provide a description of the Change of Control Triggering Event and shall require Sukukholders to elect within 30 days (or such other period as set out in the applicable Pricing Supplement) (the “**Change of Control Exercise Period**”) of the date of the Change of Control Notice if they wish all or any of their Sukuk to be redeemed.

To elect to redeem all or any of its Sukuk in accordance with this Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*), a Sukukholder must, if such Sukuk are in definitive form and held outside Euroclear and Clearstream, Luxembourg deposit its Certificate(s), on any business day in the city of the specified office of the Registrar or Transfer Agent falling within the Change of Control Exercise Period with the Registrar or Transfer Agent at its specified office, together with a duly completed option exercise notice (“**Change of Control Exercise Notice**”) in the form obtainable from the relevant Paying Agent, Registrar or Transfer Agent (as applicable).

*If Sukuk are represented by a Global Certificate or are in definitive certificate form and held through Euroclear or Clearstream, Luxembourg, then in order to exercise the right*

*to require redemption of a Sukuk under this Condition 14(c) (Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)), a Sukukholder must, within the Change of Control Exercise Period, give notice to a Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to a Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Sukuk is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to a Paying Agent for notation or entry in the Register accordingly.*

No Sukuk so deposited and in relation to which the option is exercised may be withdrawn (except as otherwise provided in the Agency Agreement) without the prior consent of the Trustee. The Agent to which any Certificate(s) and Change of Control Exercise Notice are delivered will issue to the holder concerned a non-transferable receipt (a “**Change of Control Exercise Notice Receipt**”).

The relevant Agent shall serve a notice on the Trustee (the “**Change of Control Confirmation Notice**”). On the last day of the Change of Control Exercise Period, following the receipt of a Change of Control Confirmation Notice, pursuant to the Change of Control Undertaking, the Trustee shall serve a Change of Control Purchase Notice on Axiata, requiring Axiata on the seventh day after the last day of the Change of Control Exercise Period, to purchase from the relevant Sukukholders the relevant Change of Control Sukuk in consideration for the payment by wire transfer in the Specified Currency and in same day, freely transferable, cleared funds, of the Change of Control Amount.

Following the purchase by Axiata of any Change of Control Sukuk pursuant to the Change of Control Undertaking, Axiata may, in accordance with the terms of the Redemption Undertaking, deliver a Cancellation Notice to the Trustee and require the Trustee to purchase and cancel any Change of Control Sukuk surrendered to it by Axiata in consideration for payment of the relevant Cancellation Amount, which may be off-set against any amount that is due and payable by Axiata to the Trustee under the Master Wakala Agreement, the Master Murabaha Agreement, the Sale Undertaking and/or the Purchase Undertaking, **provided that** any amounts to be off-set shall first be applied against any amounts due under the Master Murabaha Agreement.

(d) **Dissolution of the Trust upon cancellation of all outstanding Sukuk in a Series**

In the event Axiata and/or any of its Subsidiaries purchase all the outstanding Sukuk in a Series following the exercise of the relevant Change of Control Undertaking or the Redemption Undertaking, as the case may be, and all such Sukuk are subsequently cancelled by the Trustee pursuant to the Redemption Undertaking, the relevant Trust will be dissolved on such Cancellation Dissolution Date and the Sukuk shall cease to represent an undivided ownership interest in the relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

## 15. DISSOLUTION EVENTS

Upon the occurrence of any of the following events (each a “**Dissolution Event**”):

- (i) subject to Condition 4(c)(i) default is made in the payment of the Dissolution Amount on the date fixed for payment thereof or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof; or
- (ii) the Trustee defaults in the performance or observance of or compliance with any of its other obligations or undertakings under the Transaction Documents to which it is a party and (except in any case where the default is incapable of remedy, no continuation or notice as is hereinafter mentioned will be required) the default continues for a period of 30 days following the service by the Delegate on the Trustee of notice requiring the same to be remedied; or
- (iii) an Axiata Event occurs and is continuing; or
- (iv) the Trustee repudiates any Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- (v) at any time it is unlawful or impossible for the Trustee (by way of insolvency or otherwise) to perform or comply with any or all of its obligations under the Transaction Documents or any of the obligations of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (vi) either: (a) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (b) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); (c) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or (d) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business; or
- (vii) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee; or
- (viii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraph (vi) and (vii) above,

the Delegate shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction and subject to it having been notified in writing of the occurrence of such Dissolution Event) give notice in writing of the occurrence of such Dissolution Event to the Sukukholders in accordance with Condition 18 (*Notices*) with a request to such holders to indicate if they wish the Trust to be dissolved. If so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Series outstanding or if so directed by an Extraordinary Resolution of the Sukukholders (a “**Dissolution Request**”) it shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Trustee and Axiata of the Dissolution Request and, upon receipt of such notice, the Trustee shall enforce its rights against Axiata under the Transaction Documents and



distribute to the Sukukholders the resultant proceeds and the Sukuk shall be redeemed at the Dissolution Amount on the date specified in such notice (the “**Dissolution Event Redemption Date**”) and the Trust shall be dissolved on the day after the last outstanding Sukuk has been redeemed.

The provisions of this Condition 15 shall at all times remain subject to the provisions of Condition 4(b) (*Status and Limited Recourse — Limited Recourse*) and Condition 4(c) (*Status and Limited Recourse — Agreement of Sukukholders*).

As set out in the Purchase Undertaking, each of the following events or circumstances shall constitute an “**Axiata Event**”:

- (a) Axiata defaults in the payment of any amount due under the Transaction Documents and the default continues for a period of five business days; or
- (b) Axiata fails to perform or observe any of its other obligations under the Transaction Documents and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days following the service by the Delegate on Axiata of notice requiring the same to be remedied; or
- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of Axiata or any Principal Subsidiary becomes due and repayable prematurely by reason of an event of default (however described); (ii) Axiata or any Principal Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or within any originally applicable grace period; (iii) any security given by Axiata or any Principal Subsidiary for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Axiata or any Principal Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person **provided that** no event described in this subparagraph (c) shall constitute an Axiata Event unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above amounts to at least U.S.\$50,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of Axiata or any Principal Subsidiary except, in the case of a Solvent Principal Subsidiary, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a “**Reorganisation**”) (i) on terms approved by an Extraordinary Resolution of the Sukukholders or (ii) whereby, pursuant to such Reorganisation, the assets and undertaking of such Principal Subsidiary are otherwise transferred to or vested in Axiata or the other Principal Subsidiaries and no Reorganisation Rating Decline shall have occurred on or prior to the relevant Post-Reorganisation Date; or
- (e) if Axiata or any Principal Subsidiary ceases or threatens to cease to carry on the whole or a substantial part of its business (save (i) for the purposes of a Reorganisation on terms approved by an Extraordinary Resolution of the Sukukholders or (ii) in the case of a Solvent Principal Subsidiary, for the purpose of and followed by a Reorganisation

whereby, pursuant to such Reorganisation, the assets and undertaking of such Principal Subsidiary are transferred to or vested in Axiata or its other Subsidiaries and no Reorganisation Rating Decline shall have occurred on or prior to the relevant Post-Reorganisation Date or (iii) in the event of a Partial Sell-down) or Axiata or any Principal Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, a substantial part of its debts as they fall due or is deemed unable to pay a substantial part of its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

- (f) if (i) an order is made against Axiata or any Principal Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to Axiata or any Principal Subsidiary or, as the case may be, in relation to the whole or any substantial part of the undertaking or assets of any of them (except, in the case of a Solvent Principal Subsidiary, for the purpose of and followed by a Reorganisation (i) on terms approved by an Extraordinary Resolution of the Sukukholders or (ii) whereby, pursuant to such Reorganisation, the assets and undertaking of such Principal Subsidiary are otherwise transferred to or vested in Axiata or the other Principal Subsidiaries and no Reorganisation Rating Decline shall have occurred on or prior to the relevant Post-Reorganisation Date) or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, is not discharged or stayed within 90 days; or
- (g) Axiata or any Principal Subsidiary (or their respective directors or shareholders by way of resolution) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors in respect of a substantial part of its debts) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors in respect of a substantial part of its debts); or
- (h) any Transaction Document ceases to be, or is claimed by Axiata not to be, in full force and effect; or
- (i) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable Axiata lawfully to enter into, exercise their respective rights and perform and comply with its obligations under the Transaction Documents, (ii) to ensure that those obligations are valid, legally binding and enforceable, and (iii) to make any Transaction Document admissible in evidence in the courts of England, is not taken fulfilled or done; or
- (j) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in the foregoing paragraphs of this Condition.

In these Conditions:

**“Indebtedness for Borrowed Money”** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit, which shall include any undertaking or other obligation to pay any money in connection with a transaction structured in compliance with the principles of *Shari’a* and which has the commercial effect of a borrowing;

**“Partial Sell-down”** means a sale or transfer by Axiata or any Principal Subsidiary, as the case may be, of a portion of its ownership interest in the issued share capital of any of its subsidiaries to another Person **provided that**, immediately subsequent to such sale or transfer, Axiata or such Principal Subsidiary continues to hold, directly or indirectly, an ownership interest in the issued share capital of the relevant entity in an amount which is greater than the individual ownership interest of any other Person in the issued share capital of the relevant entity or otherwise retains control over the relevant entity;

**“Post-Reorganisation Date”** means the date falling six months after the completion of a Reorganisation;

**“Reorganisation Rating Decline”** means in connection with a Reorganisation by a Solvent Principal Subsidiary, the Sukuk cease to be rated Investment Grade by each of the two Rating Agencies rating the Sukuk; and

**“Solvent”** means with respect to a particular date, that on such date (i) the present fair market value (or present fair saleable value) of the assets of the relevant Principal Subsidiary is not less than the total amount required to pay the liabilities of the relevant Principal Subsidiary on its total existing debts and liabilities (including contingent liabilities) as they become due and payable, (ii) the relevant Principal Subsidiary is able to realise upon its assets and pay its debts and other liabilities, contingent obligations and commitments as they mature and become due and payable in the normal course of business, (iii) the relevant Principal Subsidiary will be able to meet its obligations under all outstanding Indebtedness for Borrowed Money as they fall due, and (iv) the relevant Principal Subsidiary is not a defendant in any civil action that in the reasonable expectation of such Principal Subsidiary would result in a judgment that such Principal Subsidiary is or would become unable to satisfy.

## 16. ENFORCEMENT AND EXERCISE OF RIGHTS

- (i) Upon the occurrence of a Dissolution Event, to the extent any amount payable in respect of the Sukuk has not been paid in full, the Trustee (or the Delegate, acting on behalf of the Trustee), (subject to it being indemnified and/or secured and/or prefunded to its satisfaction)), may (acting for the benefit of the Sukukholders) take one or more of the following steps:
  - (A) enforce the provisions of the Transaction Documents against Axiata; and/or
  - (B) take such other steps as the Trustee or the Delegate (acting in the name and on behalf of the Trustee) may consider necessary to recover amounts due to the Sukukholders.
- (ii) Following the enforcement, realisation of the Sukuk and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Sukuk to the Sukukholders in

accordance with these Conditions and the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the obligations of the Trustee in respect of the Sukuk shall be satisfied. In such circumstances, the obligation of the Trustee in respect of the Sukuk will be satisfied and the right of the Sukukholders to receive any further sums shall be extinguished and neither the Trustee nor the Delegate shall be liable for any such sums and, accordingly, Sukukholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including Axiata) to recover any such sum or asset in respect of the relevant Sukuk or the Trust Assets. In particular, no holder of the Sukuk shall be entitled in respect thereof to petition or to take any other steps for the winding up of the Trustee.

- (iii) No Sukukholder shall be entitled to proceed directly against, or provide instructions to the Delegate to proceed against, the Trustee or Axiata under any Transaction Document to which either of them is a party unless: (a) the Delegate fails to do so within 30 days of becoming so bound and such failure its continuing; and (b) the relevant Sukukholder (or such Sukukholder together with the other Sukukholders who propose to proceed directly against any of the Trustee or Axiata as the case may be) holds at least 20 per cent. of the then outstanding aggregate face amount of the Series. Under no circumstances shall the Delegate or any Sukukholder have any right to cause the sale or other disposition of any of the relevant Trust Assets to any third party and the sole right of the Delegate and the Sukukholders against the Trustee and Axiata shall be to enforce their respective obligations under the Transaction Documents.
- (iv) Subject to paragraph (ii), the Delegate shall not be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action against the Trustee and/or Axiata under any Transaction Document to which either of the Trustee or Axiata is a party unless directed or requested to do so: (a) by an Extraordinary Resolution; or (b) in writing by the holders of at least 20 per cent. of the then outstanding aggregate face amount of the Sukuk of the relevant Series and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable and **provided that** the Delegate shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Sukukholders.

## **17. REPLACEMENT OF CERTIFICATES**

If any Definitive Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar (and, if the Sukuk are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Trustee may reasonably require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

## **18. NOTICES**

Save as provided in this Condition 18 (*Notices*) all notices regarding the Sukuk will be in the English language and will deemed to be validly given if published in a leading English

language newspaper having general circulation in Malaysia. The Trustee shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Sukuk are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

*Until such time as any definitive Certificates are issued, there may, so long as the Global Certificate representing the Sukuk is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Sukuk. Any such notice shall be deemed to have been given to the holders of the Sukuk on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.*

Notices to be given by any Sukukholder shall be in writing and given by lodging the same, together with the relevant Certificate or Certificates, with the Principal Paying Agent.

#### **19. MEETINGS OF SUKUKHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

- (i) The Master Declaration of Trust contains provisions for convening meetings of Sukukholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Master Declaration of Trust. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee and shall be convened by the Trustee, failing which, the Delegate upon the request in writing of Sukukholders holding not less than one tenth of the aggregate face amount of the Sukuk of a Series. The quorum at any meeting for passing an Extraordinary Resolution will be two or more Sukukholders, proxies or representatives holding or representing in the aggregate more than half of the then outstanding aggregate face amount of the Sukuk (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Sukuk of all the relevant Series) or at any adjourned such meeting one or more Sukukholders present, proxies or representatives (whatever the outstanding face amount of the Sukuk of all the relevant Series held or represented by him/her or them), **provided, however that**, any meeting the business of which includes the modification of a Reserved Matter, the quorum for passing an Extraordinary Resolution shall be two or more Sukukholders, proxies or representatives holding or representing in the aggregate not less than two-thirds of the then aggregate outstanding face amount of the Series (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Sukuk of all the relevant Series) or at any adjourned such meeting two or more Sukukholders, proxies or representatives holding or representing not less than 25 per cent. of the then aggregate outstanding face amount of the Series (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Sukuk of all the relevant Series). To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than three-quarters of the votes cast on such poll and, if duly passed,

will be binding on all Sukukholders, whether or not they are present at the meeting and whether or not voting.

- (ii) The Master Declaration of Trust provides that a resolution in writing signed by or on behalf of at least 90 per cent. of the holders of the Sukuk outstanding who for the time being are entitled to receive notice of a meeting in accordance with schedule 4 (*Provisions for Meetings of Sukukholders*) of the Master Declaration of Trust shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Sukukholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Sukukholders.
- (iii) The Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document and the Trustee's memorandum and articles of association may only be amended by the Trustee with the consent of the Delegate and the Delegate may agree, without the consent or sanction of the Sukukholders, to any modification of any of the Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document or the Trustee's memorandum and articles of association if, in the opinion of the Delegate: (i) such modification is of a formal, minor or technical nature; (ii) such modification is made to correct a manifest error; or (iii) such modification is not materially prejudicial to the interests of the outstanding Sukukholders and is other than in respect of a Reserved Matter or any provisions of the Master Declaration of Trust referred to in the definition of a Reserved Matter. Any such modification may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding on the Sukukholders and, unless the Delegate otherwise decides, shall be notified by the Trustee to the Sukukholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.
- (iv) The Delegate may, without the consent or sanction of the Sukukholders and without prejudice to its rights in respect of any subsequent breach from time to time and at any time: (i) give its consent under these presents or any other Transaction Document and agree to waive or to authorise any breach or proposed breach of any provision of the Master Declaration of Trust or any other Transaction Document; or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, **provided that**: (A) in the opinion of the Delegate, such waiver, authorisation or determination is not materially prejudicial to the interests of the outstanding Sukukholders; and (B) the Delegate will not do so in contravention of an express direction given by Extraordinary Resolution or a request made pursuant to Condition 15 (*Dissolution Events*). No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Sukukholders and unless the Delegate otherwise requires, shall be notified by the Trustee to the Sukukholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.
- (v) In connection with the exercise by it of any of its powers, trusts, authorities and discretions under the Master Declaration of Trust (including, without limitation, any modification), the Delegate shall have regard to the general interests of the Sukukholders as a class (except where the context otherwise requires (as determined by the Delegate in its absolute discretion)) and shall not have regard to any interest arising from circumstances particular to individual Sukukholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Sukukholders (whatever their number) resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the

jurisdiction of, any particular territory or any political sub-division thereof or taxing jurisdiction and the Delegate shall not be entitled to require, nor shall any Sukukholder be entitled to claim from the Trustee, the Delegate, Axiata or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Sukukholders (except, in the case of the Trustee and Axiata, to the extent already provided for in Condition 12 (*Taxation*)).

## 20. THE DELEGATE

The Trustee has in the Master Declaration of Trust irrevocably and unconditionally appointed the Delegate to be its attorney and in its name, on its behalf and as its act and deeds to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, authorities (including, but not limited to, the authority to request directions from any Sukukholders and the power to make any determinations to be made under the Master Declaration of Trust) and discretions vested in the Trustee by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, that the Delegate may consider to be necessary or desirable, and subject in each case to it being indemnified and/or secured and/or prefunded to its satisfaction, in order, upon the occurrence of a Dissolution Event or Potential Dissolution Event, to exercise all of the rights of the Trustee under the Purchase Undertaking and the relevant Transaction Documents, **provided that** no obligations, duties, Liabilities or covenants of the Trustee pursuant to the Master Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this delegation, and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, (together the “**Delegation**” of the “**Relevant Powers**”), **provided that** in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust the relevant Trust Assets and **provided further that** such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the relevant Trust Assets, to dissolve any of the trusts constituted by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Master Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Sukukholders and does not affect the Trustee’s continuing role and obligations as sole trustee.

The Master Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any other right it may have pursuant to the Master Declaration of Trust, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Condition 16 (*Enforcement and Exercise of Rights*), and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of Axiata under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Sukukholders in respect of any payments which should have been paid by Axiata but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust.

The Delegate may rely without liability to Sukukholders on a report, confirmation, certificate or any advice of any accountants, financial advisers, financial institution, auditors, insolvency officials or any other expert (whether or not addressed to the Delegate and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Delegate or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise) in accordance with or for the purposes of the Master Declaration of Trust or the other relevant Transaction Documents. The Delegate may accept and shall be entitled to rely on any such report, confirmation or certificate or advice as sufficient evidence of the facts stated therein and such report, confirmation, certificate or advice shall be binding on the Trustee, the Delegate and the Sukukholders. The Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

Each of the Trustee and the Delegate is exempted from: (a) any liability in respect of any loss or theft of the Trust Assets or any cash; (b) any obligation to insure the Trust Assets (other than, with respect to the Trustee, in accordance with the Transaction Documents) or any cash; and (c) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depository or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of gross negligence, wilful default or fraud by the Trustee or the Delegate, as the case may be.

Nothing shall, in any case where the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Master Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Master Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their duties under the Master Declaration of Trust.

## **21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **22. GOVERNING LAW**

- (i) **Governing Law:** The Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust (including these Conditions), the Agency Agreement and the Sukuk and any non-contractual obligations arising out of or in connection with the



same (including the remaining provisions of this Condition 22 (*Governing Law*)) are and shall be governed by, and construed in accordance with, English law.

- (ii) **English courts:** The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”), arising out of or in connection with the Sukuk (including a dispute relating to the existence, validity or termination of the Sukuk or any non-contractual obligation arising out of or in connection with the Sukuk) or the consequences of its nullity.
- (iii) **Appropriate forum:** The Trustee and Axiata have irrevocably agreed for the benefit of the Sukukholders that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.
- (iv) **Rights of the Sukukholders to take proceedings outside England:** Condition 22(ii) (*English courts*) is for the benefit of the Sukukholders only. As a result, nothing in this Condition 22 prevents the Sukukholders from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, the Sukukholders may take concurrent Proceedings in any number of jurisdictions.
- (v) **Process agent:** Each of the Trustee and Axiata agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom or, if different, its registered office for the time being or at any address of either the Trustee or Axiata in Great Britain at which process may be served on it in accordance with the Companies Act, 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of either the Trustee or Axiata, as the case may be, Axiata shall, on the written demand of any Sukukholder addressed to the Trustee or, as the case may be, Axiata and delivered to the Trustee or, as the case may be, Axiata appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Sukukholder shall be entitled to appoint such a person by written notice addressed to the Trustee or, as the case may be, Axiata and delivered to the Trustee or, as the case may be, Axiata. Nothing in this paragraph shall affect the right of any Sukukholder to serve process in any other manner permitted by law. This condition applies to Proceedings in England and to Proceedings elsewhere.
- (vi) **Waiver of immunity:** To the extent that Axiata or, as the case may be, the Trustee may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to Axiata or, as the case may be, the Trustee or each of its assets or revenues, each of the Trustee and Axiata agrees not to claim and irrevocably and unconditionally waive such immunity to the full extent permitted by the laws of such jurisdiction in relation to any Proceedings or Disputes.

## FORM OF THE SUKUK

The Sukuk of each Series will be in registered form. Sukuk will be issued outside the United States in reliance on Regulation S under the Securities Act.

### GLOBAL CERTIFICATE

Each Series of Sukuk will initially be represented by a global certificate in registered form (a “**Global Certificate**”) or by definitive certificates in registered form (each a “**Definitive Certificate**”). Each Global Certificate will be deposited with a common depository (the “**Common Depository**”) for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the Common Depository. Persons holding beneficial interests in a Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Certificates.

### EXCHANGE FOR DEFINITIVE CERTIFICATES

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Sukukholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. For these purposes, an “**Exchange Event**” will occur: (i) on the expiry of such period of notice as may be specified in the applicable Pricing Supplement; or (ii) at any time, if so specified in the applicable Pricing Supplement; or (iii) if the applicable Pricing Supplement specifies “in the limited circumstances described in the Global Certificate”, then if: (a) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no successor clearing system is available; (b) any of the circumstances described in Condition 15 (*Dissolution Events*) occurs; or (c) the Trustee has or will become subject to adverse tax consequences which would not be suffered were the Sukuk in definitive form. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any other person acting on their behalf, as the case may be, (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Trustee may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

For so long as any Sukuk is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Sukuk (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Sukuk standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such Sukuk for all purposes other than with respect to any payment on such face amount of such Sukuk, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee and their respective agents as the holder of such face amount of such Sukuk in accordance with and subject to the terms of the relevant Global Certificate and the expressions “**Sukukholder**” and “**holder of Sukuk**” and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

## **PAYMENTS TO REGISTERED HOLDER**

Payments of any amount in respect of the Global Certificate will, in the absence of provision to the contrary, be made to the person shown in the Register as the registered Holder of the Sukuk represented by a Global Certificate at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where the “**Clearing System Business Day**” means a day on which each clearing system for which the Global Certificate is being held is open for business. None of the Trustee, the Delegate, Axiata, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Definitive Certificates will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date immediately preceding the due date for payment in the manner provided in that Condition 10 (*Payment*).

For so long as any Sukuk are listed on the SGX-ST and the rules of the SGX-ST so require, the Trustee shall appoint and maintain a paying agent in Singapore, where such Sukuk may be presented or surrendered for payment or redemption, in the event that the Global Certificate representing such Sukuk is exchanged for Definitive Certificates. In addition, in the event that the Global Certificate is exchanged for Definitive Certificates, an announcement of such exchange will be made by or on behalf of the Trustee through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Certificates, including details of the paying agent in Singapore.

## **TERMS AND CONDITIONS APPLICABLE TO THE SUKUK WHILE IN GLOBAL FORM**

The terms and conditions applicable to any Definitive Certificate will be endorsed on that Definitive Certificate and will consist of the terms and conditions set out under “*Terms and Conditions of the Sukuk*” below and the provisions of the applicable Pricing Supplement which supplements, amends and/or replaces those terms and conditions.

The terms and conditions applicable to any Global Certificate will differ from those terms and conditions which would apply to the Sukuk were they to be represented by Definitive Certificates. Below is a summary of certain of those provisions.

**Payments:** All payments in respect of a Global Certificate which, according to the Terms and Conditions of the Sukuk, require presentation and/or surrender of a Certificate will be made against presentation and (in the case of payment of principal in full with all profit amounts accrued thereon) surrender of the Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Trustee in respect of the Sukuk.

**Change of Control Exercise Option:** In order to exercise the option contained in Condition 14(c) (*Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option)*), a Sukukholder must, within the Change of Control Exercise Period, give notice to a Paying Agent of such exercise in accordance with the standard procedures of Euroclear

and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to a Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and at the same time present or procure the presentation of the relevant Global Certificate to a Paying Agent for notation or entry in the Register accordingly.

**Notices:** Notwithstanding Condition 18 (*Notices*), while all the Sukuk are represented by a Global Certificate which is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system notices to Sukukholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Sukukholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## FORM OF PRICING SUPPLEMENT

*The Pricing Supplement in respect of each Series of Sukuk will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Sukuk and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.*

**[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS —** The Sukuk are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MIFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Sukuk or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Sukuk or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.]

**[MIFID II product governance / Professional investors and ECPs only target market —** *[appropriate target market legend to be included]*

**[Singapore Securities and Futures Act Product Classification —** Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore) (as modified or amended from time to time, the “**SFA**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Sukuk are [“prescribed capital markets products “]/[“capital markets products other than prescribed capital markets products”] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

**Pricing Supplement dated [●]**



[Date]

**Axiata SPV2 Berhad**

**Legal entity Identifier (LEI): 254900P49KQFQ10AF282**

**Issue of [Aggregate Face Amount of Series] [Title of Sukuk]  
under the U.S.\$1,500,000,000  
Sukuk Issuance Programme**

### **PART A — CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 10 August 2020 [and the supplemental Offering Circular dated [●]]

which [together] constitute] an offering circular (the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Sukuk and must be read in conjunction with the Offering Circular.

Full information on the Trustee, Axiata and the Sukuk described herein is only available on the basis of a combination of this Pricing Supplement and the Offering Circular. The Offering Circular [as so supplemented] is available for viewing [at [●]] and subject to Clause 10.3.15 of the Master Declaration of Trust during normal business hours at the registered office of the Trustee at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Malaysia and at the specified office of the Paying Agent at Level 30, HSBC Main Building, 1 Queen’s Road, Central, Hong Kong.

The Sukuk have not been, and will not be, registered under the United States Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Sukuk may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act.)]

[In accordance with Regulation (EU) 2017/1129, no prospectus is required in connection with the issuance of the Sukuk described herein.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

*[The proceeds of any issue of Sukuk should not be accepted in the United Kingdom.]*

- |    |                                  |  |
|----|----------------------------------|--|
| 1. | (i) Trustee:                     | Axiata SPV2 Berhad   |
|    | (ii) Obligor:                    | Axiata Group Berhad  |
| 2. | (i) Series Number:               | [●]  |
|    | (ii) Tranche:                    | [●]  |
| 3. | Specified Currency:              | [●]  |
| 4. | Aggregate Face Amount of Series: | [●]  |
| 5. | Issue Price:                     | [●] per cent., of the Aggregate Face Amount  |
| 6. | (i) Specified Denominations:     | [●] ( <i>this means the minimum integral amount in which transfers can be made</i> ) |
|    | (ii) Calculation Amount:         | [●] <sup>1</sup>   |
| 7. | Issue Date:                      | [●]  |

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<sup>1</sup> The applicable Calculation Amount (which is used for the calculation of periodic distribution amounts and redemption amounts) will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Sukuk or (ii) if there are several Specified Denominations (e.g. Specified Denominations of U.S.\$100,000 and multiples of U.S.\$1,000), the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations)

8. (i) Return Accrual Commencement Date: [Issue Date][*specify other*]
- (ii) Scheduled Dissolution Date: [*Specify date or (for Floating Periodic Distribution Sukuk) Periodic Distribution Date falling in or nearest to the relevant month and year.*]
9. Periodic Distribution Amount Basis: [[●] per cent. Fixed Periodic Distribution Amount] [*specify reference rate*] +/--[●] per cent. Floating Periodic Distribution Amount] (*further particulars specified below*)
10. Dissolution Basis: Dissolution at par
11. Change of Periodic Distribution Basis: [*Specify details of any provision for convertibility of Sukuk into another Periodic Distribution Amount basis.*] [Not Applicable]
12. Call Option: [Not Applicable] [Optional Dissolution Right] [Change of Control Exercise Option] (*further particulars specified below*)
13. Date [Board] approval for issuance of Sukuk obtained: [●] in the case of the Trustee  
[●] in the case of Axiata  
*[N.B. only relevant where board (or similar) authorisation is required for the particular Series of Sukuk]*
14. Listing: [Singapore/Malaysia/other (*specify*)/None]
15. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE**

16. Fixed Periodic Distribution Provisions: [Applicable/Not Applicable]
- [If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Rate[(s)]: [●] per cent., per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Periodic Distribution Date(s): [[●] in each year up to and including the Scheduled Dissolution Date] [*specify other*]
- (iii) Fixed Amount[(s)]: [●] per Calculation Amount<sup>2</sup>

<sup>2</sup> For Renminbi or Hong Kong dollar denominated Sukuk for which the Fixed Periodic Distribution Provisions are applicable, where the Periodic Distribution Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Amount shall be calculated by multiplying the product of the Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 in the case of Renminbi denominated Sukuk for which the Fixed Periodic Distribution Provisions are applicable, being rounded upwards and to the nearest HK\$0.01, HK\$0.005 in the case of Hong Kong dollar denominated Sukuk for which the Fixed Periodic Distribution Provisions are applicable, being rounded upwards."

- (iv) Broken Amount(s):  per Calculation Amount][Not Applicable]]
- [Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount[(s)] specified under paragraph 16(iii)]*
- (v) Day Count Fraction: 30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)<sup>3</sup> *[specify other]*
- (vi) Determination Date(s):  in each year][Not Applicable]
- [Insert regular Periodic Distribution Dates, ignoring issue date or Scheduled Dissolution Date in the case of a long or short first or last return accumulation period.*
- N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration.]*
- [N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (vii) Other terms relating to the method of calculating Fixed Periodic Distribution Amounts: Not Applicable/give details]
17. Floating Periodic Distribution Provisions: Applicable/Not Applicable]
- [If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Specified Periodic Distribution Dates:  [Not Applicable]
- [Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert “Not Applicable”]*
- (ii) Specified Period:  [Not Applicable]
- [Specified Period and Specified Periodic Distribution Dates are alternatives. A Specified Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert “Not Applicable”]*
- (iii) First Periodic Distribution Date: specify]

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<sup>3</sup> Applicable to Hong Kong dollar and Renminbi denominated Sukuk for which the Fixed Periodic Distribution Provisions are applicable.



- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/[*specify other*]]
- (v) Additional Business Centre(s): [Not Applicable/*give details*]
- (vi) Manner in which the Rate(s) is/are to be determined: [Screen Rate Determination (Condition 9(c) (*Floating Periodic Distribution Provisions — Screen Rate Determination*)) applies/*specify other*]
- (vii) Screen Rate Determination: [Applicable/Not Applicable]
- [*If not applicable, delete the remaining sub paragraphs of this paragraph*]
- (a) Reference Rate: [*For example, LIBOR, EURIBOR or HIBOR*]
- (b) Periodic Distribution Determination Date: [●] [*Second London business day prior to the start of each Return Accumulation Period if LIBOR (other than Sterling, Hong Kong or euro LIBOR), first day of each Return Accumulation Period if Sterling or Hong Kong LIBOR or HIBOR and the second day on which the TARGET System is open prior to the start of each Return Accumulation Period if EURIBOR or euro LIBOR*]
- (c) Relevant Screen Page: [●]
- (d) Relevant Time: [●] [*For example, 11.00 a.m. London/Malaysia time*]
- (viii) Margin: [+/-] [●] per cent. per annum
- (ix) Day Count Fraction: [Actual/Actual], [Actual/Actual (ICMA)], [Actual/365 (Fixed)], [Actual/360], [30/360] or [30E/360] (See Condition 9(e) (*Floating Periodic Distribution Provisions — Calculation of Periodic Distribution Amount*) for alternatives)
- (x) Calculation Agent: [Principal Paying Agent] [*specify other*]
- (xi) Other terms relating to the method of calculating Floating Periodic Distribution Amounts: [Not Applicable] [*give details*]

## PROVISIONS RELATING TO DISSOLUTION

18. Optional Dissolution Right: [Applicable/Not Applicable]
- [If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Optional Dissolution Amount of each Sukuk: [Final Dissolution Amount] or [●] per Calculation Amount
- (ii) Optional Dissolution Date: [Any Periodic Distribution Date] *[specify other]*
- (iii) Notice period: [●] *[if other than as set out in the Conditions]*
19. Change of Control Exercise Option: [Applicable/Not Applicable]
- [If not applicable, delete the remaining subparagraphs of this paragraph]*
- (i) Change of Control: [●]
- [Where Change of Control Exercise Option is applicable, the definition of the Change of Control should be inserted here]*
- (ii) Change of Control Exercise Period: *[[Condition 14(c) (Purchase and Cancellation of Sukuk — Redemption at the Option of the Sukukholders (Change of Control Exercise Option) applies)]/[specify other]]*
20. Final Dissolution Amount of each Sukuk: [●] per Calculation Amount [plus any accrued but unpaid Periodic Distribution Amount]
- [specify other] [Applies to early redemption on Dissolution Event and redemption at Scheduled Dissolution Date]*
21. Early Dissolution Amount (Tax) of each Sukuk (following early dissolution for tax reasons): [Final Dissolution Amount] [[●] per Calculation Amount] *[specify other]*

## GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

22. Form of Sukuk: Registered Sukuk
- Global Certificate exchangeable for Sukuk in definitive registered form in the limited circumstances specified in the Global Certificate.
23. Additional Financial Centre(s) relating to payment: [Not applicable/specify]
- [Note that this item relates to the place of payment and not Return Accumulation Period end dates, to which item 16(v) relates]*

## PROVISIONS IN RESPECT OF THE TRUST ASSETS

24. Trust Assets: [Condition 6(b) (*Trust — Trust Assets*) applies] [*specify other*]
25. Portion of issuance proceeds to be used to purchase Commodities on the Issue Date: [●]<sup>4</sup> [Not Applicable]
26. Portion of issuance proceeds to be used to purchase Shares on the Issue Date: [●]<sup>5</sup> [Not Applicable]
27. Portion of issuance proceeds to be used to purchase Airtime Vouchers on the Issue Date: [●] [Not Applicable]
28. Portion of issuance proceeds to be used to purchase Lease Assets on the Issue Date: [●] [Not Applicable]
29. (i) Details of Transaction Account: [●] Transaction Account No: [●] [Series No.: 1/2/3 etc.] with [The Hongkong and Shanghai Banking Corporation Limited]
- (ii) Currency: [●]
30. Other Transaction Document Information:
- (i) Supplemental Declaration of Trust: Supplemental Declaration of Trust dated [●] between the Trustee, Axiata and the Delegate
31. Other final terms or special conditions: [Not Applicable/*give details*]

## DISTRIBUTION

32. (i) If syndicated, names and addresses and underwriting commitments of Managers: [Not Applicable/*give names*]
- (ii) Date of Relevant Agreement: [●]
- (iii) Stabilising Manager(s) (if any): [Not applicable/*give name*]
33. If non-syndicated, name of relevant Dealer: [●]
34. Additional selling restrictions: [Not Applicable/*give details*]
35. U.S. Selling Restrictions: [Reg S Compliance Category [1/2]; [TEFRA C/TEFRA D/TEFRA not applicable]
36. Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]

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<sup>4</sup> Not to exceed 48% of issuance proceeds

<sup>5</sup> Not to exceed 50 per cent of the aggregate proceeds utilised to purchase any Shares, Lease Assets and Airtime Vouchers

## RATINGS

37. Ratings:

The Sukuk to be issued have been rated:

[Moody's: [●]]

[Standard & Poor's: [●]]

[[*Other*]: [●]]

*(The above disclosure should reflect the rating allocated to Sukuk of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

## OPERATIONAL INFORMATION

38. (i) ISIN Code:

[●]

(ii) Common Code:

[●]

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the relevant identification number(s):

[Not Applicable/give name(s) and number(s)]

(iv) Delivery:

Delivery [against/free of] payment

## OTHER INFORMATION

39. Use of Proceeds by Axiata:

[General corporate purpose/*other*]

## [USE OF PROCEEDS

*Give details if different from the "Use of Proceeds" section in the Offering Circular.]*

## [STABILISATION

In connection with this issue, [*insert name of Stabilising Manager*] (or persons acting on behalf of any Stabilising Manager) (the "**Stabilising Manager**") may effect transactions with a view to supporting the market price of the Sukuk at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on each Stabilising Manager to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws and rules.]

## [PURPOSE OF THIS PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for the issue of the Sukuk described herein pursuant to the U.S.\$1,500,000,000 Sukuk Issuance Programme of Axiata SPV2 Berhad.]

## RESPONSIBILITY

Each of the Trustee and Axiata accepts responsibility for the information contained in this Pricing Supplement. [[●] has been extracted from [●]. Each of the Trustee and Axiata confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

The Bursa Malaysia Securities Berhad (Bursa Securities) assumes no responsibility for the contents of this Pricing Supplement, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Pricing Supplement. The admission of the Sukuk to the official list of the Bursa Securities (Exempt Regime) shall not be taken to indicate that Bursa Securities recommends the subscription or purchase of the Sukuk or as an indication of the merits of any of the Issuer, Axiata, the Programme or the Sukuk.

The approval of the Securities Commission Malaysia (“SC”) for the Programme which was obtained on 18 July 2012 (on a deemed approved basis) shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk or as an indication of the merits of any of the Issuer, the Guarantor, the Programme or the Sukuk, and the SC assumes no responsibility for the contents of this Pricing Supplement, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Pricing Supplement.

The Singapore Exchange Securities Limited (the SGX-ST) assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The admission of the Sukuk to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, Axiata, the Programme or the Sukuk.

**SIGNED** on behalf of  
**AXIATA SPV2 BERHAD**

By: .....  
*Duly authorised*

**SIGNED** on behalf of  
**AXIATA GROUP BERHAD**

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

## USE OF PROCEEDS

The Proceeds of each Series of Sukuk issued under the Programme will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents to:

- (a) acquire Commodities to be sold to Axiata;
- (b) purchase Airtime Vouchers from Axiata;
- (c) purchase Shares from Axiata; and/or
- (d) rent Lease Assets from Axiata,

as specified in the Pricing Supplement for the relevant Series, such assets to form part of the Trust Assets for the relevant Series.

The Proceeds of each Series of Sukuk subsequently received by Axiata in consideration for the transactions entered into with the Trustee as set out in (a)-(d) above, as applicable, will be applied by Axiata for refinancing of its existing indebtedness, capital expenditure, its general corporate purposes or, as the case may be, as set forth in the Pricing Supplement for the relevant Series.

## CAPITALISATION AND INDEBTEDNESS

### CAPITALISATION OF THE GROUP

	<b>Unaudited</b>	
	<b>As at 31 March 2020</b>	
	<b>RM million</b>	<b>U.S.\$ million<sup>1</sup></b>
<b>Indebtedness</b>		
Current borrowings <sup>2</sup> .....	9,046	2,087
Non-current borrowings <sup>3</sup> .....	8,867	2,046
Current lease liabilities .....	1,582	365
Non-current lease liabilities .....	6,950	1,603
<b>Total Indebtedness</b> .....	<b>26,445</b>	<b>6,101</b>
<b>Capitalisation</b>		
Share capital .....	13,860	3,197
Reserves .....	1,737	401
Total equity attributable to owners of the Company .....	15,597	3,598
Non-controlling interests .....	6,055	1,397
<b>Total capitalisation</b> .....	<b>21,652</b>	<b>4,995</b>
<b>Total capitalisation and indebtedness</b> .....	<b>48,097</b>	<b>11,096</b>

*Notes:*

- 1 Translated with an exchange rate of 1USD:RM4.335 as at 31 March 2020 using Group reporting exchange rate sourced from BNM.
- 2 a) On 28 April 2020, the U.S \$300,000,000 5.75 per cent guaranteed notes due 2020 issued by Axiata SPV 1 (Labuan) Limited, a wholly-owned subsidiary of Axiata, was fully repaid.  
 b) As of 15 July 2020, USD350 million revolving credit facilities at Axiata Group Berhad was fully repaid using USD350 million from its syndicated multi-currency Shariah-compliant sustainability-linked financing facilities of which USD250 million is due within 1 year from the drawdown date (refer to Note 3b below).  
 c) As of 7 August 2020, NPR 1.9 billion (approximately RM66 million) is due within 1 year from the drawdown date (refer to Note 3a below).
- 3 a) As of 13 July 2020, Ncell Private Limited completed drawdown of NPR 20 billion (approximately RM709 million) out of which NPR 1.9 billion (approximately RM66 million) is due within 1 year from the drawdown date, under its Term Loan Facility of NPR 20 billion.  
 b) As of 15 July 2020, the Group has drawn RM667 million and USD350 million (USD250 million due within 1 year from drawdown date) under its syndicated multi-currency Shariah-compliant sustainability-linked financing facilities of USD800 million.

There has been no other material change in the capitalisation and indebtedness of the Group since 31 March 2020 except as set forth above.

## CAPITALISATION OF THE TRUSTEE

As at the date of this Offering Circular, the Trustee has issued and fully paid-up share capital of RM2.00 consisting of two ordinary shares of RM1.00.

The following table sets forth the Trustee's capitalisation as at 31 March 2020.

	<b>Unaudited</b>
	<b>As at 31 March 2020</b>
	<b>RM</b>
<b>Indebtedness</b>	
Current borrowings .....	2,194,556,323
Non-current borrowings .....	2,163,247,731
Total Indebtedness .....	<u>4,357,804,054</u>
<b>Capitalisation</b>	
Share capital .....	2
Reserves .....	<u>(851,569,599)</u>
Total capitalisation .....	<u>(851,569,597)</u>
<b>Total capitalisation and indebtedness</b>	<b><u><u>3,506,234,457</u></u></b>

The Trustee has no contingent liability or other indebtedness. There has been no material change in the capitalisation and indebtedness of the Trustee since 31 March 2020.



## **EXCHANGE RATES AND EXCHANGE CONTROLS**

### **EXCHANGE RATES**

On 1 September 1998, BNM introduced a series of exchange control measures aimed at ending speculation on the Malaysian Ringgit. One of these measures was the pegging of the exchange rate quotation of the Malaysian Ringgit to the U.S. dollar. As a result of the peg, the Malaysian Ringgit exchange rate against the U.S. dollar was set by BNM at RM3.80 to U.S.\$1.00 from 2 September 1998.

However, on 21 July 2005, the Malaysian Government removed the peg and allowed the exchange rate of the Malaysian Ringgit to operate in a managed float, with its value determined by economic fundamentals.

### **EXCHANGE CONTROLS**

There are no restrictions on repatriation of capital, profits, dividends, interest, fees or rental by foreign direct investors or portfolio investors. However, in relation to remittances abroad, such remittance must be made in foreign currencies other than the currency of Israel, Serbia and Montenegro.

### **EXCHANGE CONTROL APPROVALS**

Prior approval of BNM is required for the Trustee to obtain credit facilities denominated in a currency other than Ringgit exceeding RM100 million (or its equivalent in foreign currency) in aggregate on a corporate group basis. The Trustee has applied for approval on 7 June 2012 to issue the Sukuk denominated in a currency other than Ringgit under the Programme to residents and non-residents and the approval of BNM was granted on 9 July 2012.

## HISTORY AND BACKGROUND OF THE GROUP

Axiata was incorporated in Malaysia on 12 June 1992, as a private limited company under the name of Telekom Malaysia International Sdn Bhd. It commenced business in 1994 as a division within TM, focusing on expanding the TM Group, primarily through mergers and acquisitions. On 16 October 2001, Axiata changed its name to TM International Sdn Bhd and on 12 December 2007 Axiata was converted into a public company limited by shares under the name of TM International Berhad. Axiata was listed on the Main Board of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) in Malaysia on 28 April 2008, and changed its name to Axiata Group Berhad on 31 March 2009.

Since its inception, 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 telecommunications companies, digital businesses and tower infrastructure. The Group’s business is conducted through key operating subsidiaries that pursue strategies consistent with the Group’s strategic goals outlined in this Offering Circular and are tailored to the conditions of the particular regional markets in which they operate.

Within Southeast Asia and South Asia, the Group has controlling stakes in market-leading mobile 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.

The Group’s digital business arm, ADS, has transitioned from being a venture builder of technology start-ups to become an operator of digital companies. Axiata’s digital business arm consists of three core verticals, which are: (i) digital financial services; (ii) digital advertising; and (iii) digital platform business. Flagship brands within the digital business arm are “*Boost*”, “*Aspirasi*”, “*ADA*” and “*Apigate*”.

The Group’s tower infrastructure business is carried out by the edotco Group. edotco is Axiata’s regional integrated telecommunications infrastructure company and is the 16th largest independent tower company globally as at 31 March 2020 in terms of number of towers owned. edotco specialises in end-to-end solutions in the tower services sector, ranging from tower leasing, co-locations, build-to-suit, energy and transmission to operations and maintenance.

Axiata has received numerous awards over the years which affirm its commitment to strong corporate governance standards, such as the “Sustainability Reporting Awards (Platinum)” and the “Integrated Reporting Awards (Silver)” at the National Annual Corporate Report Awards in 2019, as well as the “Excellence Award for Corporate Governance Disclosure” and the “Industry Excellence Award for Telecommunication & Media” at the Minority Shareholders Watch Group — ASEAN Corporate Governance Awards in 2019.

### KEY OPERATING SUBSIDIARIES

A brief corporate history of each of the Group’s key operating subsidiaries is set out below:

#### **Celcom Axiata Berhad (“Celcom”, and Celcom and its subsidiaries, the “Celcom Group”)**

TM acquired Celcom in 2003 before transferring 100.0 per cent. of the issued share capital of Celcom to Axiata on 25 April 2008. Celcom was incorporated in Malaysia on 5 January 1988 and commenced operations on 21 August 1989. Celcom effectively changed its name from Celcom (Malaysia) Berhad to its current name on 28 December 2009. The issued share capital of Celcom as

at 31 March 2020 was RM1,237,534,681. Celcom was the first privately owned company in Malaysia to offer mobile services when it launched its “ART 900” analogue mobile system based on extended total access communications system in 1989. In 1995, Celcom became one of the first operators in Malaysia to provide digital services through its global system for mobile communications (“GSM”) 900 network. Celcom currently operates 2G, 3G and 4G mobile services and provides mobile telecommunications services in Malaysia under the brand name “*Celcom*”.

#### **PT XL Axiata Tbk (“XL”, and XL and its subsidiaries, the “XL Group”)**

XL was established in 1989 as a limited liability company under the laws of Indonesia. XL commenced operations in October 1996 and was the first private company to provide mobile telephony services in Indonesia. In January 2005 Axiata, through TM International (Labuan) Limited (“TMIL”) (now known as Axiata Investments (Labuan) Limited (“AILL”)), acquired the entire equity interest of Indocel Holding Sdn Bhd (now known as Axiata Investments (Indonesia) Sdn Bhd (“AII”)), which at the time held a 23.1 per cent. equity interest in XL. XL was listed on the Jakarta Stock Exchange (now known as the Indonesia Stock Exchange) in September 2005. Between 2005 and 2008, AII increased its stake in XL to 83.8 per cent. In December 2009, XL, through limited public offering, received net proceeds of IDR2,785,748 million for issuance of 1.418 billion new shares. Pursuant to such rights issue, AII increased its stake in XL from 83.8 per cent. to 86.5 per cent. XL effectively changed its name from PT Excelcomindo Pratama Tbk to its current name on 16 November 2009. On 29 March 2010 and 9 April 2010 respectively, AII completed a private placement (including the over-allotment option) of 19.8 per cent. of the share capital of XL held by it and AII’s shareholding in XL was reduced to 66.7 per cent. of XL’s share capital. The equity interest in XL held by AII was further diluted following the issuance of new ordinary shares under XL’s Shares Based Compensation Scheme/Long Term Incentive Programme. As at 31 March 2020, AII’s shareholding in XL was 66.3 per cent.

XL operates 2G, 3G and 4G LTE (operating on GSM 900 megahertz (“MHz”), 1,800 MHz and 2,100 MHz frequencies) mobile services and provides mobile telecommunications services in Indonesia under the brand names “XL” and “AXIS”. XL was the first telecommunications operator in Indonesia to commercially launch 4.5G Ready on the 1,800 MHz spectrum. XL holds several licences, including content provider licence, internet services provider, internet interconnection services license, voice over internet protocol license and leased line license. XL also holds the money remittance licence and e-money issuer licence from the Bank of Indonesia, which enables XL to provide remittance service to its subscribers. XL’s acquisition of Axis was completed on 19 March 2014 and Axis was merged with XL on 8 April 2014. Axis transferred all of its customers to XL; however, XL continues to operate the “AXIS” brand in conjunction with that of the “XL” brand.

#### **Dialog Axiata PLC (“Dialog”, and Dialog and its subsidiaries, the “Dialog Group”)**

Dialog was incorporated in August 1993 and was established as a joint venture company in Sri Lanka pursuant to a joint venture agreement entered into between Axiata and Sunpower Systems (Private) Limited. Dialog commenced operations in January 1995. Dialog effectively changed its name from Dialog Telekom PLC to its current name, Dialog Axiata PLC on 7 July 2010. In November 1996, Sunpower Systems (Private) Limited divested its stake in MTN Group Ltd to Axiata, making Dialog a wholly-owned subsidiary of Axiata. Between 2005 and 2007, Dialog continued to expand through the strategic acquisitions of Dialog Broadband Networks (“DBN”) (then known as MTT Network (Private) Limited) which offers fixed-line and broadband services and Dialog Television (Private) Limited (then known as Asset Media (Private) Limited), which offers a direct-to-home satellite service, as well as Dialog Television Trading (Private) Limited (then known as CBN SAT (Private) Limited) and Communiq Broadband Network (Private) Limited.

Dialog is one of the largest mobile telecommunications service provider in Sri Lanka. Since its listing in July 2005, Dialog has become one of the largest listed companies on the Colombo Stock Exchange, representing 3.6 per cent. of the market capitalisation, and was the first company in Sri Lanka to achieve a market capitalisation of U.S.\$1 billion, which stood at SLR 69.2 billion as at 31 March 2020. The stated share capital of Dialog as at 30 June 2020 was SLR 28.1 billion (as per the unaudited consolidated financial statements of Dialog). Dialog operates 2G, 3G and 4G mobile services and provides mobile telecommunications services in Sri Lanka under the brand name “Dialog”.

#### **Robi Axiata Limited (“Robi”, and Robi and its subsidiaries, the “Robi Group”)**

Robi commenced operations in 1997 as Telekom Malaysia International (Bangladesh) operating under the brand “Aktel”. In 2010, Aktel was rebranded to “Robi” and the company changed its name to Robi Axiata Limited. On 15 November 2016, Robi completed its merger with Airtel Bangladesh Limited (“Airtel”), a subsidiary of Bharti Airtel Limited (“Bharti”), which resulted in Robi being the surviving entity. Following the completion of the merger, Axiata holds a 68.7 per cent. controlling stake in Robi, while Bharti holds a 25 per cent. stake. The remaining 6.3 per cent. was held by the then existing shareholder, NTT DoCoMo Inc. of Japan. Bharti bought the remaining 6.3 per cent. from NTT DoCoMo Inc. of Japan in June 2020, and Bharti’s stake in Robi now stands at 31.3 per cent. while Axiata owns the remaining 68.7 per cent. stake in Robi.

As at 31 March 2020, Robi is the second largest mobile operator in Bangladesh with approximately 50 million active subscribers. As at 31 March 2020, Robi’s network coverage was approximately 98.7 per cent., 91.2 per cent. and 96.1 per cent. of the population of Bangladesh in respect of 2G, 3G and 4G services, respectively.

#### **Smart Axiata Co. Ltd (“Smart”, and Smart and its subsidiaries, the “Smart Group”)**

Smart is a limited liability company incorporated in Cambodia. After the initial acquisition of a 51.0 per cent. equity interest in Cambodia Smart Communication Company Limited (“Casacom”) in 1998, Axiata further acquired the remaining 49.0 per cent. of Casacom from Samart in February 2006. Effectively, Casacom (subsequently renamed as Telekom Malaysia International (Cambodia) Company Limited) (“TMI(Cambodia)”) became a wholly-owned subsidiary of the Group. On 23 February 2010, TMI(Cambodia) changed its name to Hello Axiata Company Limited (“Hello”).

On 13 December 2012, Axiata Investments (Cambodia) Limited, a wholly-owned subsidiary of Axiata entered into a Share Sale and Purchase Agreement with Timeturns Holdings Limited (“SPA”) to acquire all the ordinary shares of Glasswool Holdings Limited, the owner of 100.0 per cent. of Latelz Co. Ltd (Latelz) (subsequently renamed as Smart Axiata Co. Ltd). Under the terms of the SPA, Hello would sell its telecommunication business and assets to Latelz thereby resulting in the merger of Hello with Latelz as one combined entity on the completion of the acquisition. On 19 February 2013, the acquisition and the transfer of Hello’s telecommunication business and assets were completed and Smart became a subsidiary of the Group. Smart is now a 72.5 per cent.-owned subsidiary of Axiata.

Smart was the first network to introduce 4G LTE in 2014, 4G+ in 2016, and 4G+ with HD Voice (VoLTE) and 4.5G in 2017. Smart also provides 2G, 2.5G, 3G and 3.75G mobile services, as well as international roaming across more than 190 countries. Its extensive nationwide network coverage stretched to approximately 99 per cent. of the Cambodian population. As at 31 December 2019, Smart had approximately 7.5 million subscribers and was ranked as the second largest mobile operator in Cambodia by number of subscribers.

### **Ncell Axiata Limited (“Ncell”, and Ncell and its subsidiaries, the “Ncell Group”)**

Ncell was first incorporated as Mero Mobile in 2004. It was later acquired by Telia Company (previously known as the TeliaSonera Group of Sweden) in 2008 and renamed to Ncell in 2010. It was also the first private mobile operator in the country. Ncell was acquired by Axiata, through Axiata’s wholly-owned subsidiary Axiata Investments (UK) Limited (“**AIL**”) and became part of the Group on 12 April 2016. Following the completion of the acquisition, Axiata, through AIL, holds an 80 per cent. equity interest in Ncell whilst Sunivera Capital Venture Pvt. Ltd holds the remaining 20 per cent. equity interest in Ncell. On 3 August 2020, Ncell converted into a public limited company and changed its name to Ncell Axiata Limited.

In 2019, Ncell remained as Nepal’s market leader in terms of revenue market share. As at 31 December 2019, Ncell network coverage was approximately 92.5 per cent., 59.9 per cent. and 51.5 per cent. of the population of Nepal in respect of 2G, 3G and 4G services, respectively.

### **OTHER OPERATING COMPANIES**

A brief corporate history of the Group’s other operating companies are set out below:

#### **edotco Group Sdn Bhd (“edotco”, and edotco and its subsidiaries, the “edotco Group”)**

edotco Group is an integrated telecommunications infrastructure services company established in October 2012 and the first regional tower services provider in Asia. As at 31 March 2020, edotco Group operates and manages a regional portfolio of 32,307 towers across core markets including Malaysia, Myanmar, Bangladesh, Cambodia, Sri Lanka, Laos and Pakistan, with 20,728 towers directly operated by edotco and 11,579 managed sites. edotco provides end-to-end solutions in the tower services sector ranging from tower leasing, co-locations, build-to-suit, energy and transmission to operations and maintenance. As at 31 March 2020, edotco is the 16th largest independent tower company globally in terms of number of towers owned, and it aspires to be one of the top global telecommunications tower companies with a commitment to responsible and sustainable business operations.

#### **Axiata Digital Services Sdn. Bhd. (“ADS”)**

The Group’s digital services arm, ADS, was established in 2012 to support the growing demand for digital services. ADS’ role has pivoted its digital business from a portfolio company into a digital business arm comprising three core verticals. These include digital financial services such as e-wallets, micro-financing and micro-insurance, digital advertising that use data driven solutions to enhance business success, and platform services focused on Application Programming Interfaces (“**API**”) that redefine the way businesses communicate with consumers. Flagship brands within the portfolio are “*Boost*”, “*Aspirasi*”, “*ADA*” and “*Apigate*”.

## BUSINESS OF THE GROUP

### OVERVIEW

As at 31 December 2019, the Group was one of the largest mobile telecommunications operators in Southeast Asia and South Asia by subscribers, with operations in 11 countries across Asia and a mobile customer base of approximately 153 million subscribers. As at 31 December 2019, it was the eighth largest listed entity on the FTSE Bursa Malaysia KLCI and formed the top 10 constituents by market capitalisation on the FTSE4Good Bursa Malaysia Index.

The Group's business is currently centred in six key operating subsidiaries as set out in the table below:

<b>Operating Company</b>	<b>Market in which it operates</b>	<b>Equity interest held by the Group as at 31 March 2020 (per cent.)</b>	<b>Percentage of contribution to operating revenues for the financial year ended 31 December 2019 (per cent.)<sup>1</sup></b>
XL .....	Indonesia	66.3	30.0
Celcom .....	Malaysia	100.0	27.3
Robi .....	Bangladesh	68.7	14.9
Dialog .....	Sri Lanka	83.3	11.0
Ncell .....	Nepal	80.0	8.1
Smart .....	Cambodia	72.5	5.3
Others <sup>(2)</sup> .....	—	—	3.4

*Note:*

- (1) Percentage of contribution to operating revenue is calculated based on the operating revenue of each key operating subsidiary before inter-segment revenue over the total operating revenue of the Group.
- (2) "Others" include the edotco Group, the ADS Group and inter-segment revenue elimination.

The following table shows the Group's revenue, EBITDA (as defined below), profit/(loss) for the financial year/period ("PAT") and profit/(loss) for the financial year/period attributable to owners of the company ("PATAMI") for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and the first quarters ended 31 March 2020 and 31 March 2019.

	<b>Financial year ended 31 December 2019</b>	<b>Financial year ended 31 December 2018</b>	<b>Financial year ended 31 December 2017</b>	<b>First quarter ended 31 March 2020</b>	<b>First quarter ended 31 March 2019</b>
	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>
Operating Revenue ...	24,583	23,886	24,402	6,037	5,949
EBITDA <sup>1</sup> .....	10,619	8,334	9,230	2,504	2,422
PAT <sup>2</sup> .....	1,815	(4,975)	1,252	398	800
PATAMI <sup>2</sup> .....	1,458	(4,762)	999	188	725

*Note:*

- (1) EBITDA is not a uniformly or legally defined financial measure. The Group defines EBITDA as net profit/(loss) before tax, interest expense/(income), depreciation, impairment and amortisation, other operating income/(expenses), foreign exchange gains/(losses), gain/(loss) on dilution of equity interests and share of results of associates and joint ventures. EBITDA is presented because the Group believes it is a widely accepted financial indicator on an entity's ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, or as an indicator of the Group's operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or an alternative to cash flows as a measure of liquidity or any measures of performance derived in accordance with Malaysian GAAP. The computation of EBITDA herein may differ from similarly titled computations of other companies.
- (2) The PAT and PATAMI figures for financial years ended 31 December 2017 and 2018 take into account the voluntary changes in accounting policy as explained in note 1 under the consolidated statement of comprehensive income table in the section headed "Summary Financial Information" of this Offering Circular. Please refer to note 1 under the consolidated statement of comprehensive income table in the section headed "Summary Financial Information" of this Offering Circular for further information.

The following table shows the Group's capital expenditure ("Capex") for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and the first quarters ended 31 March 2020 and 31 March 2019:

	<b>Financial year ended 31 December 2019</b>	<b>Financial year ended 31 December 2018</b>	<b>Financial year ended 31 December 2017</b>	<b>First quarter ended 31 March 2020</b>	<b>First quarter ended 31 March 2019</b>
	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>
Capex .....	6,202	6,102	6,265	1,274	1,442

The following table shows the Group's market capitalisation as at 31 December 2019, 31 December 2018 and 31 December 2017, and as at 31 March 2020:

	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>	<b>As at 31 March 2020</b>
	<b>RM billion</b>	<b>RM billion</b>	<b>RM billion</b>	<b>RM billion</b>
Market Capitalisation .....	37.9	35.6	49.7	30.1

## **RECENT DEVELOPMENTS**

### ***Impact of the COVID-19 pandemic on the Group's operations and business***

The recent COVID-19 pandemic has had a material adverse effect on the global economy with major disruptions to many sectors including global trade, transport and tourism. The Group believes that the impacts of COVID-19 on the Group include the following:

- The operating companies that operate in the countries with more stringent lockdown measures, being Malaysia, Sri Lanka, Bangladesh and Nepal, generally experienced an adverse impact on their respective revenues during the period in which the lockdown measures were imposed (which generally started in mid-March and gradually eased from end-May onwards). During the period in which lockdowns were imposed in the countries in which the Group operates, the Group's prepaid mobile revenue has been affected by the closure of customer contact centres as a result of such lockdown measures in those countries. This has generally decreased the

Group's sale of physical reloads, SIM cards and devices. However, this is cushioned by a general increase in the sale of digital reloads via mobile wallets (such as 'Boost' in Malaysia, 'eZCash' in Sri Lanka and 'bKash' in Bangladesh and well as via mobile applications (such as the 'Celcom Life App' and 'Yoodo' in Malaysia and 'myXL' and 'AxisNet' in Indonesia).

- Some foregone revenue by the Group due to free data provided by some of the operating companies in countries such as Malaysia, Nepal and Sri Lanka. For instance, the telecommunication companies in Malaysia provided daily internet of 1GB specifically for education and work productivity tools, as well as general web browsing and access to key government mobile applications to customers, as part as a joint-initiative between industry and the government.
- The Group has seen the following trends during the period in which lockdowns were imposed due in part to the general increase in remote, flexible and telecommuting arrangements in the countries in which the Group operates, including, but not limited to: (i) a general increase in network traffic across its operating companies; and (ii) a general increase in demand for products and services in areas such as the home and enterprise segments. While such trends could partially offset the impact described in the preceding paragraphs, the full impact of COVID-19 on the Group remains uncertain as at the date of this Offering Circular.

In the wake of the COVID-19 pandemic, the Group, as part of its corporate social responsibility, has supported its customers via free data and connectivity to healthcare, education, entertainment, enterprise and government websites and apps. For micro-, small- and medium-size enterprises ("SMEs") in Malaysia, the Group has launched the RM150.0 million Axiata COVID-19 Assistance Programme. As part of its business continuity management, the Group has placed employee safety and wellness, technology and cyber resilience, as well as vendor and supply chain support, as top priorities.

The Group's key focus in 2020 is to conserve cash via disciplined cost management and Capex and operating expenditure ("Opex") efficiency during the crisis, whilst also building reserves for growth opportunities. In respect of liquidity management, the Group has further strengthened its liquidity position with the completion of its syndicated multi-currency Shariah-compliant sustainability-linked financing facilities of USD800.0 million on 8 May 2020. These will be utilised for working capital and/or refinancing purposes. In respect of cost management measures, these include some Capex deferment for its operating companies, and reduced Opex spending particularly in the areas of direct expense, and sales and marketing cost.

While the full impact of COVID-19 cannot be ascertained as at the date of this Offering Circular, the Group is diligently monitoring the ongoing financial and operational impact of COVID-19 on the Group's businesses across the region. See "*Risk Factors — Risks relating to General Market Conditions — Pandemic outbreaks, in particular, COVID-19, or other infectious diseases, or any other serious public health concerns have and may adversely impact the Group's business, financial condition, results of operations and prospects*".



## COMPETITIVE STRENGTHS

The Group believes that it is well positioned for future growth due to the following competitive strengths:

### **Regional champion and amongst the largest telecommunications operator groups in Asia and globally**

Serving approximately 153 million subscribers in 11 countries across Asia as at 31 December 2019, the Group is one of the largest mobile telecommunications operators in Southeast Asia and South Asia. The Group's regional focus on South Asia and Southeast Asia provides the Group with a potential market of approximately one billion people, which presents opportunities for growth in terms of service adoption as increasingly sophisticated subscribers seek improved technology and services such as mobile data. The Group believes that it is well positioned to benefit from population growth, economic development and increased demand for mobile telecommunications and data services in these markets.

The Group's scale in the region provides multiple benefits to each of the individual operating companies. These benefits include the standardisation and harmonisation of the Group's interactions with third-party suppliers, including network equipment providers, through the use of the Axiata Procurement Centre ("APC"), resulting in improved cost reductions and cost avoidances. In addition, the Group's scale enables it to be a strategic partner of choice across South Asia and Southeast Asia for operators and OTT companies amongst others.

The Group maintains substantial controlling stakes in each of Celcom, XL, Dialog, Robi, Smart and Ncell, the Group's key operating companies. This enables the Group to influence the direction or operation of operating companies to ensure a coherent Group strategy through board representatives and the appointment of key management within the operating companies.

### **Balanced portfolio of assets and continuous evaluation of the Group's overall portfolio through active portfolio management**

The Group controls a portfolio of assets focused on the provision of mobile telecommunications services within the fast-growing markets in the South Asia and Southeast Asia, a number of which, such as Cambodia, Bangladesh, Sri Lanka, Indonesia and Nepal, still present opportunities for growth. The Group seeks future growth through its strategic initiatives, including its telecommunications infrastructure business, edotco and its digital services, ADS. The Group's portfolio is anchored by Celcom in Malaysia and XL in Indonesia. Celcom and XL are recognised market leaders in Malaysia and Indonesia, respectively, and provide steady cash flows that can be deployed to support the Group's operations in high growth emerging markets as well as strategic growth initiatives.

The Group adopts an active portfolio management approach and continuously evaluates the Group's overall portfolio through a robust investment methodology, including the periodic evaluation of divestments relating to the Group's non-core assets. To this end, the Group may, from time to time, actively restructure its portfolio of businesses by amongst other things, divesting non-strategic or non-core businesses. As and when the opportunities arise, the Group may also consider divesting its existing assets in order to realise capital gains and re-deploy capital for new ventures, which have better upside potential in terms of growth or dividend yield. For example, the Group disposed of its entire stake in Idea Cellular Limited in 2020, M1 Limited in 2019 and Multinet Pakistan (Private) Limited in 2018. In addition, ADS sold its digital ventures portfolio in 2019.

In addition, the Group may, as part of its strategy to fund new growth areas with strategic partnerships or through financial investors, from time to time seek to reduce its holdings in certain businesses. For example, in respect of the Group's digital business, (i) ADA entered into a strategic partnership Sumitomo Corporation in 2018; (ii) ADS obtained a strategic minority investment from Mitsui & Co. Ltd in 2019; and (iii) Boost received a strategic investment from Great Eastern in 2020. In respect of the Group's tower infrastructure business, edotco completed the private placement of its shares to Khazanah, Innovation Network Corporation of Japan and Kumpulan Wang Persaraan (Diperbadankan) in 2017.

The Group believes that its current portfolio of growth businesses will mature and generate steady cash flows for the Group as the markets or industries that they operate within develop and mature in the future. In the long term, the Group believes its operations in Malaysia, Indonesia, Sri Lanka, Bangladesh, Nepal and Cambodia, as well as edotco and ADS, will contribute to the Group's cash-flow generation.

### **Strong leadership position providing growth potential within the South Asia and Southeast Asian region**

The Group believes that it has strong leadership positions in many of the regional markets in which it operates. By subscriber market share, Celcom, XL, Dialog, Robi, Smart and Ncell are amongst the largest mobile operators in their respective markets. In addition, many of the Group's companies have long operating track records and were either the incumbent mobile service providers or have been at the forefront in delivering certain key services, such as 4G services and network, in their respective markets.

The Group believes it provides a competitive offering and a high level of service within each of the regional markets that it operates in. Both the Group and its individual operating companies have received multiple awards recognising their service, including: Axiata being awarded "Sustainability Reporting Awards (Platinum)" and the "Integrated Reporting Awards (Silver)" at the National Annual Corporate Report Awards in 2019 and the "Excellence Award for Corporate Governance Disclosure" and the "Industry Excellence Award for Telecommunication & Media" at the Minority Shareholders Watch Group — ASEAN Corporate Governance Awards in 2019; Celcom being recognised as the market leader in "Latency Experience", "4G Availability", "Video Experience" and "Upload Speed Experience" at the Opensignal Mobile Experience Award in 2019; and XL being awarded the "Best Network Transformation", "Best B2B Service" and "CEO of the Year" awards at the Selular Award 2019.

### **Ability to deliver enhanced technology and innovative products and services consistently**

The Group's operating companies have demonstrated their ability to consistently deliver innovative products and services to their markets, allowing the Group to compete effectively in a rapidly developing mobile telecommunications market. In recent years, there has been a noticeable shift towards data in the markets in which the Group operates. The Group has continued to experience strong growth in data revenues across its footprint markets. The Group's investment in new technologies has seen it migrating from 2G to 3G service and from 3G to 4G LTE to provide improved user experiences by catering to user demand for increased data whilst improving cost efficiencies within the Group.

More recently, the Group has made strides in developing its 5G capabilities and infrastructure, to position itself to leverage on the eventual roll out of 5G in the respective countries in which it operates. For instance, Celcom has been involved in the Malaysian Government's National 5G Task

Force since 2018, working closely to support the implementation of 5G in Malaysia and to provide industry feedback. Celcom has been running live 5G trials, such as, Malaysia's first 5G Live Cluster, which was tested for six months since July 2019 at Celcom's headquarters for the surrounding areas. XL has also started to develop infrastructure for a 5G network. A third trial for the eventual implementation of 5G technology was successfully conducted in one of the rooms of the XL Building in Jakarta on 21 August 2019. It demonstrated the ability of 5G services to communicate virtually through a holographic display. Dialog was the first telecommunications company in South Asia to demonstrate a fully standards-based Live 5G Showcase that integrated 5G network infrastructure with a mobile 5G device featuring holographic video call, holographic remote music production, 360° 8K video calling, and 360° 8K Live Virtual Reality enabled video streaming, 'AI powered Digital Twins' mechanism and 'Robotic Arm'.

Data continues to be the key growth driver of the Group's business and data growth has been increasingly strong across all its subsidiaries and remains a material part of revenue, particularly in its more mature markets. The Group's operating companies have demonstrated their ability to monetise the increased demand for data by customers across key markets including Malaysia, Indonesia, Sri Lanka, Bangladesh, Cambodia and Nepal. XL's data revenue as a percentage of its service revenue has increased from 48 per cent. in 2016 to 89 per cent. in 2019, whilst Dialog's data revenue as percentage of its mobile revenue has increased from 24 per cent. in 2016 to 42 per cent. in 2019. Robi's and Ncell's data revenue as a percentage of their respective total revenue have also experienced a similar trend, with an increase from 13 per cent. in 2016 to 29 per cent. in 2019 for Robi, and an increase from 16 per cent. in 2016 to 22 per cent. in 2019 for Ncell.

### **Growing its tower infrastructure services and digital services**

The edotco Group was established in 2012, and it is the first and leading regional integrated telecommunications infrastructure services company in Asia. Edotco specialises in end-to-end solutions in the tower services sector ranging from tower leasing, co-locations, build-to-suit, energy and transmission to operations and maintenance. Since its inception, the edotco Group has evolved into a self-funded and independent business that generates cash flow for the Group. As at 31 March 2020, edotco Group operates and manages a regional portfolio of 32,307 towers across core markets including Malaysia, Myanmar, Bangladesh, Cambodia, Sri Lanka, Laos and Pakistan, with 20,728 towers directly operated by edotco and 11,579 managed sites. The edotco Group continues to explore expansion opportunities in Southeast Asia and South Asia.

The Group's digital services arm, ADS, was established in 2012 to support the growing demand for digital services. ADS' role has pivoted its digital business from a portfolio company into a digital business arm comprising three core verticals. These include digital financial services such as e-wallets, micro-financing and micro-insurance, digital advertising that use data driven solutions to enhance business success, and platform services focused on APIs that redefine the way businesses communicate with consumers. Flagship brands within the portfolio are "*Boost*", "*Aspirasi*", "*ADA*" and "*Apigate*".

### **Ability to develop and enhance synergies across operating companies and implement Group-wide strategies**

The Group believes that one of its principal competitive advantages is the synergy between its businesses, which allows the Group to reap benefits, such as the efficient deployment of its resources. The Group intends to increase collaboration opportunities amongst its telecommunications, tower infrastructure, and digital businesses, as this will allow the Group to harness synergies and economies of scale by capitalising on the strengths and capabilities of its

businesses. The Group believes that the synergies harnessed from increased collaboration opportunities will increase the Group's competitive edge.

The operational challenges and opportunities faced by each of the Group's operations are similar and therefore the Group believes that its knowledge and experience can be leveraged across its operations to enhance the Group's performance and operational efficiencies. An example of this is the Group's commitment to setting up Group centres of excellence in core areas within the Group, such as pricing practices, with a view to improving the standards of best practice across key operating companies.

The Group believes that it can improve its procurement performance via the APC. The APC utilises strategic sourcing, category management and spend analysis for the acquisition of network equipment and infrastructure to achieve lower capital expenditures per unit and enhance individual operations through the sharing and application of knowledge and telecommunication best practices, particularly through the Group's management rotation and other talent management efforts.

With the implementation of the APC, the Group has standardised its expenditure outlay across the network and realised cost reductions and cost avoidance. The streamlined process allows the Group to benefit from economies of scale, oversight on spending and the introduction of a more advanced sourcing process. The APC also covers Information Technology ("IT") expenditure. The APC has overall responsibility for procurement systems, policies and processes. The Group has also been able to make improvements to its technology and business processes by leveraging on expertise across other operations. Areas where the Group is in the process of enhancing synergies across its operating companies include networks, IT, sales and marketing and the launch of new products and businesses.

The Group implemented a Group-wide talent management programme designed to benefit all operating companies through the identification and retention of high-potential candidates. This centralised approach allows the Group to achieve consistent employee development across the Group and to transition talent from one operating company to another as required.

The Group believes its spread of operating companies with different maturity levels and levels of telecommunication systems advancement allows it to benefit from the transfer of knowledge and experience gained in one market to another. In particular, the increasing growth of data driven services has allowed the Group to use its knowledge and experience in delivering digital services to customers. The Group's ability to implement Group-wide initiatives and strategies to realise the benefits of possible synergies in its key operating subsidiaries is enhanced by its majority shareholding in the companies and its representation on the boards of directors of each of these companies.

### **Strong brand equity in the Group's markets**

The Group's operating companies have strong leadership positions and have developed strong brand identities in their respective markets, particularly in Malaysia, Indonesia, Sri Lanka, Bangladesh, Cambodia and Nepal. The Group believes that brand names such as "*Celcom*", "*XL*", "*Dialog*", "*Robi*", "*Smart*" and "*Ncell*" are well-known and recognised in their respective markets and play a critical role in subscriber acquisition and retention across all principal product segments. The Group's brands and their attributes are key to differentiating the Group's products from those of existing and new competitors.

Following XL's integration of Axis, the "*AXIS*" brand was re-launched and marketed as a brand that delivers value-for-money internet services. The Group has retained the "*XL*" brand in conjunction

with the “*AXIS*” brand, enabling a dual-brand strategy within Indonesia, in which “*XL*” focuses on high-value, advanced data consumers whilst the Group uses “*AXIS*” to pursue budget-conscious data consumers. The dual-brand strategy enables XL to position itself well to attract consumers across the whole spectrum. A similar dual-brand strategy was also adopted following the merger between Robi and Airtel in 2016, where Robi continues to monetise its dual brand strategy by attracting both the high-value segment via the “*Robi*” brand and the youth segment via the “*Airtel*” brand.

Over the years, the Group has invested heavily in the building of its brand names through planned advertising and promotions, centred around a commitment to providing high quality and innovative communication services that anticipate and meet subscribers’ needs. The Group believes that its strong market position, operating track record and strong brand recognition position it well to continue capturing opportunities for growth in its target markets. In addition, the Group has reinforced the strength of certain individual brands in the Group and the cohesion of the brand identity of the Group as a whole, by increasing the alignment of operating company brands with the Group’s brand, through the incorporation of the “*Axiata prism*” into the “*Celcom*”, “*Dialog*”, “*XL*”, “*Robi*”, “*Smart*” and “*Ncell*” logos.

### **Extensive network coverage and effective distribution network**

The Group’s wide mobile network coverage and strong distribution network are key competitive advantages to attract and retain mobile subscribers.

The Group believes that its extensive network coverage in its respective operating markets enables it to compete successfully in mobile telecommunications services markets, particularly in Malaysia, Indonesia, Sri Lanka, Cambodia, Bangladesh and Nepal. The Group also believes that it is able to meet the increased data demands of consumers through the continual expansion of the 4G Base Transceiver Stations (“*BTS*”) in its network. As a testament of the Group’s efforts, Celcom operates a nationwide mobile network with approximately 8.0 million subscribers in Malaysia as at 31 March 2020, providing network coverage in Malaysia of approximately 93 per cent. for 4G. In addition, Robi provides one of the widest network coverage in Bangladesh as at 31 March 2020, covering approximately 96.1 per cent. of the population in Bangladesh with regards to 4G services.

To complement traditional distribution network such as brick-and-mortar retail outlets, the Group has been pursuing alternative distribution channels through digitisation and analytics to increase the Group’s competitiveness. Examples of initiatives that were launched in 2019 include the ‘*Celcom Life App*’, the ‘*PULSE*’ mobile application and the Social Media Experience Hub by Celcom and the ‘*XL Busol Sales Platform*’ by XL. Such alternative distribution channels offer the Group potential savings compared to traditional distribution channels in the form of reduced operating expenditure and increased control over the distribution channel. In addition, alternative distribution channels also provides opportunities for customer adoption and cross selling. For instance, the introduction of in-app personalised offerings to the ‘*Celcom Life App*’ has led to higher customer adoption for its mobile application.

### **Backed by marquee institutional investors**

The Group benefits from having large institutional investors with Khazanah Nasional Berhad, the strategic investment fund of the Government of Malaysia, as the single largest investor in the Group with a shareholding of approximately 36.79 per cent. as at 31 March 2020, followed by the Employees Provident Fund Board, a social security institution in Malaysia, with a shareholding of approximately 16.63 per cent. which was held through the Citigroup Nominees (Tempatan) Sdn Bhd. Lastly, AmanahRaya Trustees Berhad — Amanah Saham Bumiputera, one of the unit trust fund

portfolios under Permodalan Nasional Berhad, Malaysia's biggest fund management company held approximately 11.95 per cent as at 31 March 2020. As at 31 March 2020, Axiata had a foreign shareholding of approximately 10.99 per cent.

The Group believes that the presence of large institutional shareholders provides the Group with the stability and ability to pursue strategic initiatives designed to strengthen the Group in the medium to longer term.

### **Experienced and committed board of directors and management team**

The Group has an experienced and established board of directors, and has in place a board composition framework which aims to introduce diversity in skills, gender, nationalities and independence. The framework involves, *inter alia*, the following: (i) more than 50 per cent. of Axiata's board of directors to comprise independent non-executive directors with various mix of skills, experience and diversity including in terms of nationality and gender; and (ii) up to three members with international experience or geographical experience to match Axiata's geographical footprint. Axiata's board of directors have experience in a wide range of industries including general management, finance and accounting, legal and regulatory, strategy, human resource, economy and international relations.

In addition, many of its executives have been involved with the telecommunications industry for many years and possess international experience. The Group believes it has the management strength and access to talent to grow its existing operations, expand internationally, and diversify into new revenue streams. In addition, the Group has put in place regional talent management programmes to deploy high-performing executives and groom future leaders. The Group's diverse operations provide valuable opportunities to expose emerging leaders to varying regulatory, economic and operational challenges. The cross-deployments also help to promote best practices from individual operators to the rest of the Group.

### **Sustainability commitment and environmental and social practices based on international best practices**

The Group considers sustainability as an integral part of its long-term strategic direction, and it operates to deliver benefits and results to all its stakeholders including its employees, suppliers, counterparties, investors, partners and, in particular, to the environment and to the host communities that it works with. As part of its sustainability efforts, the Group has set up the "4P" sustainability framework based on the material environmental, social and governance factors. These guide the Group's approach to embedding sustainable practices in every part of the business, and to drive continual improvements, from taking the lead on environmental stewardship to investing in local communities and conducting business ethically.

From an environmental perspective, the Group is committed to reducing its environmental impact, by reducing its carbon footprint, improving its energy efficiency and investing in renewable energy. To this end, the edotco Group has been working with a third-party verification body to quantify the reduction of carbon in the construction of newly designed towers. By, amongst other things, designing and building leaner and lighter structures, exploring alternative construction materials and investing in renewables, the edotco Group has been able to reduce its carbon emission by 54 per cent. per site from 2013 to 2019. In addition, the Group also implements policies that are in line with international standards. For instance, Axiata has committed to aligning its goals to GSMA's "Zero by 2050" commitment, by developing a robust strategic approach in the management of climate change through developing a climate governance framework and setting targets.

From a social perspective, the Group continues to work with various organisations that support a number of social initiatives, including the uplifting of disadvantaged youths and families in the areas of digital inclusion and employability. In addition, in the wake of the COVID-19 pandemic, the Group, as part of its corporate social responsibility, has supported its customers via free data and connectivity to healthcare, education, entertainment, enterprise and government websites and apps. For micro-, small- and medium-size enterprises in Malaysia, the Group has launched the RM150.0 million Axiata COVID-19 Assistance Programme.

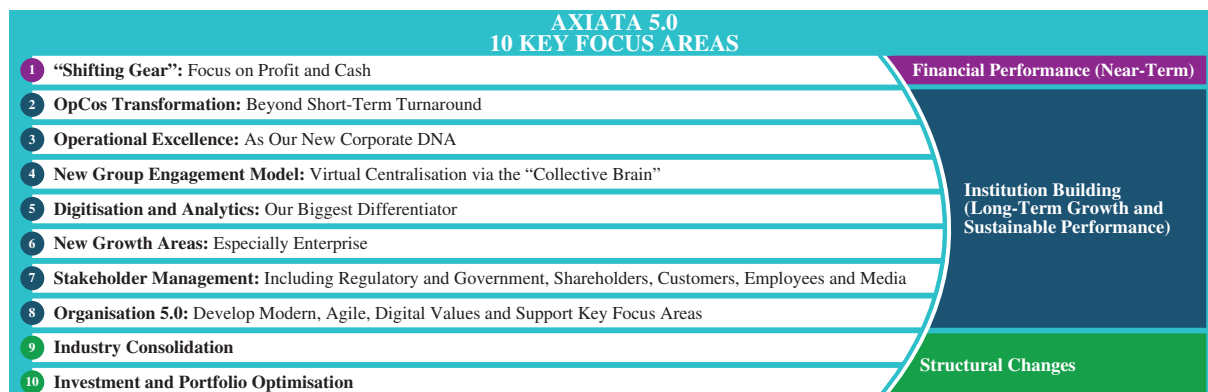
In terms of governance, maintaining high standards of integrity is paramount to the Group in building trust and confidence with its stakeholders. The Group has established a set of well-defined policies and processes to enhance corporate performance and accountability, as well as to protect the interests of stakeholders. The Group continually works to strengthen its corporate governance. In 2019, the Group enhanced its Risk Committee to include oversight on compliance. In June 2020, the new corporate liability provision of the Malaysian Anti-Corruption Commission Act 2009 under Section 17A came into effect, and the Group is working to ensure that it has the appropriate measures and procedures to prevent corruption.

## GROUP STRATEGIES

The Group’s vision is to be the “New Generation Digital Champion” by 2022, which is underpinned by three core strategies consisting of the following:

1. transforming its mobile-centric telecommunication companies into converged digital operators, with targets for each operating subsidiary to achieve leadership positions in the respective markets in which they operate;
2. pivoting its digital business from a portfolio company into a digital business arm consisting of three core verticals, being digital financial services, digital advertising and digital platform businesses; and
3. expanding its tower infrastructure business, edotco, and aspires to be one of the top five players in the world.

To achieve these objectives, the Group has identified the following key focus areas in the short-, medium- and long-term as illustrated in the diagram below. These are aimed at enhancing near-term financial performance, ensuring long-term sustainable growth, and addressing structural changes via industry consolidation and portfolio optimisation.



**(a) “Shifting Gear”**

In the short term, the Group will focus predominantly on profit growth and cash generation to strengthen its financial position. This objective is carried out through the “Shifting Gear” strategy which includes, amongst other things, the aim to achieve at least industry revenue growth in the respective markets in which the Group operates, whilst shifting the primary focus of the operating companies in growing their respective profits and increasing their respective cash generation.

To this end, the Group has achieved the following milestones for the financial year ended 2019:

- The Group’s operating subsidiaries are profitable for the financial year ended 2019, with PAT growth from 2018 to 2019 in Celcom (approximately 154 per cent.), XL (approximately 115 per cent.), Dialog (approximately 44 per cent.) and Smart (approximately 10 per cent.).
- Since the unveiling of the Group’s five-year cost optimisation initiative in 2017, the Group has recorded more than RM4 billion worth of savings as at 31 December 2019.

**(b) Operating Companies’ Transformation**

The Group has, and will continue to transform its operating companies in order to capitalise on global trends and to remain competitive in the rapidly-changing telecommunications industry. In particular, Celcom has adopted, and will continue to adopt the following phased approach in its transformation:

- In phase 1 from 2017 to 2018, Celcom improved its ability to launch competitive products in the market place, transformed its IT stake and enhanced its reliability. It also improved its network to provide better video experience and wider coverage across Malaysia. Celcom also undertook the restructuring of its organisation, including headcount reduction by approximately 1,000.
- In phase 2 in 2019, with the notion of “Operational Excellence” at the core of its transformation, Celcom improved its EBITDA margin (defined as EBITDA/Revenue) from 26.0 per cent for the financial year ended 31 December 2018 to 39.0 per cent for the financial year ended 31 December 2019.
- In phase 3 from 2020 to 2022, Celcom plans to refresh its prepaid and postpaid segments, including products and distribution, as well as optimise its MVNO opportunities. There are plans to re-engineer network operations, including developing its 5G capabilities and infrastructure, to position itself to leverage on the eventual roll-out of 5G in Malaysia. There are also plans for Celcom to explore new businesses opportunities including enterprise and selective home segments. As Celcom’s builds an agile IT platform, this will enable it to focus on further cost savings opportunities, and a faster go-to-market strategy in the future.



**(c) Operational Excellence**

The Group has embedded the notion of “Operational Excellence” into its corporate culture with aspirations to, *inter alia*, be one of the lowest cost producer of data in the respective markets in which the Group operates, consisting of the following constituents:

- *Profitable growth:* The Group aims to strike a balance between investing for growth in areas such as home and enterprise segments, whilst increasing profitability for its mobile business. Please see the paragraph above on “*Shifting Gear*” and the paragraph below on “*New Growth Areas*” for more details.
- *Optimum customer satisfaction:* The Group intends to optimise customer satisfaction strategies in terms of improving its customer service, streamlining its internal processes, revising its network and IT delivery policy and leveraging on digitisation and analytics. This strategy would also include customer segmentation through data and analytics to discover an optimal level of service and price point for each of its customer segment.
- *Sustainable cost structure:* The Group believes that its continued focus on cost improvement initiatives and development of operational excellence, including best practice sharing, throughout its portfolio of operating companies will help it to maximise profitability in the developing markets in which it operates. In addition, the operating companies will continue to focus on enhancing their respective operating expenditure Opex efficiency and Capex efficiency. Areas where the Group believes cost savings that can be made to deliver Opex efficiency and Capex efficiency include network, IT and procurement. To this end, the Group has unveiled a five-year cost optimisation initiative in 2017, which has recorded more than RM4 billion worth of savings since its inception.
- *Leveraging on digitisation and analytics:* The Group believes in leveraging on digitisation and analytics to achieve growth, profitability, optimum customer satisfaction and reduction of costs. Please see the paragraph below on “*Digitisation and Analytics*” for more details.
- *Organisational excellence:* The Group places great emphasis on the engagement, motivation, competencies and career development of its employees and their contribution to achieving its business objectives. Employee development is a priority for the Group and the Group has implemented various initiatives to this end. The Group emphasises a strong culture of training and education for its staff in order to attract and retain the right employees with the necessary skills to better position the Group going forward. In 2018, the Group formalised and introduced the concept of “Modern, Agile & Digital” (also known as, M.A.D.) across the organisation. Please see the paragraph below on “*Organisation 5.0*” for more details.

**(d) New Group Engagement Model (‘Collective Brain’)**

The Group intends to enhance the existing synergy and collaboration between operating companies. To this end, the Group has institutionalised a new group engagement model (also known as the ‘Collective Brain’ engagement model). The ‘Collective Brain’ engagement model provides a framework for virtual centralisation across the Group’s operating companies, to allow for increased efficiency and better cross-pollination of learning. The Group has identified network, IT and procurement as three priority areas for virtual centralisation to realise incremental strategic and financial value across its operating companies. Other examples of

initiatives that have been launched include the establishment of a virtual council amongst the chief technology officers and chief information officers to jointly develop solutions across the Group.

**(e) Digitisation and Analytics**

Another core focus of the Group would be to leverage on digitisation and analytics to achieve growth, profitability, optimum customer satisfaction and reduction of costs, as well as to strengthen its competitive advantage. As part of its efforts, the Group has embarked on a group-wide digital transformation initiative through the adoption of principles and technologies arising from the “fourth industrial revolution” (involving, amongst other things, advancements in cloud technology, Internet of Things (“**IoT**”) and Artificial Intelligence (“**AI**”)) (“**IR 4.0**”). This strategy involves the combination digitisation and analytics, coupled with IT infrastructure and capability augmentation, with a long-term plan of achieving economies of scale. This group-wide digital transformation initiative involves the following areas:

- *Digital Products and Services:* This involves transforming the Group’s products and services portfolio to a wider suite of digital offerings, including media services, digital value added services and an augmented set of mobile services focusing on digital interactions.
- *External Interfaces:* The Group is working towards digitalising its external interfaces through which the abovementioned products and services are delivered to its customers and partners. Such digitisation initiatives are aimed at enhancing customer experience through, for instance, the automation of customer registrations and allowing customers to engage directly with service desks.
- *Internal Processes:* This involves the simplification, digitisation and automation of the Group’s internal processes, which include finance, human resource and operational processes. It also focuses on strengthening the link between front-end processes and back-end operations.
- *Infrastructure and Platforms:* The Group also aims to completely modernise and digitise its network, IT and platforms, to ensure that it would be in a position to meet the demands of IR 4.0. In addition, the Group has also made strides in developing its 5G capabilities and infrastructure, to position itself to leverage on the eventual roll-out of 5G in the respective countries in which it operates.
- *Organisation and Culture:* This entails a mindset and culture shift towards digitisation across the operating companies, to create an environment to work in a digitised ecosystem.

**(f) New Growth Areas**

The Group continues to increase its focus on new business opportunities outside its traditional mobile telecommunication business including in the areas of enterprise, home, digital (including e-wallets, micro financing and micro insurance), and tower infrastructure businesses. To this end, the Group have seen encouraging growth in the following areas from 2018 to 2019 (a) home/convergence business at Celcom, XL, Smart and Dialog; and (b) the enterprise business at Celcom, XL and Dialog. In respect of the tower infrastructure business, the towers owned by edotco increased from 15,273 as at 31 March 2017 to 20,728 towers as at 31 March

2020; and tenancy-to-tower ratio increased from 1.48 as at 31 March 2017 to 1.61 as at 31 March 2020.

To further manage risk in certain new ventures, the Group has utilised partnerships with other telecommunications, technology companies and financial investors to benefit from existing capability and know-how to complement the Group's business and to enhance shareholder value. The Group will continue to review the prospects of monetising its existing investments in order to channel funds for new growth areas.

**(g) Stakeholder Management**

The Group regards stakeholder management to be a key strategy in allowing it to, amongst other things, navigate between differing regulatory environments, protect its brand image and recognition, and reinforcing its commitment in the area of sustainability and corporate responsibility.

The operating companies operate within diverse regulatory environments which are impacted by various factors, such as: (i) regulations pertaining to cyber security, data protection and customer privacy; (ii) changing taxation structures and business fees; (iii) political shifts in operating markets; and (iv) increasingly stringent environmental regulations aimed at reducing carbon emissions from its network sites. To this end, the Group aims to develop group-wide positions on key issues which impact its business, as well as to actively engage with regulatory agencies and governments in the countries in which the Group operates. Examples of the Group's progress made in this regard includes the entering of the memorandum of understanding with the Malaysia Digital Economy Corporation to share best practices, cyber-threat scenarios and contribute to national talent development, as well as the partnering with regulatory bodies and the Government Computer Emergency Response Team in Malaysia to enhance national incident response and threat intelligence. The Group also participates in various targeted in-country public consultations, international and regional workshops and forums organised by the APT, ITU and GSMA as well as in-country forums held by the government and national regulatory agencies to discuss various international best practices and practical solutions in achieving various regulatory outcomes. In advancing its thought leadership capabilities, the Group also plays active leadership roles in GSMA's Chief Regulatory Officers Group for Asia Pacific in framing various regulatory research and advocacy works which may contribute positively towards regulatory reforms in the countries in which the Group operates. Furthermore, the Group also collaborates with international partners in publishing regional reports on emerging regulatory issues involving, amongst other things, the digital economy and IR 4.0.

In addition, the Group also aims to protect its brand image and recognition through engaging with stakeholders such as local and regional media, as well as country representatives. In the areas of sustainability and corporate responsibility, the Group has committed to embed the 10 principles of the United Nations Global Compact and the 17 United Nations Sustainable Development Goals in its operations.

**(h) Organisation 5.0**

The Group places great emphasis on the engagement, motivation, competencies and career development of its employees and their contribution to achieving its business objectives. Employee development is a priority for the Group, and it has implemented various initiatives towards this end. The Group emphasises a strong culture of training and education for its staff

in order to attract and retain the right employees with the necessary skills to better position the Group going forward. To this end, the Group has formalised and introduced the concept of Modern, Agile & Digital (also known as M.A.D.) across the organisation. This entails, amongst other things, modernising the Group's performance management systems and compensation structure, reshaping the Group's leadership competencies, talent management and development programmes, and revamping the Group's organisation, in line with the Group's digitisation efforts.

An example of the initiatives under the Modern, Agile & Digital (also known as M.A.D.) framework includes the launch of a knowledge-sharing platform to enable and empower the Group's employees to contribute and share ideas across the Group. In addition, the Group also launched the Learning, Engagement and Accelerating Performance (also known as LEAP) programme, an externally evaluated multi-year programme which aims to cultivate a Group-wide digitisation culture through a bottom-up functional approach. Through this programme, the Group has created over 250 unique digitisation initiatives including, amongst other things, process automation, API management, business analytics, big data analytics, virtualisation, Artificial Intelligence, bots and IoT in 2019.

**(i) *Industry Consolidation***

The Group will continue to pursue industry consolidation efforts where viable, and make strategic investments within South Asia and Southeast Asia, where financially justifiable, with the aims to grow profitably and future-proof the Group's business. In particular, the Group may, as and when opportunities arise, explore consolidation possibilities in existing markets in which it operates, such as Malaysia, Indonesia and Bangladesh. The Group utilises due diligence procedures in conjunction with internal checks and balances to ensure that new investments represent long-term strategic value for the Group.

**(j) *Investment and Portfolio Optimisation***

The Group continually reviews its investments and portfolio, with the aim of creating shareholders value and re-allocating its capital and resources in an effective manner. The Group adopts an active portfolio management approach, including the periodic evaluation of divestments relating to the Group's non-core assets. For example, the Group disposed of its entire stake in Idea Cellular Limited in 2020, M1 Limited in 2019 and Multinet Pakistan (Private) Limited in 2018. In addition, ADS sold its digital ventures portfolio in 2019.

The Group will also explore new opportunities that (i) offer a balanced portfolio with a combination of good growth, stable dividend yield and ROIC focus; (ii) satisfy the Group's due diligence process; (iii) meet the Group's investment evaluation criteria; and (iv) do not materially impact the Group's debt profile. The Group has utilised partnerships with other telecommunications and technology companies, and financial investors to benefit from existing capability and knowhow to complement the Group's business and to enhance shareholder value. For instance, ADS obtained a strategic minority investment from Mitsui & Co., Ltd. in 2019. More recently in June 2020, Boost received a strategic investment from Great Eastern. In respect of the Group's tower infrastructure business, edotco completed the private placement of its shares to Khazanah, Innovation Network Corporation of Japan and Kumpulan Wang Persaraan (Diperbadankan) in 2017.

## KEY OPERATING SUBSIDIARIES

The Group's key operating subsidiaries are as follows:

### Celcom

Celcom was incorporated in Malaysia on 5 January 1988 and commenced business on 21 August 1989. It is primarily engaged in the provision of voice and data communications services through mobile networks in Malaysia. Celcom's business is focused on the domestic mobile services segment and it operates nationwide mobile networks, comprised of a 2G network utilising both GSM 900 and GSM 1800 spectrum and Malaysia's first 3G network using wideband code division multiple access ("W-CDMA") on 2100 MHz spectrum. Celcom was the first operator in the country to launch 3G services in 2005 utilising TM's 3G spectrum. In 2006, the 3G network was upgraded and Celcom became the first operator in Malaysia to provide High Speed Packet Access ("HSDPA") services, offering subscribers mobile broadband access. Celcom introduced 4G services into its network in 2014, and was one of the first operators in Malaysia to offer 4G services.

As at 31 March 2020, Celcom had approximately 8.0 million subscribers with the widest mobile network in Malaysia with 2G network coverage of approximately 95 per cent., 3G network coverage of approximately 94 per cent. and 4G network coverage of approximately 93 per cent. Celcom's smartphone penetration of its subscriber base has increased from 78 per cent. as at 31 December 2018 to 84 per cent. as at 31 December 2019. Celcom's smartphone penetration of its subscriber base was 85 per cent. as at 31 March 2020. Celcom began its wholesale IT transformation exercise in 2013, focusing on all touch points from dealers, customer care to retail outlets. The long-term goal of the IT transformation was to achieve competitive advantage and deliver a market-leading customer experience to Celcom's customers. Since then, Celcom has continued to evolve alongside technological advancements and changes in consumer behaviour in Malaysia by, amongst other things, focusing on the digitisation of its customer experience and moving towards providing integrated multi-access, multimedia services and IoT capabilities.

In 2019, Opensignal Mobile Experience Award acknowledged Celcom as the market leader in "Latency Experience", "4G Availability", "Video Experience" and "Upload Speed Experience". Celcom was also awarded "Best Telco of 2019", "Best 4G Coverage of 2019" and "Best Data Service Provider of 2019" at the PC.com Best Product Awards.

The following table shows the Celcom Group's consolidated revenue, EBITDA and PAT for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and the first quarters ended 31 March 2020 and 31 March 2019:

	<b>Financial year ended 31 December 2019<sup>(2)</sup></b>	<b>Financial year ended 31 December 2018<sup>(3)</sup></b>	<b>Financial year ended 31 December 2017</b>	<b>First quarter ended 31 March 2020</b>	<b>First quarter ended 31 March 2019<sup>(2)</sup></b>
	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>
Revenue .....	6,706	7,339	6,593	1,562	1,664
EBITDA <sup>(1)</sup> .....	2,618	1,906	2,318	514	570
PAT .....	789	310	1,058	103	133

*Note:*

The financial numbers in the table above are based on submission to the Group, including any required adjustments in accordance with Malaysian GAAP. The financial numbers corresponds to the amounts in the Malaysia segment in the

“Segmental Reporting” note of Axiata Group Berhad’s Audited Financial Statements for the financial year ended 2017, financial year ended 2018 and financial year ended 2019 as well as Unaudited Quarterly Bursa Announcement for first quarter ended 31 March 2020 and first quarter ended 31 March 2019.

- (1) EBITDA is not a uniformly or legally defined financial measure. The Group defines EBITDA as net profit/(loss) before tax, interest expense/(income), depreciation, impairment and amortisation, other operating income/(expenses), foreign exchange gains/(losses), gain/(loss) on dilution of equity interests and share of results of associates and joint ventures. EBITDA is presented because the Group believes it is a widely accepted financial indicator on an entity’s ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, or as an indicator of the Group’s operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or an alternative to cash flows as a measure of liquidity or any measures of performance derived in accordance with Malaysian GAAP. The computation of EBITDA herein may differ from similarly titled computations of other companies.
- (2) The financial numbers are post the adoption of MFRS 16. See further, “*Summary Financial Information*”.
- (3) The financial numbers are post the adoption of MFRS 15 and MFRS 9. See further, “*Summary Financial Information*”.

### Subscriber base and usage

The following table shows certain information relating, amongst other things, to Celcom’s mobile telecommunications subscriber base as at 31 March 2020, and as at 31 December 2019, 2018 and 2017:

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>
Number of subscribers (’000)				
Postpaid .....	2,942	2,964	2,991	2,822
Prepaid .....	5,040	5,408	6,085	6,724
<b>Total number of subscribers .....</b>	<b>7,982</b>	<b>8,372</b>	<b>9,076</b>	<b>9,546</b>
ARPU (RM per month)				
Postpaid .....	85	86	86	84
Prepaid .....	32	36	35	32
Blended .....	49	51	48	45
Data traffic (million GB) .....	280.7	1,083.0	841.6	528.5
Data usage/data subscriber per month (GB) ..	14.9	13.7	10.4	6.7
Smartphone penetration (per cent.) .....	85	84	78	74
4G population coverage (per cent.) .....	93	93	91	87
4G LTE-A population coverage (per cent.) ...	81	81	78	74

### Services and products

Celcom offers its services on a postpaid or prepaid basis. Its postpaid service was launched in 1989 while its prepaid mobile service was launched in 1998. It launched its mobile-based broadband service in 2005 and in 2006, Celcom introduced a customised portfolio of enterprise products and services.

#### Postpaid services

Celcom offers various packages for its postpaid subscribers ranging from individual postpaid packages, special packages for members of associations and clubs to hybrid voice and internet packages offering pre-bundled minutes and SMS together with monthly internet quota. These exclusive packages incorporate pioneer features such as Optimiser and Carry Forward Internet, each of which were ‘first in its class’ in the market.

In February 2020, Celcom unveiled its new postpaid plan, ‘MEGA™’, the first postpaid plan in Malaysia that offers consumers the flexibility to customise their respective postpaid plan based on their usage preference, with either access to “Unlimited Mobile Internet Quota” or “Lightning Mobile Internet Speed”.

#### *Prepaid services*

“Xpax” is Celcom’s main prepaid brand, representing the majority of Celcom’s 5.0 million prepaid subscribers as at 31 March 2020. The latest Celcom Xpax starter pack provides free 1GB basic internet, free 10GB of Facebook, Instagram and Games Walla (games streaming) quota every month and low cost calls, among other features.

#### *Add-on and OTT services*

In addition to voice services, Celcom also offers add-on and OTT services to subscribers. Celcom Music Walla™ is a value add-on that gives Celcom subscribers unlimited data to stream from selected music streaming partners. Celcom Game Hero is a subscription-based game portal that offers on-going game tournament(s)/contest(s) and unlimited free Android game downloads to Celcom subscribers.

#### *Domestic and international interconnection service*

Celcom currently has interconnection arrangements with other domestic telecommunication operators for domestic call services and international carriers for IDD service and traffic termination to Malaysia. Pursuant to these arrangements, Celcom receives domestic and international interconnection revenue for all calls that connect onto Celcom’s network. The submarine cable systems that Celcom accesses allows Celcom to have direct interconnections with approximately 102 international carriers across approximately 237 countries worldwide.

#### *International roaming services*

With the combination of GSM, general packet radio service (“GPRS”), 3G and 4G capabilities provided by 631 international roaming partners (328 3G enabled and 181 4G enabled) to offer services in more than 206 countries globally, Celcom is able to offer a wide range of services to subscribers of both local and foreign operators. The international roaming arrangements are made bilaterally with foreign operators in accordance with 3GSM Association guidelines. Celcom receives revenue both from calls made by its own subscribers roaming abroad and when foreign operators’ subscribers roam on Celcom’s network.

#### *Digitisation of customer experience*

Celcom has made strides in its digitisation efforts, and has invested significantly in digital transformation focused on customer interfaces and touchpoints, leading to the revamp of its website, and the launch of self-service applications, online stores and digital trade interfaces. For instance, the Social Media Experience centre was created in 2017 to respond to customers’ changing behaviours; and “Yoodoo”, a digital and customisable mobile brand was launch in 2018. Another notable example is the ‘Celcom Life App’ which was launched in 2016. The mobile application has since undergone several upgrades and now includes, amongst other things, in-app personalised offerings and a more intuitive user interface. As at 31 March 2020, the ‘Celcom Life App’ has penetrated almost 50 per cent. of Celcom’s smartphone users. Celcom’s digital transformation efforts have resulted in the growth in digital customer engagements, with a 24 percentage-point increase in

the volume of its digital transactions, more than five-fold increase in the number of its online activations, and more than 50-per cent. increase in the number of its active mobile application users year-on-year ended 31 March 2020.

#### *Business solutions*

Celcom Business is an exclusive package offered to corporates which provides the flexibility to share or allocate quota limit amongst employees and members. In October 2019, Celcom launched 'Celcom Business Suite™ for Retail' which offers end-to-end business solutions, including mobile connectivity with the flexibility of large data allocation, wireless internet, and a centralised sales and marketing service.

#### *Customer service*

Celcom's customer service has evolved over the years from being predominantly served via its brick-and-mortar outlets and contact centre. It is now primarily provided via multiple digital channels and self-service options. Celcom's digital and self-service channels include Online Customer Service (a self-service online channel for Celcom customers to perform their transactions), 'Celcom Life App' and 'Celcom Chatbots'. As at 31 March 2020, close to 80 per cent. of customers transactions are done via such digital and self-service channels. In addition, customer support is also provided via multiple social media channels, mainly through Twitter and Facebook.

#### *Strategic alliances*

Celcom has a number of memoranda of understanding, strategic alliances, equity partnerships and collaborations with various global, regional and local corporate and telecommunications leaders, as well as competitors, including Google, Microsoft, Maxis Berhad ("Maxis"), DiGi.com Berhad ("DiGi") and Telekom Malaysia Berhad ("TM"). In November 2013, Celcom and Digi executed a Fibre Infrastructure Collaboration Agreement ("FICA") and formed a Fibre Collaboration Team. The FICA is designed to offer a common planning and project management team for joint development of fibre infrastructure over the next five years, with another 25 years of right-of-use on the fibre infrastructure. As at 30 June 2020, a total of 4,594 kilometres of fibre infrastructure had been completed as a result of the FICA.

In January 2016, Celcom, Telekom Malaysia Berhad ("TM") and Packet One Networks (Malaysia) Sdn. Bhd. entered into a series of agreements in the areas of, amongst other things, TM Next-Gen Backhaul™ (NGBH), High Speed Broadband (HSBB) (Access) and domestic roaming services. Through leveraging on each parties' existing infrastructure, the partnership is aimed at enhancing and developing a greater internet experience for their respective customers.

In February 2020, Celcom, Maxis and DiGi signed a memorandum of understanding to explore joint fibre infrastructure development to efficiently deploy fibre backhaul and rollout fibre to base stations in the Malaysia, aimed at improving 4G connectivity nationwide.

Celcom considers that there remains potential for long-term strategic collaboration in the infrastructure area and may pursue further opportunities in this space.



## *Marketing, sales and distribution*

### *Marketing*

Celcom's marketing strategy is anchored by the following key strategic principles:

- Engaging in subscriber segmentation to clearly identify key subscriber segments for targeted marketing and sales with support at all levels, such as subscriber service and network.
- Developing versatile and innovative product line-ups that are focused on delivering value, such as data plan and content propositions with streamlined product offerings.
- Achieving base retention and monetisation by leveraging on data science and analytics to deliver targeted offerings such as device bundles and add-on offerings to increase ARPU, prolong subscriber tenure and reduce churn.
- Focusing on non-traditional channels such as digital channels as a greater source of acquisition.
- Enabling subscriber self-registration for Celcom's product and services for greater convenience and flexibility.
- Focusing on new growth areas and innovations, in particular, in the areas of 5G, home, enterprise and IR 4.0.
- Enhancing Celcom's overall brand appeal among subscribers by offering good data coverage, speed, rates and service.
- Investing in sponsorship and affinity programmes to create affinity and to grow brand appeal via co-branding initiatives aimed at identified target segments.
- Addressing a wide range of market segments through complimentary approach of MVNO.

### *Sales and distribution*

Celcom uses a multi-channel distribution strategy to sell its prepaid and postpaid services. C-Mobile Sdn Bhd ("**Blue Cube**"), Celcom's wholly-owned subsidiary, distributes the Group's products through 58 retail outlets located principally in shopping malls and high traffic areas in key cities in Malaysia as at 31 March 2020. Celcom also sells additional services such as enterprise and business solutions through Blue Cube retail outlets.

As at 31 March 2020, there were more than 7,000 outlets in Malaysia selling Celcom prepaid cards which could subsequently be reloaded at approximately 10,000 touchpoints and over 250 supported bill payment centres. Celcom's primary virtual reload channels are the 'Celcom Life App' and online banking, which allow subscribers to reload their prepaid credit without having to purchase physical reload cards. In addition, Celcom also continues to provide other virtual reload alternatives such as SMS or Unstructured Supplementary Service Data ("**USSD**").

In response to the trend of social commerce, Celcom has also launched 'Ninja Ranger' in 2019 (now known as 'BeBoZz'), a digitalised platform that allows for peer-to-peer transactions, aimed at increasing the number of signup channels for its postpaid and prepaid services.

## ***Billing***

Celcom bills its postpaid subscribers on a monthly basis. In line with its commitment towards a greener and sustainable environment, various paperless channels are available for its subscribers to access their Celcom postpaid bills. These include the ‘Celcom Life App’ and integrated web portal services which also offer extensive online self-service capability for subscribers to manage their respective accounts. Payment collection is supported by collection points throughout Celcom’s physical sales as well as digital channels. Paper bills are only made available upon its subscribers’ request at a fee.

## ***Credit management and deactivation***

Celcom practices credit profiling, whereby each category of subscribers is broadly distinguished between retail and corporate subscribers. The profiling is based on the assessment of payment history, spending behaviour, plan, loyalty and creditworthiness. Credit profiling determines the level of credit limits granted and discretion in exercising call barring or termination action.

In the event of default in payment or if a subscriber is about to exceed the allocated credit limit, Celcom will contact the subscriber to remind the subscriber of the payment status before any credit control action, such as call barring and termination of phone line, is taken. Depending on the individual subscriber’s Celcom credit profile, system call barring will be taken should the subscriber fail to remit payment 35 days from the date of the statement. In most cases, the account will be suspended between 95 to 115 days (voice packages) from the call barring date and subsequently terminated 60 days after any suspension of service.

## ***Competition***

Competition in Malaysia evolved primarily around coverage, and is now driven by quality of products and services, competitive pricing, network speed and the provision of superior customer experience. Celcom expects competitors to place greater value in the future on providing segment relevant offerings and on value-added services such as data access, content and non-voice services.

The main licensed mobile operators in Malaysia which compete directly with Celcom include Maxis, DiGi, TM and U Mobile Sdn Bhd (“**U Mobile**”). Celcom, DiGi and Maxis operate 2G, 3G and 4G services. Since the progressive termination of its 3G network sharing and alliance agreement with Maxis in June 2017, U Mobile has been expanding its 4G network across Malaysia. TM operates a 4G network under the brand ‘Unifi Mobile’. A number of smaller competitors such as the MVNOs are also active in the market and are growing in size as data consumption continues to increase in the niche segments.

Celcom believes that it has the widest network coverage in Malaysia, giving it a competitive advantage. Celcom further believes that the geographic scope of Celcom’s network coverage and its significant network capacity provides it with a competitive advantage over new market entrants, which cannot duplicate Celcom’s network coverage or capacity without significant capital expenditure. See, “*Risk Factors — Risks Relating to the Operations of the Group and its Businesses — The Group may not realise the benefits it expects from its investments in network infrastructure and new technologies*”.

## ***Network, infrastructure and spectrum***

Celcom’s mobile network infrastructure comprises three major components: mobile access, core network and the transmission system. As at 31 March 2020, Celcom had approximately 8.0 million

subscribers with the widest mobile network in Malaysia with 2G network coverage of approximately 95 per cent., 3G network coverage of approximately 94 per cent. and 4G network coverage of approximately 93 per cent.

Celcom has been involved in the Malaysian Government's National 5G Task Force since 2018, working closely to support the implementation of 5G in Malaysia and to provide industry feedback. Celcom has been running live 5G trials. For instance, Malaysia's first 5G Live Cluster was tested for six months since July 2019 at Celcom's headquarters for the surrounding areas.

Celcom measures the technical performance of its services against internal and external benchmarks to ensure the performance of its networks is ahead of industry standards and it continuously invests in new tools to test and simulate subscriber experience on its services. Celcom also participates in various targeted in-country public consultations and forums, such as the National Digital Infrastructure Laboratory in 2020, which is organised by the Malaysian Communications and Multimedia Commission ("MCMC") to seek input from industry players to review the national digital infrastructure development plan.

Celcom has been granted 2 x 10 MHz in the 900MHz band, 2 x 20 MHz in the 1800 MHz, 2 x 15 MHz frequency division duplex ("FDD") and 5 MHz time division duplex ("TDD") frequency in the 2100 MHz band and 2 x 10MHz in the 2600MHz band.

## **XL**

XL provides voice, data and other value-added mobile telecommunications services to retail customers and business solutions to corporate customers. XL operates 2G, 3G and 4G LTE (operating on GSM 900 MHz, 1800 MHz and 2100 MHz frequencies) mobile services and provides mobile telecommunications services in Indonesia under the brand names "XL" and "AXIS". XL was the first telecommunications operator in Indonesia to commercially launch 4.5G Ready on the 1,800 MHz spectrum.

As at 31 March 2020, XL had approximately 55.5 million subscribers. As at 31 December 2019, XL had 2G network population coverage of more than 92 per cent., 3G network population coverage of more than 94 per cent. and 4G network population coverage of more than 94 per cent. XL's smartphone penetration of its subscriber base has increased from 80 per cent. as at 31 December 2018 to 86 per cent. as at 31 December 2019. XL's smartphone penetration of its subscriber base remained at 86 per cent. as at 31 March 2020.

XL continues to ensure top-notch quality of data experience to its customers with continued roll-out and upgrades of its network. As at 31 March 2020, XL's total BTS reached 133,536 BTS across Indonesia, consisting of 43,579 4G BTS in 449 cities and areas, 54,138 3G BTS, and 35,819 2G BTS.

XL has received numerous awards over the years, which include the "Best Network Transformation", "Best B2B Service" and "CEO of the Year" awards at the Selular Award 2019, and the "Apresiasi Inovasi" award from Koran Sindo for XL's product and technology innovation for XL PRIORITAS.

XL's strong corporate governance was also recognised at the 11th Indonesian Institute for Corporate Directorship Corporate Governance Conference and Awards 2019, where it was awarded the "Top 20 Company" in the "Top 50 of the Biggest Market Capitalisation Public Listed Companies" category.

The following table shows the XL Group's consolidated revenue, EBITDA and PAT for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and the first quarters ended 31 March 2020 and 31 March 2019:

	<b>Financial year ended 31 December 2019<sup>(2)</sup></b>	<b>Financial year ended 31 December 2018<sup>(3)</sup></b>	<b>Financial year ended 31 December 2017</b>	<b>First quarter ended 31 March 2020</b>	<b>First quarter ended 31 March 2019<sup>(2)</sup></b>
	<b>IDR billion</b>	<b>IDR billion</b>	<b>IDR billion</b>	<b>IDR billion</b>	<b>IDR billion</b>
Revenue .....	25,133	22,939	22,876	6,489	5,967
EBITDA <sup>(1)</sup> .....	12,700	8,898	8,578	3,172	2,861
PAT .....	490	(3,309)	363	1,402	(11)
Exchange rate:					
IDR/RM1* .....	3,413	3,521	3,106	3,401	3,448

*Note:*

The financial numbers in the table above are based on submission to the Group, including any required adjustments in accordance with Malaysian GAAP and translated into Malaysian Ringgit using the prevailing exchange rates for the Group Reporting as stated above. The translated numbers corresponds to the amounts in the Indonesia segment in the "Segmental Reporting" note of Axiata Group Berhad's Audited Financial Statements for the financial year ended 2017, financial year ended 2018 and financial year ended 2019 as well as Unaudited Quarterly Bursa Announcement for first quarter ended 31 March 2020 and first quarter ended 31 March 2019.

(1) EBITDA is not a uniformly or legally defined financial measure. The Group defines EBITDA as net profit/(loss) before tax, interest expense/(income), depreciation, impairment and amortisation, other operating income/(expenses), foreign exchange gains/(losses), gain/(loss) on dilution of equity interests and share of results of associates and joint ventures. EBITDA is presented because the Group believes it is a widely accepted financial indicator on an entity's ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, or as an indicator of the Group's operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or an alternative to cash flows as a measure of liquidity or any measures of performance derived in accordance with Malaysian GAAP. The computation of EBITDA herein may differ from similarly titled computations of other companies.

(2) The financial numbers are post the adoption of MFRS 16. See further, "Summary Financial Information".

(3) The financial numbers are post the adoption of MFRS 15 and MFRS 9. See further, "Summary Financial Information".

\* Based on the Group reporting year-to-date average rate sourced from BNM.

## Subscriber base and usage

The following table shows certain information relating to, amongst other things, XL's mobile telecommunications subscriber base as at 31 March 2020, and as at 31 December 2019, 2018 and 2017:

	As at 31 March 2020	As at 31 December 2019	As at 31 December 2018	As at 31 December 2017
Number of subscribers ('000)				
Postpaid .....	1,149	1,066	1,024	703
Prepaid .....	54,339	55,634	53,885	52,806
<b>Total number of subscribers .....</b>	<b>55,489</b>	<b>56,700</b>	<b>54,909</b>	<b>53,509</b>
ARPU (IDR'000 per month)				
Postpaid .....	114	110	103	114
Prepaid .....	34	33	30	33
Blended .....	36	35	32	34
Total traffic ('000 TB) (includes data, voice and SMS) .....	1,023.7	3,399.6	2,253.6	1,279.5
Smartphone penetration (per cent.) .....	86	86	80	72
Total 4G BTS .....	43,579	40,264	29,772	17,428

## Services and products

XL offers a wide array of voice and non-voice mobile telecommunications services, including data services, to its subscribers on either a postpaid or prepaid basis, through its GSM 900/DCS 1800, IMT-2000/3G and 4G LTE mobile networks. To take advantage of the opportunities presented in the Indonesian telecommunications industry where consumers rely heavily on data, XL has shifted its business focus from voice and SMS to mobile data and made significant investments in network infrastructure to build a reliable data network. XL is also the first telecommunications operator in Indonesia to commercially launch 4.5G Ready on the 1,800 MHz spectrum.

### Data services

There has been a significant change in the way people communicate globally, as more data-related telecommunication services are available through improved data networks and new data-capable communication devices. Indonesia is no exception to these global trends. Communication has increasingly shifted to messaging over IP, including through WhatsApp, Line, Facebook Messenger and a variety of social networking sites. The continual growth in the number of data users is evident with 88 per cent. of XL's subscribers being active data users as at 31 March 2020. This has resulted in revenue from data increasing 28 per cent. year-on-year, with data representing 89 per cent. of XL's service revenue for the year ended 31 December 2019 compared with 80 per cent. for the year ended 31 December 2018. This shift to data has been further fuelled by the increased availability of affordable data-capable devices, as prices for devices continue to decrease. XL's smartphone penetration of its subscriber base increased to 86 per cent. as at 31 December 2019 from 80 per cent. as at 31 December 2018, supported by a growing middle-income population and increased income per capita, which has allowed more and more Indonesians to embrace data.

In 2019, XL witnessed continued growth in data services, with data volumes increasing by approximately 51 per cent. year-on-year to 3,319.9 Petabyte. A major contributor to this increase was 4G data traffic as the main data service delivery network.

In growing its data business throughout 2019, XL continued with its dual-brand strategy in both Java and other regions ex-Java, in which “XL” focuses on high-value, advanced data consumers whilst “AXIS” focuses on budget-conscious data consumers. XL’s business in Java remains an important focus, especially in the context of its short-term strategy; whilst XL’s ex-Java expansion is expected to play a bigger role in its middle and long-term strategies, with increasing demand from the region and higher contributions to XL’s total revenue. XL launched its ex-Java expansion strategy in 2017. In line with this expansion strategy, XL continued to develop 4G LTE data networks in Kalimantan. In 2019, the 4G networks expanded in West Kalimantan and North Kalimantan and, through the Universal Service Obligation (USO) program, to remote areas that are not yet covered by the telecommunications network. As at 31 December 2019, XL’s quality data processing reached 54 cities and regions on Indonesian Borneo, representing more than 96 per cent. of the population. As at 31 December 2019, XL’s total BTS reached 130,217 BTS across Indonesia, consisting of 40,264 4G BTS in 425 cities and areas, 54,027 3G BTS, and 35,926 2G BTS.

#### *Corporate services*

The services provided by XL’s business solutions are supported by a fibre-optic cable backbone network, which is supported by XL’s operator partners in other countries to provide end-to-end services across regional and global networks.

XL’s business solutions offer services including fixed connectivity (examples being leased line, virtual private network (“VPN”), multiprotocol label switching (“MPLS”), internet corporate, VoIP), mobile communication, IoT (examples being transportation fleet management and narrowband IoT), cloud service and data centre, as well as mobile advertising (examples being messaging services, display services, and digital rewards).

#### *Interconnection and roaming services*

XL receives interconnection revenue for domestic and international calls which connect to XL’s network and pays interconnection charges for calls that connect to other operators’ networks. These interconnection arrangements are subject to guidelines on interconnection rates set by the Indonesian Ministry of Communication and Information.

To provide international roaming to its subscribers, XL has co-operative international roaming agreements in place with approximately 359 operators in 127 countries as at 31 December 2019. XL receives revenue from in-bound roaming carried out by subscribers of overseas mobile operators which are in Indonesia and are using XL network for mobile coverage. XL has roaming agreements with other mobile operators in respect of international in-bound roaming charges for calls and SMSs made by, and received by, their subscribers while roaming on XL’s network.

#### *Handset bundling*

The increase in demand for data is also supported by the affordability of data-capable handsets in the market. To support the affordability of 3G and 4G handsets, XL has collaborated with many handset dealers and financial institutions to offer bundled packages with easy instalment payment methods. XL has pursued collaborations with handset dealers for smartphone, tablets, and 3G and 4G phones such as Samsung, Huawei, Oppo, Vivo, Xiaomi and LG.

## ***Marketing, sales and distribution***

### ***Marketing***

XL understands that marketing and distribution channels play a key role in promoting its products and services. XL believes that its use of social networks, digital communities as well as digital media to communicate its offerings to the public allow it to reach a larger audience more quickly and efficiently than conventional advertising alone. XL therefore employs these strategies alongside conventional marketing channels such as television, print and radio advertising and local events.

XL promotes the advantages of data services to the public, highlighting the benefits in technological advancement that may be obtained through using data services, in order to generate new data subscribers. XL builds awareness of, and offers education in respect of, data services to the public of all age groups, including to schools via roadshows.

XL utilises canvassers and merchandisers equipped with Intelligent Canvasser System and Intelligent Merchandiser System tools to oversee sales, marketing and branding activities. These tools allow XL to control and evaluate sales and product distribution and to augment branding/advertising with real-time monitoring systems.

### ***Sales and distribution***

As at 31 December 2019, XL had cooperative arrangements with 215 partner agencies for the distribution of XL's products on a non-exclusive basis through their respective distribution networks of independent retailers throughout Indonesia. To promote advocacy of XL's products, XL has developed certain targets and quotas for the dealers in each category to achieve and maintain with respect to the "area cluster" they are responsible for managing. At the end of 2019, XL had more than 190,000 independent retailers in 57 "area clusters" for its products.

Out of the 215 partner agencies, XL has partnered with the 23 best-performing dealers and provided them exclusive rights to manage the distribution of XL's products in 150,000 retail outlets within their designated cluster areas. The remaining 192 partner agencies handle the non-traditional retail outlets which comprise of more than 40,000 "modern channel" outlets (which consist of outlets apart from road-side "mom-and-pop" stall, such as convenience stores, supermarkets, mall and digital channels). Amongst these are 54 online partners with their own digital channel, such as Tokopedia, Grab and Gojek.

XL has implemented the 'Best-in-class Distribution' system that handles end-to-end from the vendor supply chain to retail distribution, which enables XL to monitor demand, stock availability, fulfilment as well as dealer performance.

In respect of direct distribution, XL channelled its products and services through 129 XL Centres, banks (through automatic teller machines ("ATMs") and phone banking) and hypermarket outlets as at 31 December 2019. XL also uses its distribution system for customer service functions, which are predominantly channelled through the XL Centres that XL owns and manages and the XL Centre outlets which are operated by third parties under franchise agreements.

### ***Billing***

XL's customer relationship management and billing system is an integral component in serving its customers, and has continuously evolved to meet the changing demands of its customers. XL's

business support systems (“BSS”), a key component of the company’s customer relationship management, began a modernisation effort in 2019 that aims to consolidate XL’s business processes across XL, Axis, Prioritas and its home operations. Apart from integrations on voice, video, data, and content pricing, the BSS also allows XL to create more relevant product and service offerings and provide a new ways of engaging customers on a personalised level. The BSS modernisation elevates XL’s capabilities to provide dynamic offers, convergent pricing and billing, and integrated order and product catalogs. The BSS platform allows XL to convert data from its BSS systems into actionable business insights that allows XL to improve digital and customer experiences, drive revenue and service uptakes and spearhead cost reduction efforts across the organisation.

#### *Credit management and deactivation*

As part of XL’s credit management for its postpaid services, customers are required either to provide an upfront payment or provide a credit card for payment. In respect of customers that provide upfront payment, the credit limit is the existing monetary value of their postpaid plan, plus an additional IDR50,000. In respect of customers that opted for credit card as their payment method, the credit limit is three times the monetary value of the customer’s monthly plan. Alternatively, XL provides ‘PRIO Flex’ top-up, which allows subscribers to top up their mobile credit if their credit limit has been exceeded.

XL permits a postpaid subscriber to utilise its international roaming service using its local quota from their monthly package plan if: (i) the subscriber activates its roaming service via XL’s postpaid store application; and (ii) the subscriber purchases the roaming pass products available in XL’s postpaid store application.

Postpaid subscribers have 27 days from the billing date to pay their bill before it is overdue. Postpaid subscribers typically receive the bill 25 days before a bill is overdue via e-mail and the billing menu on XL’s mobile application.

XL takes various actions against subscribers whose bill payment is overdue including sending voice call, SMS and e-mail reminders, blocking outgoing call service and finally, after 22 days, deactivating the account.

#### *Competition*

XL competes with established incumbents, PT Telekomunikasi Selular (“Telkomsel”) and PT Indosat Tbk, principally on network quality and pricing. XL is the second largest mobile operator in Indonesia after Telkomsel in terms of revenue market share as at 31 December 2019. XL also competes with several smaller GSM operators in the Indonesian mobile telecommunications industry. XL believes that its larger subscriber base affords it economies of scale and other cost advantages over mobile operators with smaller subscriber bases. XL intends to enhance its competitiveness through innovations involving personalised and targeted services.

#### *Network, infrastructure and spectrum*

XL has continuously worked towards strengthening its network coverage through network modernisation and ‘fiberisation’, in order to, amongst other things, support the rising data traffic across its network, ensure network stability, expand the capacity of the network and improve the quality of its data services. As at 31 December 2019, XL had 2G network population coverage of more than 92 per cent., 3G network population coverage of more than 94 per cent. and 4G network population coverage of more than 94 per cent.



XL's network capacity was further enhanced with the completion of the Australia-Indonesia-Singapore cable communication system development project in early 2019. Whilst strengthening its 4G network, XL has also started to develop infrastructure for a 5G network. For instance, a third trial for the eventual implementation of 5G technology was successfully conducted in one of the rooms of the XL Building in Jakarta on 21 August 2019. It demonstrated the ability of 5G services to communicate virtually through a holographic display.

In February 2020, XL announced the winning bidders for the company's tower sale tender of 2,782 units and the leasing back of land owned by XL where some of the towers are located for a total of IDR4.1 trillion. The two companies that won the tender were PT Profesional Telekomunikasi Indonesia Tbk. and PT Centratama Menara Indonesia. With the completion of the transaction, XL owns around 1,600 towers. XL is expected to focus more on its core business in providing cellular and mobile data services, especially in improving the quality of service to customers and the public. XL is also optimistic this transaction will have a positive impact on optimising the effectiveness of operational costs as well as the costs of supporting facilities and infrastructure.

XL has been granted 2 x 7.5 MHz in the 900MHz band, 2 x 22.5 MHz in the 1800MHz and 2 x 15 MHz in the 2100MHz band.

### ***Non-telco businesses***

In addition to its telco business, in pursuit of the Group's strategy to develop other data-focused business opportunities, XL has obtained two licences to develop products within the finance sector. XL obtained its e-Money Issuer Licence from the Central Bank of Indonesia pursuant to the Central Bank Director General of Accounting and Payment System Letter No.12/816/DASP dated 6 October 2010. XL has also obtained a licence to act as a Money Remittance Operator pursuant to Central Bank Director General of Accounting and Payment System Letter No.14/50/DASP dated 24 January 2012.

### **Dialog**

Dialog commenced operations in 1995 and was listed on the Colombo Stock Exchange in July 2005. Dialog's core business focuses on the provision of mobile telecommunications services in Sri Lanka. Dialog became the first operator in South Asia to launch a commercial 3G network in August 2006 and a 4G FDD-LTE network in April 2013 and currently operates 2.5G, 3G/3.5G and 4G/4.5G communications network in Sri Lanka. In addition to its core business of mobile telephony, following several strategic corporate acquisitions, Dialog operates a wide portfolio of multisensory connectivity services and has secured a strong position in the quadruple play market (where mobile, fixed line, broadband internet and media services are offered). This includes Dialog Television (Private) Limited ("**DTV**"), which operates a direct-to-home satellite television service, and Dialog Global which operates a wide portfolio of international telecommunications services. In addition, Dialog Broadband Networks (Private) Limited ("**DBN**") offers fixed-line services and broadband internet, whilst Dialog Tele-Infrastructure ("**DTI**") is the company's national telecommunications infrastructure arm. Dialog also has a digital services division that primarily focuses on financial technology ("**fintech**"), where Dialog is working towards digitising micropayments, lending and savings to extend affordable financial services to consumers.

For the financial year ended 31 December 2019, Dialog achieved 7.0 per cent. year-on-year revenue growth. The following table shows the Dialog Group's consolidated revenue, EBITDA and PAT for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and the financial periods ended 30 June 2020 and 30 June 2019:

	<b>Financial year ended 31 December 2019<sup>(3)</sup></b>	<b>Financial year ended 31 December 2018<sup>(4)</sup></b>	<b>Financial year ended 31 December 2017</b>	<b>Financial period ended 30 June 2020<sup>(1)</sup></b>	<b>Financial period ended 30 June 2019<sup>(1)(3)</sup></b>
	<b>SLR million</b>	<b>SLR million</b>	<b>SLR million</b>	<b>SLR million</b>	<b>SLR million</b>
Revenue .....	116,827	109,157	94,194	57,424	58,104
EBITDA <sup>(2)</sup> .....	46,703	43,487	33,870	22,867	23,127
PAT .....	10,726	7,449	10,760	3,787	6,839
Exchange rate:					
SLR/RM1* .....	43.13	40.20	35.47	N.A.	N.A.

*Note:*

The financial numbers in the table above are based on submission to the Group, including any required adjustments in accordance with Malaysian GAAP and translated into Malaysian Ringgit using the prevailing exchange rates for the Group Reporting as stated above. The translated numbers corresponds to the amounts in the Sri Lanka segment in the "Segmental Reporting" note of Axiata Group Berhad's Audited Financial Statements for the financial year ended 2017, financial year ended 2018 and financial year ended 2019.

- (1) The financial numbers are based on Dialog's quarterly financial announcements for the financial periods ended 30 June 2020 and 30 June 2019, which are published on the Colombo Stock Exchange. The financial numbers are prepared based on Sri Lanka Accounting Standards.
- (2) EBITDA is not a uniformly or legally defined financial measure. The Group defines EBITDA as net profit/(loss) before tax, interest expense/(income), depreciation, impairment and amortisation, other operating income/(expenses), foreign exchange gains/(losses), gain/(loss) on dilution of equity interests and share of results of associates and joint ventures. EBITDA is presented because the Group believes it is a widely accepted financial indicator on an entity's ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, or as an indicator of the Group's operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or an alternative to cash flows as a measure of liquidity or any measures of performance derived in accordance with Malaysian GAAP. The computation of EBITDA herein may differ from similarly titled computations of other companies.
- (3) The financial numbers are post the adoption of MFRS 16. See further, "Summary Financial Information".
- (4) The financial numbers are post the adoption of MFRS 15 and MFRS 9. See further, "Summary Financial Information".

\* Based on the Group reporting year-to-date average rate sourced from Bloomberg.

### *Subscriber base and usage*

The following table shows certain information relating to, amongst other things, Dialog's mobile telecommunications subscriber base as at 31 March 2020, and as at 31 December 2019, 2018 and 2017:

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>
Number of subscribers ('000)				
Postpaid .....	1,440	1,464	1,385	1,299
Prepaid .....	13,513	13,426	12,406	11,498
<b>Total number of subscribers .....</b>	<b>14,953</b>	<b>14,890</b>	<b>13,792</b>	<b>12,797</b>
ARPU (SLR per month)				
Postpaid .....	1,014	1,079	1,097	1,127
Prepaid .....	313	308	323	302
Blended .....	380	382	402	387
Data traffic (million GB) .....	108.9	304.2	181.0	125.7
Data usage/data subscriber per month (GB) ..	6.2	4.9	3.5	2.7
Smartphone penetration (per cent.) .....	56	56	52	52
Total 4G BTS .....	6,000	5,900	5,400	3,293

As at 31 March 2020, Dialog had approximately 15.0 million mobile subscribers, whilst its smartphone penetration of its subscriber base is approximately 56 per cent. As at 31 March 2020, Dialog is the largest mobile telecommunications service provider in Sri Lanka in terms of subscriber numbers.

### *Business units*

Dialog's service portfolio consists of mobile business, international business, fixed telephony, tele-infrastructure business, Pay television ("Pay TV") business and broadband business and digital services.

#### **Mobile business**

Dialog operates a 2.5G, 3G/3.5G and 4G/4.5G network, supporting the latest in multimedia and mobile Internet services. Dialog was the first service provider in South Asia to launch mobile 4G FDD LTE services. Dialog has also been committed to developing its 5G capabilities. More recently in 2019, Dialog was the first telecommunications company in South Asia to demonstrate a fully standards-based Live 5G Showcase that integrated 5G network infrastructure with a mobile 5G device featuring holographic video call, holographic remote music production, 360° 8K video calling, and 360° 8K Live Virtual Reality enabled video streaming, 'AI powered Digital Twins' mechanism and 'Robotic Arm'.

#### Prepaid and postpaid services

Dialog's postpaid mobile service commenced in March 1995 under the "Dialog" brand name and Dialog introduced prepaid services in 1999 under the brand name "Kit".

Dialog offers a range of competitive tariff plans to both prepaid and postpaid subscribers and continues to be innovative in its product offerings to enhance affordability and convenience to

customers. In 2018, Dialog launched the ‘Voice Unlimited Pack’ for both prepaid and postpaid customers. Dialog is also the first company in Sri Lanka to launch 4G Bonus packages in October 2018, which introduces innovative data tariff plans with differentiated pricing based on different parameters such as the period of the day in which the data is used. The ‘Dialog Power Plan’ was launched in 2019, which combines six key value propositions: unlimited voice, abundant data, exclusive smartphone offers, extra value on unlimited data roaming abroad, exclusive add-to-bill services such as Netflix, and complete transparency and control.

### Mobile Broadband

Dialog’s coverage and product portfolio makes it one of the leading players in Sri Lanka’s mobile broadband sector. As at 31 December 2019, Dialog connected approximately 5.5 million mobile broadband subscribers, an increase of 23 per cent. on a year-on-year basis. As at 31 March 2020, Dialog connected approximately 5.8 million mobile broadband subscribers. Dialog mobile broadband business has grown rapidly as a result of increased applications and the availability of affordable smartphones.

### **International business**

Dialog’s international services business unit, Dialog Global, has established a comprehensive network of international linkages facilitating the flow of international traffic to and from Sri Lanka to most international destinations. As at 31 March 2020, Dialog Global offers roaming services in over 230 countries with a choice of over 680 partner operators. As at 31 March 2020, Dialog Global’s 3G roaming network provides services in 190 countries with 483 partner operators, whilst Dialog Global’s 4G roaming network provides services in 147 countries with over 359 partner operators. Dialog Global also provides Voice over Long-Term Evolution (“VoLTE”) services in six countries with over 10 partner operators.

The launch of Dialog’s unlimited data roaming service for outbound roamers has helped to boost data roaming revenue and usage. This was a new initiative in the international roaming service arena (where roamers can enjoy unlimited data roaming in 117 destinations for as little as USD5 per day or USD 50 per month). Furthermore, the company deployed an ‘Online Charging and Data notification’ service which automatically monitors data usage of roaming customers and informs customers through SMS to help them keep track of usage and bill value.

### **Fixed telephony and data business**

DBN, a wholly-owned subsidiary of Dialog launched its commercial code division multiple access (“CDMA”) operations in July 2007 as the fourth fixed-line telephony operator in Sri Lanka. DBN has since expanded its presence in both residential and enterprise segments increasing its total customer base to more than 900,000 as at 31 March 2020. DBN offers a wide range of fixed telephony solutions including fixed-line voice, fixed broadband, hosted PBX, virtual private networks/internet leased lines and data-centre solutions to suit the unique requirements of each customer. DBN’s launch of the country’s first 4G LTE TDD network in 2012 has enabled it to consolidate its position in the growing data market. As at 31 March 2020, Dialog offers wi-fi in 365 hotspots across Sri Lanka.

### **Tele-infrastructure business**

DTI is a provider of telecommunications infrastructure services in Sri Lanka with over 2,000 shareable tower sites (with an external tenancy-to-tower ratio of 0.83 times) as at 31 March 2020 and

provides passive infrastructure as well as radio-based transmission to a host of fixed and mobile operators, television and radio broadcasters and other network service providers in Sri Lanka. DTI also provides comprehensive backbone and metropolitan transmission connectivity via its Optical Fibre Network (OFN) which spans approximately 4,445 km across Sri Lanka.

### **Pay TV business**

DTV, a wholly-owned subsidiary of Dialog, operates a direct-to-home digital satellite TV service and is the largest Pay TV operator in Sri Lanka with an estimated market share of 72 per cent. of the total number of Pay TV subscribers in Sri Lanka as at 31 March 2020. Dialog Television provides both international and local content across 131 channels in both Standard Definition “SD” and High Definition “HD” formats alongside a portfolio of exclusive local channels. DTV also delivers content through its DBN broadband infrastructure using IPTV and OTT standards. DTV benefits from exclusive partnerships with premium channels such as CNN, BBC and Cartoon Network for the enterprise sector and provides a host of several value-added services which subscribers can access via SMS, USSD and the Dialog Selfcare Mobile App.

In 2012, DTV provided Sri Lanka’s first HD broadcasting, in addition to Sri Lanka’s first ever prepaid television service, “Dialog Per Day TV”. Dialog’s prepaid service brings Pay TV content to a wide spectrum of Sri Lankan households, enabling subscribers to customise channels and to pay for channels on a per day basis. DTV provides infotainment to over 1.4 million households in Sri Lanka.

### **Digital services business**

Dialog’s digital services division focuses primarily on fintech, where Dialog works towards digitising micropayments, lending and savings to extend affordable financial services to consumers. Its portfolio consists of, amongst others, eZ Cash, Sri Lanka’s first and largest mobile money solution which had over 3.7 million subscribers across Dialog, Etisalat and Hutch, and over 22,000 merchant partners across Sri Lanka as at 31 December 2019. eZ Cash is the seventh mobile money deployment, out of 276 mobile money operators globally, to successfully obtain the GSMA Mobile Money Certification.

In addition to fintech, Dialog also has a limited portfolio of other digital services that leverage on the core business of Dialog. For instance, Dialog partnered with Health Informatics Society of Sri Lanka, to establish a “Digital Health Innovation Laboratory”, the first of its kind in Sri Lanka, to incubate innovative digital solutions for the healthcare sector. The primary goal of the proposed laboratory is the development of new technology based digital products and services in healthcare to uplift the living standards across communities through research, development and commercialisation of its output. Doc990 platform owned by Digital Health Pvt Ltd is a joint venture partnership between Dialog, Asiri Group of Hospitals, Nawaloka Group of Hospitals and Ceylon Hospitals (Durdans). Doc990 is Sri Lanka’s fastest-growing online Doctor channelling platform with over 2 million bookings annually and 126 leading hospitals along with 1,500 partner networks islandwide as at 31 December 2019.

### ***Strategic alliances***

In April 2013, Dialog entered into an agreement with the Bay of Bengal Gateway (“BBG”) consortium as part of the organisation’s plans to boost the delivery of international bandwidth to Sri Lanka via a submarine cable landed in South Colombo in 2015, triggering the single-largest infusion of international bandwidth to Sri Lanka. Other investors in the BBG consortium include Telecom Malaysia Berhad (Malaysia), Vodafone Group (UK), Reliance JIO Infocomm Limited (India), Oman

Telecommunications Company S.A.O.G (Oman) and Emirates Telecommunications Corporation (UAE). The BBG submarine cable spans approximately 8,000km from Singapore to Oman and the UAE connecting Sri Lanka with high-capacity internet hubs in the Asian region as well as onward submarine cable systems to Europe and the United States.

In 2018, Dialog through DBN, entered into a joint venture partnership with Orion City to build and manage the Sri Lanka's first High-Density Data Centre at the Orion City IT Park in Colombo, providing a valuable option for Sri Lankan enterprises seeking a convenient, cost-effective site for their primary data centres.

Dialog launched an exclusive partnership with Netflix in May 2019, a leading internet entertainment service. This partnership enables all Dialog postpaid mobile customers the convenience of adding their Netflix subscription fee to their monthly mobile bill. Dialog postpaid mobile customers are also entitled to free 5GB data every month, to watch their favourite Netflix shows.

In early 2020, Dialog signed a partnership agreement with Ooredoo Maldives PLC and Dhivehi Raajjeyge Gulhun PLC to lay a submarine cable system between Sri Lanka and Maldives to become a regional carrier and serve IP requirements of the region.

### ***Marketing, sales and distribution***

#### *Marketing*

Dialog's marketing strategy focuses on the following:

- Brand building

The “*Dialog*” brand was recognised as ‘Sri Lanka’s Most Valuable Consumer Brand’ for the second consecutive year in 2020 and the ‘Most Valuable Telecommunications Brand’ for the 13th year by Brand Finance of UK. Dialog also retained its brand rating of ‘AAA’ for the sixth consecutive year. The Sri Lankan public has further reinforced this leadership status by voting Dialog as the ‘Telecommunication Brand of the Year’ for a record ninth year running, ‘Service Brand of the Year’, and ‘Youth Choice — Service Brand of the Year’ at the prestigious SLIM-Nielsen Peoples Awards 2020.

The “*Dialog*” brand has strong leadership status in its product lines (including mobile, mobile and home broadband, fixed and Pay TV), and is positioned as a brand which is futuristic, youthful, rational and deeply engrained in the Sri Lankan community and culture.

- Rewards programmes

Dialog supports a comprehensive portfolio of subscriber rewards programmes focused on rewarding subscribers for loyalty and continued usage of Dialog's services. Dialog has introduced several rewards and loyalty programmes, which are tailored to its customer segments. For instance, ‘Club Vision’, Sri Lanka's premier loyalty programme which was launched by Dialog over 23 years ago, rewards its prestigious elite members through unique discounts, superior service, exclusive events and an array of partner merchant offers. In addition, ‘Star Points’, which is Sri Lanka's largest rewards network and is a distinctive telecommunication-based loyalty scheme aimed at rewarding customers with a wide variety of benefits, and ‘FlySmiles’, which allows Dialog customers to earn air miles with Sri Lankan Airways' air miles scheme. Furthermore, Dialog is one of the leading contributors to the ‘Nexus’ partner network, which allows Nexus customers to accumulate and redeem points against Dialog invoices or goods and services purchased at Nexus partner outlets.

### *Sales and distribution*

Dialog has established a wide dealer network operated primarily by 11 business partners, consisting of six exclusive partners as at 31 March 2020. These partners serve over 90,000 direct outlets via the 77 main regional distributors as at 31 March 2020. Dealers are assigned to specific regions to optimise Dialog's regional presence. Dialog's dealer network has established points of presence for Dialog's products and services in all major towns and cities across Sri Lanka. Dialog also has a showroom dealer network operating nationally with a branch network of 482 branches as at 31 March 2020.

Dialog's distribution network as at 31 March 2020 comprised approximately over 90,000 retail outlets and 29 Dialog Customer Experience Centres owned and managed by Dialog. Dialog opened its first Digital Experience Centre, 'The Dialog Iconic', in July 2015 as a showcase for the latest technology from around the world and allows customers to experience a multitude of devices and services offered by Dialog.

Dialog has focused on the digitisation of its retail space in 2019, with the introduction of 'Retail Hub' which provides its retail partners a digital platform to perform key operations which were previously done manually. In addition, the platform also seeks to digitise processes and services for its customers, which includes the automation of the customer onboarding process.

### *Credit management and deactivation*

Dialog's credit management division focuses on providing an enhanced service to subscribers while adhering to credit policies which lead to a control of bad debts. The credit management division works towards achieving its principal aim of minimising bad debts and improving cash flow by reducing financial losses and controlling Dialog's credit function effectively.

### *Competition*

Dialog faces competition from Mobitel (Pvt) Ltd (Mobitel), Bharti Airtel Lanka (Pvt) Ltd and Hutchison Telecommunications Lanka (Pvt) Ltd (Hutch) in the mobile telecommunications sector in Sri Lanka. Competitors compete in terms of coverage, service portfolio and price. DBN's main competitors in the fixed telephony and broadband sectors are Sri Lanka Telecom PLC ("SLT") and Lanka Bell. Competition is mainly on fixed broadband solutions where SLT offers ADSL, LTE TDD and FTTH fixed broadband solutions whilst Dialog and Lanka Bell compete predominantly with LTE TDD.

In the Pay TV market, DTV's main competitors are PEO TV (operated by Sri Lanka Telecom PLC) and LBN Cable operated by Lanka Broadband Networks (Pvt) Ltd. DTV has a Pay TV market share of approximately 72 per cent. (over 1.4 million subscribers as at 31 March 2020) in a market of approximately 5.4 million households of which 96 per cent. own a television. Accordingly, there remains substantial growth within the Pay TV industry in Sri Lanka.

Dialog faces competition in all business domains, although Dialog's features ensure that it is Sri Lanka's leading telecommunications brand and leading operator in the mobile and Pay TV space.

### *Network, infrastructure and spectrum*

#### *Dialog's network infrastructure spans mobile, international and internet services*

Dialog maintains a leading position in Sri Lanka's mobile market by investing in the widest coverage as well as the latest multimedia technologies and providing innovative mobile solutions to

its subscriber base. Dialog's BTS sites are distributed across all nine provinces of Sri Lanka with a 2G and 3G network population coverage of approximately 98 per cent. and 86 per cent. respectively as at 31 December 2019. For mobile 4G (FDD), network population coverage is about 92 per cent. while for fixed 4G (TDD), network population coverage is about 68 per cent. as at 31 December 2019.

Dialog achieved the distinction of being the first service provider in South Asia to launch 4G FDD LTE network in April 2013. In addition, Dialog has made strong progress in the deployment of its fibre optic network, which spans approximately 4,445 km across Sri Lanka.

Dialog is a partner of the BBG undersea fibre-optic cable consortium. The BBG submarine cable, spanning approximately 8,000km from Singapore to Oman/UAE, connects Sri Lanka with high-capacity internet hubs in the Asian region as well as onward submarine cable systems to Europe and the USA. Additionally, Dialog benefits from connectivity with major cable systems such as SEA-ME-WE-3, SEA-ME-WE-4 and FALCON.

DBN operates one of the largest transmission and communication networks in Sri Lanka which includes an island-wide fibre and microwave transmission backbone network, IP/MPLS backbone network and high speed last-mile connectivity infrastructure. The last-mile connectivity is built on fibre optic, 4G LTE TDD, Wi-Fi and PtP/PtMP technologies to cater various type of connectivity needs. In addition, DBN operates a CDMA network based on 450 MHz and 800 MHz frequency bands. DBN offers high-speed voice, data, video communication and internet solutions to its residential and enterprise customers via its networks.

DTV uses state-of-the-art delivery technologies, DVB-S2, HLS, DASH with coding formats of AVC and HEVC, offering a mix of HD and SD, for both its local and international channels. DTV uses a hybrid architecture that allow reception of content via satellite or broadband so that the STB mitigates rain fade and satellite outages by intelligently switching to IP when DTH is not present. This feature also allows users to consume content on demand such as VoD and CatchUp TV. The network is fully resilient with full redundancy and monitored with a state of the art Network Operations Centre, ensuring quality of service to its customers with 24 hour customer service. Dialog operates in Ku Band occupying six transponders on IntelSat-38 satellite with a total bandwidth of 220MHz.

For the operation of 2G, 3G and 4G mobile telecommunications services, Dialog has been granted 2 x 2.5MHz in 450MHz band, 2 x 2.5MHz in 850MHz band, 2 x 7.5MHz in 900MHz band, 2 x 25MHz in 1800MHz band, 2 x 15MHz in 2100MHz band, 75MHz in 2300MHz band, and 2 x 14MHz in 3500MHz band.

## **Robi**

Robi provides mobile telecommunications services in Bangladesh and was the first operator to link the southernmost and northernmost parts of Bangladesh (Teknaf to Tetulia). Robi was the first operator to (i) introduce 3.5G services in Bangladesh; (ii) launch 4.5G services in all 64 districts in Bangladesh; and (iii) launch VoLTE services. Robi has one of the largest virtualised network in the country and one of the largest deployment reference for dynamic spectrum sharing. Robi operates mobile services on 900 MHz, 1800 MHz and 2100 MHz bands and has one of the widest international roaming coverage with 384 operators across 178 countries as at 31 March 2020.

Robi has, over the years, invested in technology and infrastructure that is flexible, scalable and futuristic with a view to adapt to rapid technological changes. For instance, Robi has been committed



in ensuring that its Radio Access Network (“RAN”) architecture is compatible with multimode, multiband and multilayer along with higher order MIMO (multiple input, multiple output) capability to accommodate increased capacity demands of Robi’s network. As a whole, the RAN infrastructure has been developed to support the evolution of 5G and Narrow Band IoT.

As at 31 March 2020, Robi is the second largest mobile operator in Bangladesh with approximately 50 million active subscribers. As at 31 March 2020, Robi provides one of the widest data network coverage in Bangladesh, covering 98.7 per cent., 91.2 per cent. and 96.1 per cent. of the population in Bangladesh in respect of 2G, 3G and 4G services, respectively.

Robi commenced operations in 1997 as Telekom Malaysia International (Bangladesh) operating under the brand “Aktel”. In 2010, Aktel was rebranded to “Robi” and the company changed its name to Robi Axiata Limited. On 15 November 2016, Robi completed its merger with Airtel (a subsidiary of Bharti) which resulted in Robi being the surviving entity. Following the completion of the merger, Axiata holds a 68.7 per cent. controlling stake in Robi, while Bharti holds a 25 per cent. stake. The remaining 6.3 per cent. was held by the then existing shareholder, NTT DoCoMo Inc. of Japan. Bharti bought the remaining 6.3 per cent. from NTT DoCoMo Inc. of Japan in June 2020, and Bharti’s stake in Robi now stands at 31.3 per cent. while Axiata owns the remaining 68.7 per cent. stake in Robi.

On 21 February 2020, Axiata announced the proposal to list Robi on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh. Robi had on 2 March 2020, submitted an application in relation to its listing proposal to the Bangladesh Securities and Exchange Commission.

Robi’s human resource management was recognised by CHRO-Asia, which awarded Robi the “Asia’s Best Employer Brand 2019” award, and the World HRD Congress, which awarded Robi the “Global Best Employer Brand 2020”.

The following table shows certain information relating to Robi Group’s consolidated revenue, EBITDA and PAT for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and the first quarters ended 31 March 2020 and 31 March 2019:

	<b>Financial year ended 31 December 2019<sup>(2)</sup></b>	<b>Financial year ended 31 December 2018<sup>(3)</sup></b>	<b>Financial year ended 31 December 2017</b>	<b>First quarter ended 31 March 2020</b>	<b>First quarter ended 31 March 2019<sup>(2)</sup></b>
	<b>BDT million</b>	<b>BDT million</b>	<b>BDT million</b>	<b>BDT million</b>	<b>BDT million</b>
Revenue .....	74,812	67,982	68,348	19,477	18,291
EBITDA <sup>(1)</sup> .....	28,603	16,510	13,015	7,795	7,145
PAT .....	169	2,147	(1,960)	188	(246)
Exchange rate:					
BDT/RM1* .....	20.37	20.77	18.78	20.34	20.50

Note:

The financial numbers in the table above are based on submission to the Group, including any required adjustments in accordance with Malaysian GAAP and translated into Malaysian Ringgit using the prevailing exchange rates for the Group Reporting as stated above. The translated numbers corresponds to the amounts in the Bangladesh segment in the “Segmental Reporting” note of Axiata Group Berhad’s Audited Financial Statements for the financial year ended 2017, financial year ended 2018 and financial year ended 2019 as well as Unaudited Quarterly Bursa Announcement for first quarter ended 31 March 2020 and first quarter ended 31 March 2019.

- (1) EBITDA is not a uniformly or legally defined financial measure. The Group defines EBITDA as net profit/(loss) before tax, interest expense/(income), depreciation, impairment and amortisation, other operating income/(expenses), foreign exchange gains/(losses), gain/(loss) on dilution of equity interests and share of results of associates and joint ventures. EBITDA is presented because the Group believes it is a widely accepted financial indicator on an entity's ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, or as an indicator of the Group's operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or an alternative to cash flows as a measure of liquidity or any measures of performance derived in accordance with Malaysian GAAP. The computation of EBITDA herein may differ from similarly titled computations of other companies.
- (2) The financial numbers are post the adoption of MFRS 16. See further, "*Summary Financial Information*".
- (3) The financial numbers are post the adoption of MFRS 15 and MFRS 9. See further, "*Summary Financial Information*".
- \* Based on the Group reporting year-to-date average rate sourced from Bloomberg.

### *Subscriber base and usage*

The following table shows certain information relating to, amongst other things, Robi's mobile telecommunications subscriber base as at 31 March 2020, and as at 31 December 2019, 2018 and 2017:

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>
Number of subscribers ('000)				
Postpaid .....	665	629	470	409
Prepaid .....	49,053	48,375	46,416	42,498
<b>Total number of subscribers .....</b>	<b>49,718</b>	<b>49,004</b>	<b>46,886</b>	<b>42,908</b>
ARPU (BDT per month)				
Postpaid .....	139	143	166	242
Prepaid .....	123	123	118	128
Blended .....	124	124	120	130
Data traffic (million GB) .....	231.5	671.4	344.7	153.0
Data usage/data subscriber per month (MB) ..	2,492	1,913	1,080	590
Smartphone penetration (per cent.) .....	43	43	41	39
Total 3G BTS .....	10,535	10,524	9,648	9,236
Total 4G BTS .....	8,953	8,910	7,396	—

### *Services and products*

With a focus on innovation, Robi continues to introduce innovative products and services, targeting specific customer segments and specific outcomes.

#### *Prepaid Services*

Robi's prepaid services offer a wide range of products to cater to both the mass market and niche market segments. In respect of the latter, Robi has launched, 'Noor' (which is an Islamic prepaid package to serve the Islamic community) and 'Ichchedana' (which is a specially-designed service pack targeted at the female population in Bangladesh to ensure connectivity and digital inclusion).

#### *Postpaid Service*

Robi's postpaid service provides convenient, cost-effective, affordable and value-for-money offers. Robi's postpaid subscribers enjoy free SIM cards, activation bonuses including data, voice, SMS, as

well as a wide range of value added services. Robi also offers different sets of need-based voice, data and content bundles. Robi has also launched a postpaid package named ‘ACE’ for the premium postpaid customer segment, which offers consumers a default loyalty program membership and other benefits.

### *SME and Corporate Business*

Robi has a dedicated enterprise business team that focuses on corporate and SME subscribers. Robi is the market leader in SME segment in Bangladesh since the third quarter ended 30 September 2018 in terms of number of subscribers. As at 31 March 2020, Robi had more than 1.68 million subscribers in its corporate and SME base, which are held by approximately 3,000 corporate clients and more than 50,000 SME clients.

In addition to mobile services, Robi also offers enterprise solutions such as sales force automation, restaurant management solutions, mobile device management, hotline solutions, enterprise resource locator, IT services (relating to business process automation and robotic process automation) and cloud solutions.

Robi also helps organisations and corporates to effectively manage their application portfolio through customisable end-to-end solutions which are cost-effective. These include managed services, security and business continuity solutions, data centre transformation, and client computing. Robi has also introduced a wide range of products in the areas of IoT services, for instance intelligent switch, intelligent surveillance, intelligent vehicle/bike tracker and intelligent asset tracker.

### *Value-added Services*

Robi offers a host of value-added services in the areas of entertainment, information services, health and calling and mobile management, amongst others. Examples of Robi’s prominent digital value-added services include ‘Noor’ (a comprehensive Islamic lifestyle service), ‘My Sports’ (a sports entertainment service) and ‘iflix’ (a video-on-demand service).

### *Data Business*

Robi’s revenue from data increased 28.0 per cent. year-on-year in 2019, with data representing 29 per cent. of Robi’s total revenue for the year ended 31 December 2019 compared with 25 per cent. for the year ended 31 December 2018. Data represented 33 per cent. of Robi’s total revenue for the first quarter ended 31 March 2020. Robi has made strides in growing its data business in recent years. Robi was the first operator to introduce 3.5G services in Bangladesh, and was the first company to launch 4.5G service in all the 64 districts in Bangladesh. In 2019, Robi significantly increased its spectral efficiency, data capacity and user speed experience by three-fold, by being the first operator in Bangladesh to adopt Dynamic Spectrum Sharing.

### *International Roaming*

Robi leverages on its access to Axiata’s partner operators to provide both inbound and outbound international roaming services to customers.

Robi has roaming coverage with 384 operators across 178 countries as at 31 March 2020. Outbound roaming call rates are set by the roaming partners.

### *Digital service*

Robi became the first network operator in Bangladesh to launch domestic mobile money transfer services in partnership with bKash (a subsidiary of BRAC Bank in Bangladesh) in 2012, providing m-wallet and other mobile financial services aimed at capturing a fast-growing user base with daily throughput of over USD1,000,000,000. Robi launched the “Recharge Plus” brand to make Airtime Sales transnational through alternate digital channels, assuring product availability and reach for users. Robi also launched utility bill pay services in 2014 in affiliation with the Bangladesh Power Authority Board (“BPDB”), covering more than 60 per cent. of the BPDB consumers. Furthermore, MIFE, working as an enabler at GSM, looks at connecting international entities with the local market, giving them exposure to a subscriber base of over 40,000,000, solely connected through Robi.

Robi also introduced BDApps in 2014, the first application store in Bangladesh with Direct Operator Billing (“DOB”) and SMS-based applications for a customer base of over 40,000,000. Robi has also obtained a Vehicle Tracking Licence and aims to provide a VTS solution to a market of over 50,000 vehicles.

### *Strategic alliances*

In addition to the relationships with banks in Bangladesh for the provision of mobile commerce services as described above, Robi has several strategic alliances with its competitors and mobile commerce related alliances with Eastern Bank Ltd, The City Bank Limited, Mutual Trust Bank Limited and BRAC Bank Ltd.

### *Marketing, sales and distribution*

#### *Marketing*

Robi’s marketing strategy focuses on winning key markets and providing a customer-centric product offering and solutions. Robi intends to focus on the acceleration of mobile adoption in low-penetrated regions on a granular basis (as well as maintaining its focus on developed regions) through initiatives to gain market share, increase revenue, develop brand differentiation and improve customer satisfaction. The emergence of new devices is expected to boost the bottom of the pyramid segment with the provision of low-cost devices that are attractive to the broad market.

Robi has a professional brand communications team specifically recruited to deliver such campaigns and work. Robi works with two of Bangladesh’s leading advertising agencies, AdComm & Axiata Digital Bangladesh. Robi utilises all possible media and has sound relationships with all major television networks, radio stations and newspapers in Bangladesh. Robi recognises the current significance of social media as an important avenue to engage the growing digital population in Bangladesh.

#### *Advertising*

Robi produces high impact, high profile advertising campaigns with a view to becoming a nationally recognised brand. Campaigns target both new and existing customers to inform them of the latest innovations and product offerings. The advertising centres on the brand promise of ‘Opening up a world of opportunities to the customers so that they can progress towards a better future’. The brand focuses on enabling a digital lifestyle and bringing transformational changes in the lives of people through smart solutions and latest technology.

Robi is one of the top advertisers in Bangladesh. Many of Robi's campaigns are considered iconic and have won multiple awards and recognition in local advertising forums. Robi is committed in engaging talent in Bangladesh when producing commercials to support the national media and entertainment industry

### *Sales and distribution*

Robi has restructured its sales and distribution, delayering from a three-tier to a two-tier distribution structure. As at 31 March 2020, Robi had 4 cluster markets with 16 regions and 90 areas. As at 31 March 2020, Robi sold its products through its distribution network of dealers consisting of 632 distributors, 23 online recharge partners, 65,000 retail outlet selling SIM products, 195,000 retail outlets selling data products and 280,000 retailers offering electronic top-up services. Prepaid subscribers can reload vouchers electronically at all online and offline outlets/retail points, its 3 customer experience centres, 27 walk in centres, 45 mini walk in centres, 450 distributor-owned Robi Sheba Points and more than 22,000 retail based Robi Sheba desks. To serve these huge retail outlets Robi distributors employ more than 6,400 distributor sales representatives. Robi has partnerships with different alternative indirect channels such as self-service kiosks, electronic POS machines and bank ATM booths which also sell Robi reload cards. For inbound roaming customers, Robi has a sales and service point in the Hazrat Shahjalal International Airport of Bangladesh. Robi has also set out a separate sales channel for its SME services.

As at 31 March 2020, Robi employs over 2800 sales employees (direct and indirect), who are responsible for executing sales and marketing activities in the markets in which it operates. The Robi sales team continues to strive to cater to the changing needs of the telecom markets. Currently the sales team has different units under the Robi central sales team, such as digital recharge, trade marketing, distribution development and channel operations units. Each team has its specific roles to enhance the regional operations and ensure the right quality and quantity of Robi's products are accessible to customers.

Robi introduced performance-based sales incentives for regional/cluster managers, district sales managers and territory managers on a monthly basis. Under different schemes, Robi also provides performance-based financial and logistics support to its exclusive customers.

### *Competition*

Robi faces intense competition from the three other mobile operators in Bangladesh, being Grameenphone, Banglalink, and Teletalk. Robi believes that its competitive advantage lies in its robust execution of its dual-brand strategy, attracting both the high-value segment via the "Robi" brand and the youth segment via the "Airtel" brand. Going forward, Robi will maintain focus on its core business, while expanding its digital services and exploring the commercial deployment of 4G technologies.

### *Network infrastructure and spectrum*

The principal components of Robi's network consist of:

- virtualised core network, which comprises Visiting (V) MSC, Gateway (G) MSC and MGW (Media Gateway), IP Multimedia Subsystem (IMS), STP (Signalling Transfer Point), Home Subscriber Server (HSS), Mobile Network Portability (MNP), Evolved Packet Core (EPC), IP data Record (IPDR), Data Network Analytics (DNA), Anti D-Dos, Internet Border Gateway (IBG), International Roaming System (IRS);

- radio network, which comprises BSC, RNC, BTS, NodeB, and eNodeB;
- Transmission network, which comprises Microwave, IP/MPLS (Multiprotocol Label Switching) Routers, DWDM (Dense Wavelength Division Multiplexing), SDH (Synchronous digital hierarchy) MUX and optical fibres; and
- intelligent network, which comprises Service Control Point, Service Data Point, Unified Rating & Charging, Billing & Invoicing, Product & Life cycle management, Catalogue management, API management, Service & Performance Monitoring, Voucher management and all other relevant associated nodes.

Robi has a well-equipped network management system (“NMS”) that manages all aspects of Robi’s telecommunications network in a centralised platform, consisting of the virtualised core network, radio network and transmission network. NMS provides capabilities such as fault management, centralised inventory management and performance management. It also automates processes such as issue handling, escalation and resolution through advanced correlation mechanisms. For IT systems, Robi has separate monitoring platforms, including, ‘IT360’ (which is used to monitor server performance, network device tracking and incident tracking), ‘Digital View’ (which is used to monitor cloud-based systems monitoring) and the ‘Performance Management Interface’ (which is used to monitor data policy and charging control).

Robi has partnered with Ericsson, Huawei, NEC and Tomiaglobal for its network and transmission equipment and partnered with suppliers such as Huawei and CISCO for its IT equipment.

In terms of transmission infrastructure, as at 31 March 2020, Robi has nearly 15,000 MW links, 1100 km of fibre and 8900 KM of dark fibre leased from Bangladesh Telecommunication Company Limited, Bangladesh Railway, Power Grid Company of Bangladesh and local Nationwide Telecommunications Transmission Network (“NTTN”) operators. In addition, Robi has approximately 2,170 leased optical fibre links in capacity modality from local NTTN.

As at 31 March 2020, Robi has 11,328 2G BTS, 10,535 3G BTS, and 8,953 4G BTS installed in 11,712 physical sites. Robi owns approximately 2,600 sites, while the rest of the sites are leased from the tower company, edotco Bangladesh and other operators. As at 31 March 2020, Robi’s network population coverage was 98.7 per cent., 91.2 per cent. and 96.1 per cent. for 2G, 3G and 4G services respectively.

Robi has 36.4 MHz of spectrum consisting of 900 MHz, 1800 MHz and 2100 MHz band to provide 2G, 3G and 4G services. Robi also secured Technology Neutrality in 2018 which has facilitated Robi to use the spectrum in an efficient and neutral manner. Spectrum allocations are 2 x 9MHz in the 900MHz band, 2 x 17.4MHz in the 1800MHz band and 2 x 10MHz in the 2100MHz band.

Robi uses different spectrum bandwidth for different technology for different region to address both the coverage and capacity requirement. Robi was the first operator to implement Dynamic Spectrum sharing, which has enabled Robi to allocate the spectrum bandwidth dynamically for different technology (i.e. 2G, 3G and 4G) in different regions to ensure optimum utilization of the spectrum and also to ensure best data experience to the customer.

## **Smart**

Smart is a 72.5 per cent.-owned subsidiary of Axiata and a limited liability company incorporated in Cambodia. Axiata acquired a 51 per cent. equity interest in Cambodia Smart Communication

Company Limited (“**Casacom**”) in 1998, before acquiring the remaining 49 per cent. in 2006. Casacom was renamed as Telekom Malaysia International (Cambodia) Company Limited and traded under the brand name “Hello”. Hello changed its name from Telekom Malaysia International (Cambodia) Company Limited to Hello Axiata Company Limited on 23 February 2010. The strategic merger of Hello and Smart Axiata Co., Ltd (formerly known as Latelz Co., Ltd) (Smart) in December 2012 was completed in February 2013. As a result, Axiata now holds a subsidiary stake in the combined entity and emerged as one of the largest operators in Cambodia in terms of subscribers and revenue. The merged entity operates under the brand name Smart.

As at 31 December 2019, Smart had approximately 7.5 million subscribers and was ranked as the second largest mobile operator in Cambodia by number of subscribers. As at 31 December 2019, Smart has a network coverage of 99.2 per cent., 84.9 per cent. and 75.0 per cent. of the Cambodian population in respect of 2G, 3G and 4G services, respectively. Smart was the first network to introduce 4G LTE in 2014, 4G+ in 2016, 4G+ with HD Voice (VoLTE) and 4.5G in 2017. In mid-2019, Smart hosted the first 5G live showcase in the Cambodia.

Smart has been transforming itself into a digital lifestyle brand, having introduced many innovative offerings and services. Such initiatives include various international brand partnerships with Universal Music, Apple and Facebook, as well as the launch of digital services, such as ‘Smart Insurance’, ‘SmartPay’, ‘Pleng by Smart’, ‘GigaGigs by Smart’ and ‘SmartNas’.

In 2019, Frost & Sullivan Asia Pacific Best Practices Awards recognised Smart as “Cambodia’s Mobile Service Provider of the Year 2019” and “Cambodia’s Mobile Data Service Provider of the Year 2019”. Smart also obtained “Best Telecommunications Company Cambodia 2019” and “Best Corporate Social Responsibility (CSR) Company Cambodia 2019” awards from Global Banking and Finance Review.

Smart’s key spectrum allocations include 2 x 9 MHz in 900 MHz band, 2 x 25 MHz in 1800 MHz band, 2 x 20 MHz in 2100 MHz band, 44 MHz TDD in 2300 MHz band, 2 x 20 MHz and 40 MHz TDD in 2600 MHz band, 70 MHz in 3300 MHz band and 20 MHz in 3500 MHz band.

The following table shows the Smart Group’s consolidated revenue, EBITDA and PAT for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and the first quarters ended 31 March 2020 and 31 March 2019:

	<b>Financial year ended 31 December 2019<sup>(2)</sup></b>	<b>Financial year ended 31 December 2018<sup>(3)</sup></b>	<b>Financial year ended 31 December 2017</b>	<b>First quarter ended 31 March 2020</b>	<b>First quarter ended 31 March 2019<sup>(2)</sup></b>
	<b>USD million</b>	<b>USD million</b>	<b>USD million</b>	<b>USD million</b>	<b>USD million</b>
Revenue .....	315	287	276	78	74
EBITDA <sup>(1)</sup> .....	168	135	137	44	39
PAT .....	74	68	66	19	17
Exchange rate:					
<u>USD/RM1* .....</u>	0.2414	0.2479	0.2325	0.2395	0.2444

*Note:*

The financial numbers in the table above are based on submission to the Group, including any required adjustments in accordance with Malaysian GAAP and translated into Malaysian Ringgit using the prevailing exchange rates for the Group Reporting as stated above. The translated numbers corresponds to the amounts in the Cambodia segment in the “Segmental Reporting” note of Axiata Group Berhad’s Audited Financial Statements for the financial year ended 2017, financial year ended 2018 and financial year ended 2019 as well as Unaudited Quarterly Bursa Announcement for first quarter ended 31 March 2020 and first quarter ended 31 March 2019.

- (1) EBITDA is not a uniformly or legally defined financial measure. The Group defines EBITDA as net profit/(loss) before tax, interest expense/(income), depreciation, impairment and amortisation, other operating income/(expenses), foreign exchange gains/(losses), gain/(loss) on dilution of equity interests and share of results of associates and joint ventures. EBITDA is presented because the Group believes it is a widely accepted financial indicator on an entity's ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, or as an indicator of the Group's operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or an alternative to cash flows as a measure of liquidity or any measures of performance derived in accordance with Malaysian GAAP. The computation of EBITDA herein may differ from similarly titled computations of other companies.
- (2) The financial numbers are post the adoption of MFRS 16. See further, "Summary Financial Information".
- (3) The financial numbers are post the adoption of MFRS 15 and MFRS 9. See further, "Summary Financial Information".
- \* Based on the Group reporting year-to-date average rate sourced from BNM.

## Ncell

Ncell was first incorporated as Mero Mobile in 2004. It was later acquired by Telia Company (previously known as the TeliaSonera Group of Sweden) in 2008 and renamed to Ncell in 2010. It was also the first private mobile operator in the country. Ncell was acquired by Axiata, through Axiata's wholly-owned subsidiary AIL and became part of the Group on 12 April 2016.

In 2019, Ncell remained as Nepal's market leader in terms of revenue market share. As at 31 December 2019, Ncell network coverage was approximately 92.5 per cent., 59.9 per cent. and 51.5 per cent. of the population of Nepal in respect of 2G, 3G and 4G services, respectively.

Ncell continues to ensure top-notch quality of data experience to its customers with continued roll-out and upgrades of its network. In December 2019, Ncell's total BTS reached approximately 9,709 BTS across Nepal, consisting of approximately 2,963 4G BTS, approximately 3,179 3G BTS, and approximately 3,567 2G BTS.

The following table shows Ncell's revenue, EBITDA and PAT for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and the first quarters ended 31 March 2020 and 31 March 2019:

	<b>Financial year ended 31 December 2019<sup>(2)</sup></b>	<b>Financial year ended 31 December 2018<sup>(3)</sup></b>	<b>Financial year ended 31 December 2017</b>	<b>First quarter ended 31 March 2020</b>	<b>First quarter ended 31 March 2019<sup>(2)</sup></b>
	<b>NPR million</b>	<b>NPR million</b>	<b>NPR million</b>	<b>NPR million</b>	<b>NPR million</b>
Revenue .....	53,830	57,232	58,197	12,325	13,721
EBITDA <sup>(1)</sup> .....	32,451	35,235	37,821	7,238	8,688
PAT .....	15,163	18,800	17,238	1,759	4,831
Exchange rate:					
<u>NPR/RM1*</u> .....	27.19	27.08	24.23	27.73	27.56

### Note:

The financial numbers in the table above are based on submission to the Group, including any required adjustments in accordance with Malaysian GAAP and translated into Malaysian Ringgit using the prevailing exchange rates for the Group Reporting as stated above. The translated numbers can be agreed to corresponds to the amounts in the Nepal segment in the "Segmental Reporting" note of Axiata Group Berhad's Audited Financial Statements for the financial year ended 2017, financial year ended 2018 and financial year ended 2019 as well as Unaudited Quarterly Bursa Announcement for first quarter ended 31 March 2020 and first quarter ended 31 March 2019.

- (1) EBITDA is not a uniformly or legally defined financial measure. The Group defines EBITDA as net profit/(loss) before tax, interest expense/(income), depreciation, impairment and amortisation, other operating income/(expenses), foreign



exchange gains/(losses), gain/(loss) on dilution of equity interests and share of results of associates and joint ventures. EBITDA is presented because the Group believes it is a widely accepted financial indicator on an entity's ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, or as an indicator of the Group's operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or an alternative to cash flows as a measure of liquidity or any measures of performance derived in accordance with Malaysian GAAP. The computation of EBITDA herein may differ from similarly titled computations of other companies.

(2) The financial numbers are post the adoption of MFRS 16. See further, "Summary Financial Information".

(3) The financial numbers are post the adoption of MFRS 15 and MFRS 9. See further, "Summary Financial Information".

\* Based on the Group reporting year-to-date average rate sourced from BNM.

### ***Subscriber base and usage***

The following table shows certain information relating to, amongst other things, Ncell's mobile telecommunications subscriber base as at 31 March 2020, and as at 31 December 2019, 2018 and 2017:

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>
Number of subscribers ('000)				
Postpaid .....	315	213	263	405
Prepaid .....	16,857	16,658	16,079	16,028
<b>Total number of subscribers</b> .....	<b>17,172</b>	<b>16,871</b>	<b>16,342</b>	<b>16,433</b>
ARPU (NPR per month)				
Postpaid .....	390	563	435	340
Prepaid .....	230	265	284	297
Blended .....	233	269	286	298
Data traffic ('million GB) .....	29.7	90.4	63.4	27.7
Data usage/data subscriber per month (MB) ..	1,312	963	702	340
Smartphone penetration (per cent.) .....	63	62	59	52
Total 3G BTS .....	3,208	3,179	2,941	2,431
Total 4G BTS .....	3,290	2,963	941	892

### ***Services and products***

Ncell focuses on providing different products and services based on criteria such as (i) a wide and diverse range of products; and (ii) tailored to different consumer segments and micro-markets in urban and semi-urban areas.

#### ***Prepaid Services***

Ncell's subscribers predominantly consist of pre-paid subscribers. The Group focuses on providing a wide range of services that are flexible and affordable. The main products and services under this business segment include SIM cards, voice services, data services, value-added services and digital services. Products and services are designed with an eye on catering to the needs of consumers ranging from lower-end segments (which constitute most of Ncell's subscriber base) as well as higher-end segments (which contribute to a larger proportion of Ncell's revenue). To this end, Ncell is increasingly engaging in customer segmentation, with works underway to create varied products and pricing to cater to the youth, women, and migrant markets in Nepal.

### *“Ncell For Business’ (also known as ‘N4B’) Products and Services*

Ncell applies the “G.A.I.N” principle in serving its corporate and SME market in Nepal, which entails (i) offering infrastructure to “Grow”, (ii) ensuring “Agility” in its network, (iii) providing access to the latest “Innovations”, and (iv) possessing the “Nerve” to accelerate its business. Ncell’s ‘Post-paid Mobility’ provides its corporate clients with services such as closed-user-group-facility, and data and voice bundles.

Ncell also extends its support to large enterprises, such as hospitals, hotels and colleges, by providing access extensive carrier-grade network infrastructure for access to VPN, business internet, and international interconnections. Ncell has also introduced its seismic-resistant datacenter as a value-added service to support corporate and SME customers. IoT is another emerging platform that brings efficiency and drives productivity by using real or near-real-time data analytics and commands. Ncell is working with partners to bring the power of IoT into action in the local market.

Ncell provides a range of products and services, which include: (a) enterprise post-paid voice and data plans; (b) data centre solution (IaaS); (c) field force automation (SaaS); (d) fixed VPN and internet services; (e) wireless secure VPN services; and (f) private cloud/Microsoft cloud services.

### *Value-added services and digital services*

Ncell offers a wide range of value-added services which include peer-to-peer SMS, emergency credit, gifting services, balance transfer and ‘ring back tone’. Ncell offers different buying models based on consumers’ preference, with options based on pay-per-use, bundles, and rental-based approaches. Ncell also offers a suite of digital services, including ‘Balance Plus’.

### *Data Business*

As at 31 March 2020, more than 45 per cent. of Ncell’s subscribers use its data service. While Ncell’s customers predominantly have a ‘sachet buying’ behaviour, there is now a concerted effort to convert its customers to those with a higher commitment behaviour. In terms of product lines, Ncell is moving from a volume-based approach to a specific app-based product with features such as a no volume limit.

### *International Roaming*

Ncell leverages its access to Axiata’s partner operators to provide both inbound and outbound international roaming services to customers. Ncell has roaming coverage via more than 350 operators in 119 countries as at 30 June 2020. In respect of its outbound customers, Ncell has adopted a “one country, one rate policy” where customers will be charged a single rate for a service in a country. In addition, to enhance price transparency for its data usage, Ncell provides the “Daily Unlimited Data Roaming Pack” to its customers instead of charging its customers on a pay-per-use basis. This pack is available in more than 60 countries. Ncell has three price plans for the unlimited data plan, being Rs 100, Rs 442, and Rs 884, which are based on the country visited. Ncell provides default roaming for its prepaid customers and its customers can roam by default in all countries except India, China and Bangladesh. In addition, Ncell also provides the “Daily and Weekly Voice and SMS Roaming Pack” in more than 50 countries.

### *Marketing and sales and distribution*

With the identification of multiple key segments and micro-markets across Nepal, Ncell’s marketing is designed to help these priority customers with services tailored to their core needs. Ncell’s

offerings and services are customised based on the needs of these audiences, which are gathered from in-depth research findings and customer feedback. Ncell launches various marketing efforts which are targeted to achieve varying objectives, such as driving 4G adoption/usage, gaining market share, increasing revenue increment, and increasing brand recognition. Ncell adopts a mixed of digital and traditional medium for its advertising campaigns and engagement activities.

Ncell has an extensive distribution network across the country, and has in place sales and distribution infrastructure with a mix of brick-and-mortar and digital sales channels. Ncell has sales team in the market in each cluster and market along with regional offices and regional warehouses in major markets. In recent years, Ncell has also been engaging in digital initiatives, such as the ‘Retailer’ mobile application to enhance its sales and distribution channels.

### ***Competition***

There are two major telecommunication companies in Nepal and Ncell competes with Nepal Doorsanchar Company Limited (with its brand name “*Nepal Telecom*”). Ncell was the market leader in 2019 in terms of revenue market share. In 2020, Ncell aims to focus on data and digital services as growth areas, offering quality of service, competitive pricing and new data-led products.

### ***Network infrastructure and spectrum***

The principal components of Ncell’s network consist of:

- Core network, which comprises Gateway (G) MSC and Visiting (V) MSC, Media Gateway, Session Boarder Controller, Home Location Register/Home subscriber server, Evolved Packet Core, Enhanced packet core with control and user plane separation (CUPS), Service-Aware Policy Controller for Packet Core and Signaling Transfer Point and Diameter Routing Agent. Most of these network nodes are built-in cloud platforms with the capability to adopt new technology with minimum upgrade required.
- Radio, which comprises BSC, RNC, BTS, and Node-B.
- Transmission, which comprises Core routers, cell site routers, Full outdoor IP Microwave, SDH and Optical fibre network.
- IP and Security network, which includes IGW gateways, Transit routers, CDNs (Google, AKAMAI, Facebook) DNS systems, WAF, DMZ and Internal firewalls, WLCs, Switches and DDOS equipment.

In terms of transmission infrastructure, Ncell has approximately 2500km of UG fibre and of approximately 2800km of aerial ADSS fibre, comprising a backbone structure covering the east to west Highway of Nepal and the capital Kathmandu. Ncell also has metro fibres which are primarily situated in the major cities of Nepal. UG fibre is primarily used for backbone connectivity of the transport network and international connections while ADSS aerial fibre is being considered mainly for intracity connectivity.

Ncell has also leased one pair of OPGW dark fibre from the Nepal Electricity Authority for the protection of the backbone transport network and has a total of approximately 2300km of OPGW leased fibre from the local Nepal Electricity Authority. In addition, Ncell has also leased one pair of dark fibre from various local service operators in a few regions, with a total local lease distance of approximately 800km. As at 30 June 2020, around 38 per cent. of the sites are connected via fibre and 62 per cent. of sites are connected by MW.

Ncell operates 2G, 3G and 4G mobile telecommunication services. Ncell has been granted 2 x 8MHz in the 900MHz band, 2 x 20MHz in the 1800MHz band and 2 x 10MHz in the 2100MHz band.

## **OTHER OPERATING COMPANIES**

### **edotco Group**

Established in 2012, edotco Group was the first regional and integrated telecommunications infrastructure services company in Asia, providing end-to-end solutions in the tower services sector ranging from tower leasing, co-locations, build-to-suit, energy and transmission to operations and maintenance.

As at 31 March 2020, edotco Group operates and manages a regional portfolio of 32,307 towers across core markets including Malaysia, Myanmar, Bangladesh, Cambodia, Sri Lanka, Laos and Pakistan, with 20,728 towers directly operated by edotco and 11,579 managed sites. Since 2012, edotco has increased the tenancy-to-tower ratio of its towers across its portfolio in order to improve operational efficiency. As at 31 March 2020, edotco Group's overall tenancy-to-tower ratio stood at 1.61.

In addition, the edotco Group delivers significant operational efficiencies within the Group, in terms of, amongst other things: (i) reduced capital expenditure on tower infrastructure; (ii) reduced timelines on tower delivery; and (iii) reduced energy costs to the Group.

edotco effectively owns 100 per cent. of edotco Malaysia, edotco Pakistan and edotco Services Lanka, 70 per cent. of edotco Bangladesh, 80 per cent. of edotco Cambodia and edotco Laos, 87.5 per cent. of edotco Myanmar and 51 per cent. of ISOC edotco Towers, Inc. in the Philippines.

edotco continues to explore expansion opportunities in Southeast Asia and South Asia. In 2019, edotco expanded into the Philippines market by entering into an equity partnership with ISOC Infrastructure, Inc., known as ISOC edotco Towers, Inc., which upon completion of the transaction, has become a subsidiary of edotco. Both partners aim to bring together their operational expertise and technological capabilities to enhance digital connectivity and advance the Philippines telecommunications infrastructure landscape.

As part of its green energy focus, edotco ended the year 2019 with a total of 1,419 green sites, comprising 1,384 sites using renewable energy and 35 structures built from alternative materials, including 16 bamboo structures and 19 carbon fibre towers. Its state-of-the-art real-time monitoring service, echo, has driven significant improvements in field operations while maximising operational efficiencies in terms of battery, energy and fuel consumption for telecommunications infrastructure. By, amongst other things, designing and building leaner and lighter structures, exploring alternative construction materials and investing in renewables, the edotco Group has been able to reduce its carbon emission by 54 per cent. per site from 2013 to 2019.

edotco Group was recently awarded the Frost & Sullivan 2019 Asia Pacific Telecoms Tower Company of the Year Award for its demonstrated exemplary business growth and performance in Southeast Asia.

### **Axiata Digital Services**

The Group's digital services arm, ADS, was established in 2012 to support the growing demand for digital services. ADS' role has pivoted its digital business from a portfolio company into a digital

business arm comprising three core verticals. These include digital financial services such as e-wallets, micro-financing and micro-insurance, digital advertising that use data-driven solutions to enhance business success, and platform services focused on APIs that redefine the way businesses communicate with consumers. Flagship brands within the portfolio are “Boost”, “Aspirasi”, “ADA”, “Apigate”.

### ***Digital Financial Services***

#### ***Boost***

A home-grown venture, Boost is Malaysia’s lifestyle e-wallet that is aimed at revolutionising consumers’ daily transactions, in line with the Government’s agenda of a cashless society. Backed by Axiata’s vast expertise in digital technology, Boost is at the frontier of the Malaysian digital economy. As a relatively new industry, digital financial services is regulated by Bank Negara Malaysia. Over the past year, Boost has worked closely with Bank Negara Malaysia to raise public awareness and acceptance of this nascent space. Boost has achieved significant growth since its launch in 2017. It recorded an increase in weekly spend per active user from RM114 in 2018 to RM323 in 2019, signifying higher user confidence in e-wallet technology. As at 31 December 2019, Boost had approximately 5 million users, 125,000 merchants and had recorded 46.5 million transactions.

#### ***Aspirasi***

Aspirasi is an end-to-end digital financing services provider that serves and empowers micro-enterprises and SME businesses. Offering a range of micro-financing solutions such as working capital, supply chain financing and invoice financing, along with micro-insurance products that include credit insurance, health insurance, term life insurance and travel insurance, Aspirasi’s aim is to help the underserved community achieve their business goals while providing support on their journey of dynamic financial growth. In 2019, Aspirasi recorded a total lending gross transaction value growth of more than four-fold to RM40 million, thereby benefitting approximately 8,000 SMEs.

### ***Digital Advertising***

#### ***ADA***

ADA is a data and artificial intelligence company that designs and executes integrated digital, analytics, and marketing solutions. Operating across nine markets in South and Southeast Asia, ADA partners with leading brands to drive their digital and data maturity, and achieve their business goals. ADA’s main services include: (i) providing business insights, data enrichment, and advanced analytics; (ii) understanding the consumer mindset and designing data-driven creative marketing strategies; and (iii) executing end-to-end digital marketing solutions for growth hacking, funnel optimisation, and goal optimisation. ADA complements its unique digital expertise with deep proprietary data of 375 million consumers as at 31 December 2019. In 2019, ADA turned PAT positive and its client base grew by 2.5 times year-on-year.

### ***Digital Platform Services***

#### ***Apigate***

Originally conceptualised as an in-house operating unit supporting Axiata’s core telecommunication business, Apigate has evolved into a new-breed API platform that connects businesses to a world-

class ecosystem and customers from around the globe. Apigate enables connectivity and monetisation, by seamlessly integrating the innovative insights of a telco group and the technology of an award-winning open-source middleware. It unlocks new streams of revenue for Mobile Network Operators while connecting digital merchants to find the right customers at the right time. In 2019, it refocused on two key pillars, namely payment and application-to-person (A2P) messaging.

## **SUPPLIERS**

For each of the two financial years ended 31 December 2018 and 2019, other than Ericsson AB and Huawei International Pte Ltd, there are no major suppliers that individually contributed 10.0 per cent. or more of the Group's total purchases of network equipment; and no major suppliers individually contributed 10.0 per cent or more of the Group's total operating expenses. See, *“Risk Factors — Risks Relating to the Operations of the Group and its Businesses — The Group relies on manufacturers of telecommunications equipment and network facility providers, as well as other external suppliers, for the Group's key technical support platforms and systems; the telecommunications industry is dominated by a few key suppliers”*.

## **INTELLECTUAL PROPERTY**

The Group relies on a combination of trademarks, servicemarks and domain name registrations, copyright protection and contractual restrictions to protect its brand names and logos, marketing designs and internet domain names. See also *“Risk Factors — Risks Relating to the Operations of the Group and its Businesses — The Group may not be able to adequately protect its intellectual property, which could harm the value of its brands and products and adversely affect its businesses; it may also be subject to infringement actions in connection with its use of third party intellectual property”*.

Celcom is the registered owner in Malaysia of, amongst others, the trademark “*Celcom*” in one or more classes. In Indonesia, XL is the registered owner of, amongst others, the trademarks “*XL*”, “*XL+Sekarang bisa*”, “*MUSICFEST*”, “*Super Ngobrol*” and “*Super Internet*” in one or more classes. In Sri Lanka, Dialog is the registered owner of, among other marks, the trademark “*Dialog*”. In Bangladesh, Robi is undergoing the registration process for the trademark “*Robi*” in one class. In Cambodia, Smart is the registered owner of, amongst others, the trademark “*Smart life*” in one or more classes. In Nepal, Ncell is the registered owner of, amongst others, the trademark “*Ncell*” in one or more classes. ADS is the registered owner in Malaysia of, amongst others, the trademark “*Boost*” in one or more classes and is in the process of transferring the same to Axiata Digital Ecode Sdn Bhd. edotco is the registered owner of, amongst others, the trademark “*e.co*” in one or more classes in Bangladesh, Cambodia, India, Indonesia, Malaysia, Myanmar, Philippines, Sri Lanka and Vietnam.

Axiata is the registered owner of the trademarks “*Axiata*” and the prism symbol in one or more classes in, *inter alia*, Malaysia, Cambodia, India, Singapore, Sri Lanka, Australia, Brunei, China, Hong Kong, Japan, South Korea, Laos, Macau, New Zealand, Taiwan and Nepal. The “*Axiata Roam*” logo is registered in one or more classes in, *inter alia*, Malaysia, Bangladesh, Cambodia, Indonesia, Singapore, Sri Lanka and Nepal.

## **INSURANCE**

The Group has procured general classes of insurance such as industrial all risks, comprehensive general liability, specialty, directors' and officers' liability and cybersecurity. To supplement the Group's general insurance programme, each of the operating companies maintains its own insurance

program with specific policies aimed at providing adequate coverage based on their respective requirements, for instance, statutory-mandated insurance cover, motor vehicle insurance cover and political violence insurance cover. The Group also has employee benefits insurances such as outpatient medical expenses, surgical hospitalisation expenses, group accident, term life and business travel accident. For further details, see “*Risk Factors — Risks Relating to the Operation of the Group and its Businesses — The insurance cover which the Group has in place does not cover all of the risks that it faces and the occurrence of events that are not covered by its insurance could cause losses, which, if significant, could have a material adverse effect on the Group’s financial condition, results of operations and prospects*”.

## **BUSINESS CONTINUITY**

There have been no interruptions in the business of the Group during the 12 months preceding the date of this Offering Circular, which have had, or Axiata believes, may have, a significant effect on the financial position of the Group.

## **EMPLOYEES**

The following tables set out the aggregate number of employees of each of the key operating subsidiaries of the Group as at 31 December 2019:

	<b>Number of Employees as at 31 December 2019</b>
Celcom .....	4,172
XL .....	1,606
Dialog .....	2,933
Robi .....	1,518
Smart .....	833
Ncell .....	530
edotco Group .....	156
Axiata <sup>1</sup> .....	1,228
<b>Total</b> .....	<b>12,976</b>

Note:

1. Including Axiata Digital Labs (“**ADL**”), ADS and Suvitech Co., Ltd.

The Group and each of the operating companies offer and provide various training and development programmes to their employees with the objective of equipping their respective workforces with the requisite knowledge and skills geared toward facing the growing challenges of the business of the Group.

The Group believes that labour relations with employees within the Group are generally positive. There have not been any industrial disputes, which may have a material adverse effect on the financial or business position of the Group, involving Group employees in the past.

## PROPERTIES

Details of the land and buildings owned by the Group as at 31 December 2019 are as follows:

Location	Freehold		Net book value of land	Net book value of buildings
	No. of Lots	Area No. ('000 sq ft.)	RM'000	RM'000
1. Malaysia .....	23	580.2	7,581.40	28,509.60
2. Indonesia .....	—	—	—	701.2
3. Sri Lanka .....	39	1,027.4	16,529.7	92,037.1
4. Bangladesh .....	264	2,073.7	14,173.5	5,733.7
5. Cambodia .....	—	—	—	6,534.5
6. Nepal .....	9	492.8	34,415.4	22,278.9
<b>Total</b> .....	<b>335</b>	<b>4,174.1</b>	<b>72,700.0</b>	<b>155,795.0</b>

## LEGAL PROCEEDINGS AND DISPUTES

Except as disclosed below, as at 23 July 2020, neither Axiata nor any of its subsidiaries was a party to, and none of its or their respective property was subject to, any current, or as far as it was aware, pending or threatened, material legal proceedings, which may have a material adverse effect on the financial position or business of the Group.

The following sets out the position as at 1 June 2020, with material updates as at 23 July 2020 incorporated.

### **Celcom Axiata Berhad (formerly known as Celcom (Malaysia) Berhad) (“Celcom”) and Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) (“Celcom Resources”) vs Tan Sri Dato’ Tajudin bin Ramli (“TSDTR”) & Six Others**

On 24 October 2008, Celcom and Celcom Resources commenced proceedings against five 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 the “Defendants”).

Celcom and Celcom Resources are seeking 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 (the “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 TM seeking, *inter alia*, payment of the sum of RM6.2 billion or alternatively the sum of RM7.2 billion together with interest, being the amount claimed 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 2017. TM filed an application to intervene in the Main Suit 2 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 and the Plaintiffs’ case was closed on 21 November 2018. TSDTR and BR had commenced their case on 28 November 2018.

In view of the Receiving Order and Adjudication Order (“**ROAO**”) obtained against TSDTR and BR on 8 May 2018, the hearing of the trial were adjourned pending Celcom’s 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 TSDTR and BR’s Counterclaim for Main Suit 2 (“**Sanction**”). The Leave and Sanction were granted and obtained by the respective parties.

TSDTR and BR had closed their case and the German Directors are now in the process of giving their evidence. The Court has fixed the following dates for continued trial, which are (a) 10 June 2020; (b) 6-7 July 2020; and (c) 1 and 3 September 2020.

### **Celcom & Another vs TSDTR & Eight Others**

On 28 April 2006, Celcom and Celcom Resources instituted a claim 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), (the Defendants named in items (iv) to (ix) collectively referred to as the “**German Directors**”) (collectively referred to as the “**Defendants**”).

Celcom and Celcom Resources are seeking an indemnity from the Defendants, for the sums paid by Celcom to DeTeAsia in satisfaction of the award granted in August 2005 (the “**Award**”) handed down by the Tribunal of the International Court of Arbitration of the International Chamber of Commerce in Paris (the “**ICC**”) 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 (the “**Deutsche Subscription Agreement**”), and Celcom and Celcom Resources to enter into the ARSA with TR International Ltd and DeTeAsia while they were directors of Celcom and Celcom Resources.

In addition, Celcom and Celcom Resources have also made a claim against TSDTR only, for return of the alleged unauthorised profits made by him, all monies received by the directors arising out of such breaches, losses and damages in connection with the abovementioned agreements (the “**Main Suit 3**”).

In brief, Celcom and Celcom Resources are seeking the following:

- (i) A declaration that the Defendants have acted in breach of their fiduciary duties and are liable to indemnify Celcom in relation to the sums paid out to DeTeAsia pursuant to the Award where the ICC found Celcom to be liable for the following:
  - (a) the sum of USD177.2 million (RM764.4 million) being the principal sum plus USD16.3 million (RM70.1 million) representing interest at the rate of 8 per cent. for the period from 16 October 2002 to 27 June 2003;
  - (b) the cost of arbitration amounting to USD0.8 million (RM3.5 million); and
  - (c) the sum of USD1.8 million (RM7.8 million) representing the legal costs.
- (ii) Damages for various breaches of fiduciary duties committed by them in relation to the entry into the Deutsche Subscription Agreement and the ARSA.
- (iii) The unauthorised profits claimed to have been made by TSDTR, amounting to RM446.0 million.

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 statement of defence (the “**Defence for Main Suit 3**”) and counterclaim against Celcom and Celcom Resources for, amongst others, RM6.2 billion or the alternative sum of RM7.2 billion pursuant to a global settlement in another suit (the “**TSDTR and BR’s Counterclaim for Main Suit 3**”). The German Directors filed their respective defence on 30 June 2016. The trial and TSDTR and BR’s Counterclaim for Main Suit 3 commenced on 22 January 2018. The Plaintiffs’ case was closed on 21 November 2018 and TSDTR and BR had commenced their case on 28 November 2018.

In view of the ROAO obtained against TSDTR and BR on 8 May 2018, the hearing of the trial in Main Suit 3 was adjourned pending Celcom’s 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 TSDTR and BR’s Counterclaim for Main Suit 3 (“**Sanction**”). The Leave and Sanction were granted and obtained by the respective parties.

TSDTR and BR had closed their case and the German Directors are now in the process of giving their evidence. The Court has fixed the following dates for continued trial, which are (a) 10 June 2020; (b) 6-7 July 2020; and (c) 1 and 3 September 2020.

### **Robi Axiata Limited (“Robi”) vs Commissioner of Large Taxpayer Unit (“LTU-VAT”); Robi vs Customs, Excise & VAT Appellate Tribunal**

#### ***Robi SIM Replacement Dispute 2007-2011***

On 17 May 2015, the LTU-VAT of the National Board of Revenue (the “**NBR**”) issued a revised demand letter for BDT4.1 billion (RM210.4 million) (the earlier demand letter dated 23 February 2012 for BDT6.5 billion (RM332.5 million)) (the “**2007 to 2011 Revised Claim**”) to Robi alleging 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 during the years 2007 to 2011 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.

In August 2015, Robi filed an appeal against the 2007 to 2011 Revised Claim to the Customs, Excise and VAT Appellate Tribunal. This appeal was first heard on 28 September 2016 by the Customs, Excise and VAT Appellate Tribunal and later reheard on 11 April 2017 by a reconstituted bench of the Customs, Excise and VAT Appellate Tribunal. The Customs, Excise and VAT Appellate Tribunal dismissed Robi's appeal.

In September 2017, Robi filed an appeal to the High Court of Bangladesh against the Customs, Excise and VAT Appellate Tribunal's decision ("**VAT Appeal**"). This VAT Appeal is currently pending for hearing before the High Court of Bangladesh.

#### ***Robi SIM Replacement Dispute July 2012 to July 2015***

On 20 November 2017, the LTU-VAT of the NBR issued a demand letter for BDT2.9 billion (RM144.8 million) (the "**2012 to 2015 Claim**") to Robi alleging 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 for the duration from July 2012 to June 2015 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.

On 18 February 2018, Robi filed an appeal against the 2012 to 2015 Claim to the Customs, Excise and VAT Appellate Tribunal on the basis that replacement cards do not establish new connections and do not change existing subscribers' numbers. This appeal was dismissed by the Customs, Excise and VAT Appellate Tribunal.

Robi has filed an appeal to the High Court against the Customs, Excise and VAT Appellate Tribunal's decision and it is now pending for hearing.

#### **Robi vs NBR**

NBR issued five show cause *cum* demand notices to Robi for a total amount of BDT9.2 billion (RM469.3 million). Robi had filed Writ Petitions (Judicial Review) on 3 May 2018 to challenge these claims. The details are set out below. The NBR referred the matter to the Directorate General of Audit Intelligence and Investigation to re-examine the claims and as such, Robi has not pursued the Writ Petitions.

- (i) The first show-cause *cum* demand notice for BDT7.1 billion (RM361.4 million) was issued based on the credit balance of VAT payable General Ledger ("**GL**") 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 the 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.
- (ii) The second show-cause *cum* demand notice for BDT910.5 million (RM46.2 million) alleges unpaid VAT on the merger and spectrum fee. NBR has collected merger fee/spectrum information from the Bangladesh Telecommunication Regulatory Commission (the "**BTRC**") in relation to the merger directly, and thereafter arbitrarily calculated VAT without considering Robi's documents and information regarding actual payment to BTRC. Notwithstanding that this issue has already been covered under paragraph (i) above, NBR has nevertheless made the same claim separately against Robi.
- (iii) The third show-cause *cum* demand notice for BDT16.5 million (RM0.8 million) is to claim that VAT is payable on interconnection charge from Bangladesh Telecommunications Limited (the

“BTCL”) for 2012. The output VAT for BTCL service to customer is centrally collected by NBR and BTCL cannot adjust input VAT on interconnection charge payable to Robi/Multinational Organisations (MNOs). Therefore, BTCL did not pay the VAT on same to Robi/MNOs. BTCL & MNOs are pursuing NBR for resolving the issue but the issue is still long pending. This issue has already been covered under paragraph (i) above, nonetheless NBR still arbitrarily made the same claim separately.

- (iv) The fourth show-cause *cum* demand notice for BDT35.7 million (RM1.8 million) is to claim that VAT is payable on interconnection charge from BTCL for 2013 to 2016. This relates to the same issue as described under paragraph (iii) above, but relating to different period (i.e. from 2013 to 2016).
- (v) The fifth show-cause *cum* demand notice for BDT1.2 billion (RM59.1 million) is for the VAT Rebate cancellation on imported telecommunication items. NBR directly collected imports information from the Customs Authority, then cancelled a few imported items such as battery, switch, cable, router and system on an arbitrary basis. These are the integral parts of machineries and spare parts.

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

Further to the above, pursuant to a re-examination by the DGI, the five show cause cum demand notices for BDT9.2 billion (approximately RM469.3 million) was substituted with four show cause notices dated 22 March 2020 on the cumulative amount of BDT 745,95,48,986 (approximately RM376.7 million) for the period of January 2013 to December 2016. Robi has filed Writ Petitions (Judicial Review) to the High Court to challenge these show cause notices. The Writ Petitions are currently pending for hearing.

### **Robi vs BTRC**

The BTRC conducted an Information System Audit on Robi for the years between 1997 to 2014 and issued a claim of BDT8.7 billion (RM440.3 million) against Robi on 31 July 2018 (the “**Information System Audit Claim**”). The Information System Audit Claim was disputed by Robi and a notice of arbitration was served on BTRC on 20 May 2019.

On 13 June 2019, notwithstanding that a notice of arbitration had been served, the BTRC directed Robi to make payment for the Information System Audit Claim within ten days. Robi filed a suit on 25 August 2019 before the Joint District Judge, Dhaka seeking a declaration and permanent injunction against BTRC’s Information System Audit Claim. The District Court admitted the suit.

In addition, Robi filed an application seeking an ad interim relief in relation to the following: (i) temporary injunction restraining BTRC from demanding payment of the Information System Audit Claim; (ii) temporary injunction restraining BTRC from causing any interference with the operation of Robi’s mobile telecommunication services; and (iii) direction from the court to the effect that BTRC shall issue all relevant No Objection Certificate(s) for the importation of telecommunication equipment and software, and grant all relevant approvals for, *inter alia*, tariff, service and package, as required by Robi from time to time.

The abovementioned application for ad interim relief was dismissed on 1 September 2019 by the Joint District Judge, Dhaka. Robi preferred an appeal before the High Court Division in respect of the rejection of temporary injunction application on 5 September 2019.

On 5 January 2020, the High Court issued an injunction upon BTRC on the condition that Robi deposit BDT1.4 billion (RM70.1 million) in five instalments. Robi has deposited these five equal instalments up to 31 May 2020. This matter is currently pending for hearing before the Joint District Judge, Dhaka.

#### **Robi vs LTU-VAT (VAT rebate cancellation)**

For the period of 2010 to 2016, Robi claimed a rebate for input VAT payable on certain goods and services related to capital machineries (i.e., *inter alia*, antenna, cable, media gateway switch, battery, modem, telephone and telegraphic switch, power system, optical multi service systems, universal service router, printed service board and racks). The LTU-VAT of the NBR issued five show causes cum demand notices to Robi to cancel such rebate for input VAT and demanded a total amount of BDT2.8 billion (RM142.4 million).

- (i) The demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM30.3 million). On 21 January 2019, Robi filed a judicial review to the High Court, Dhaka against the said demand notice.
- (ii) The demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM50.4 million). On 21 January 2019, Robi filed a judicial review to the High Court, Dhaka against the demand notice.
- (iii) The demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM2.1 million). On 21 January 2019, Robi filed a Writ Petition (judicial review) to the High Court, Dhaka against the said demand notice.
- (iv) The demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM35.9 million). On 21 January 2019, Robi filed a judicial review to the High Court, Dhaka against the said notice.
- (v) The demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM23.7 million). On 11 March 2018, Robi filed an appeal to the Customs, Excise and VAT Appellate Tribunal.

Robi deposited 10 per cent. of the sum set out in the respective demand notices with LTU-VAT pursuant to the provisions of the Value Added Tax Act 1991. This matter is currently pending for hearing before the High Court, Dhaka.

#### **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 LKR68.8 million (RM1.6 million) 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 (RM97.3 million) together with the interest thereon and it was allowed by the court (the “**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 (RM23.2 billion) and a corporate guarantee for LKR3.2 billion (RM74.1 million) to stay execution of the Counterclaim Judgment.

Parties filed written submissions on 30 November 2016. The judgment was delivered by the Supreme Court of Sri Lanka on 14 December 2018 allowing the appeal of DBN and setting aside the judgment of the Commercial High Court. The principal sum with the legal interest as at 14 December 2018 is LKR11.6 billion (RM268.9 million).

Electroteks has filed a revision application in the Supreme Court of Sri Lanka under Case Number SC/MISC/3/2019 against the Judgment delivered by the Supreme Court of Sri Lanka and the matter came up for support on 17 May 2019. On that date, the Presiding Judge of the Supreme Court bench referred the matter to be mentioned on 12 June 2019 before a bench comprising the judges who delivered the Judgment. However, when the matter came up on 12 June 2019, no direction was made by the Supreme Court. The matter has been fixed for support on 14 September 2020.

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

On 25 August 2016, DBN 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 1<sup>st</sup> 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. The 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 2 October 2018. The matter was taken up for pre-trial on several dates, the last date being 1 July 2019. Matter is fixed for pre-trial on 15 September 2020.

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 15 May 2019. Currently the matter is fixed for support on 2 December 2020.

On 20 June 2017, under the 2<sup>nd</sup> 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. The 2<sup>nd</sup> 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 29 March 2019. On 29 March 2019, the parties were to settle issues and admissions. However, SLT raised several objections to the issues raised by DBN and parties were directed to file written submissions on the issue. Parties filed written submissions on 20 May 2019. The Order was delivered on 15 July 2019 confirming the objections raised by SLT. Matter will be mentioned on 13 October 2020.

On 18 July 2017, under the 3<sup>rd</sup> 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 LKR7.8 billion (approximately RM180.7 million) as damages.

DBN has obtained interim measures of protection under the Intellectual Property Act against SLT to disclose its source or person from which or 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 3<sup>rd</sup> Suit, it was fixed on 2 August 2017 for SLT to appear before the 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 a 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 the courts on 26 March 2018, SLT moved for further time to file objections and SLT was ordered to file objections on or before 6 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 a 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 or 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 19 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 7 September 2020.

#### **Writ petition filed by six individuals against Ncell Private Limited, Reynolds Holdings Limited, Axiata Investments (UK) Limited (“Axiata UK”), 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 (the “PIL”) has been filed at the Supreme Court of Nepal seeking various orders from the Supreme Court of Nepal including that tax to be collected from Ncell and Axiata UK in relation to the indirect transfer to Axiata UK of an 80 per cent. stake in Ncell through the sale of Reynolds Holdings Limited (“Reynolds”) by Ncell's previous foreign investor, TeliaSonera Norway Nepal Holdings AS (“TeliaSonera”) to Axiata UK (the “Ncell Transaction”).

The Supreme Court issued its full written order on 9 April 2019 in relation to its oral order dated 6 February 2019 that the Large Taxpayers Office (the “**LTPO**”) should determine the outstanding tax to be paid in relation to the Ncell Transaction within three months from the date of receipt of the Order by the LTPO and that the responsibility to pay tax lies with Ncell and Axiata Group Berhad, the latter who is not a party to the PIL. Ncell received a letter issued by the LTPO on 16 April 2019 stating that its assessment order in relation to the Ncell Transaction initially issued to TeliaSonera (the “**Telia Assessment**”) is now transferred to Ncell and that the further balance amount of the Capital Gains Tax (the “**CGT**”) arising from the Ncell Transaction is NPR39.1 billion (RM1.4 billion). Ncell was ordered to deposit the said amount within seven days, or by 22 April 2019 (the “**LTPO Direction**”).

Ncell had on 21 April 2019 filed a Writ Petition for Certiorari, Prohibition and Mandamus to the Supreme Court of Nepal against the LTPO, Inland Revenue Department of Nepal and the Ministry of Finance of Nepal (the “**Ncell Application**”) for an annulment of the LTPO Direction and to challenge the legality of the LTPO Direction on grounds, including but not limited to: (a) that the LTPO Direction in transferring the Telia Assessment to Ncell is not in compliance with the procedures as required under the Income Tax Act, 2058 (2002) (“**ITA**”); (b) that the LTPO is obliged to undertake a tax assessment on Ncell and not, as demanded in the LTPO Direction, merely a tax collection; (c) that in issuing the LTPO Direction, the LTPO has: (i) failed in providing or affording Ncell the opportunity in making any submission or representation in relation to the imposed tax liability; and (ii) failed in providing Ncell with the option to file or submit an application for administrative review over the LTPO Direction.

Following the Ncell Application, the Supreme Court of Nepal on 25 April 2019 issued a show cause order against the LTPO, Inland Revenue Department of Nepal and the Ministry of Finance of Nepal (collectively, the “**Respondents**”) to appear before a Division Bench on 6 May 2019 (the “**Hearing Date**”) and that a temporary stay order is granted until the Hearing Date, during which period the Respondents were refrained from taking any steps to enforce the LTPO Direction against Ncell.

The Division Bench on 7 May 2019 ordered that a full bench of the Supreme Court of Nepal be convened to hear and decide on the Ncell Application and that the temporary stay order granted on 25 April 2019 be continued, during which period the Respondents are refrained from taking any steps against Ncell. The Hearing of the Ncell Application before a full bench of the Supreme Court of Nepal was concluded on 7 July 2019.

On 26 August 2019, the Supreme Court of Nepal issued a short-form judgment on the Ncell Application (the “**Short Form Order**”) in which the Supreme Court of Nepal partially upheld the Ncell Application. The full written judgment of the Supreme Court of Nepal’s decision was issued on 21 November 2019, which 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 Supreme Court of Nepal held that Ncell remains liable to pay NPR21.1 billion (RM753 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 Ncell Transaction.

Following this Supreme Court of Nepal judgment, on 6 December 2019, the LTPO demanded that Ncell pay NPR22.4 billion (RM800.8 million) in allegedly outstanding CGT (including interest and penalties) (“**Demand Amount**”). On 22 December 2019, the LTPO issued a second demand letter, repeating the demand from 6 December 2019 for Ncell to deposit the sums demanded within 15 days (collectively, the “**LTPO Demand Letters**”). On 12 April 2020, Ncell settled the Demand Amount and an additional sum of NPR990.3 million (RM35.3 million) as interest (collectively, the “**Total**



**Amount**”). Ncell’s payment of the Total Amount was made under protest and expressly without prejudice to Ncell and Axiata UK’s position in the international arbitration proceedings commenced by Ncell and Axiata UK against the Federal Democratic Republic of Nepal (detailed below).

The LTPO Demand Letters represent a clear violation of the terms of the Provisional Measures Order (defined below) issued by the Tribunal on 19 December 2019 in the arbitration proceedings commenced by Ncell and Axiata UK which ordered the Federal Democratic Republic of Nepal (“**Nepal**”), its agencies and officials to refrain from, amongst other things, taking any steps to enforce or otherwise give effect to the LTPO Demand Letters. The Provisional Measures Order is legally binding on Nepal and its agencies under international law.

#### *Arbitration of Axiata UK and Ncell v Nepal*

Following the LTPO Demand Letters, Axiata UK and Ncell have filed a Request for Arbitration (the “**Request**”) with the International Centre for the Settlement of Investment Disputes (“**ICSID**”) pursuant to the Agreement dated 2 March 1993 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Nepal for the Promotion and Protection of Investments (the “**Bilateral Investment Treaty**”). Nepal was notified of the Request on 26 April 2019.

Axiata UK and Ncell’s claims as set out in the Request relate to Nepal’s conduct in contravention of its international law obligations under the Bilateral Investment Treaty. In particular, the claims relate to Nepal’s conduct in imposing capital gains tax in connection with Axiata UK’s acquisition of 100 per cent. of the shares of Reynolds, which owns 80 per cent. of the shares of Ncell.

Pursuant to the ICSID, Axiata UK and Ncell appointed Albert Jan van den Berg (Dutch) on 23 July 2019 as their chosen arbitrator. The arbitration tribunal (“**Tribunal**”) was fully constituted on 18 October 2019, the other members being Paul Friedland (American) and Professor Joongi Kim (Korean, presiding arbitrator).

On 19 December 2019, the Tribunal granted Axiata UK and Ncell’s application for provisional measures in large part and ordered that Nepal, its organs, agencies and officials, including the LTPO and the Inland Revenue Department (the “**IRD**”), immediately be restrained from:

- (i) taking any steps to enforce or otherwise give effect to the demand letter served by the LTPO against Ncell dated 6 December 2019 in which the LTPO demanded that Ncell pay NPR22.4 billion (RM800.8 million) in allegedly outstanding CGT (including interest and penalties) in connection with the Ncell Transaction; and
- (ii) taking any steps which would alter the status quo between Axiata UK, Ncell and Nepal or aggravate the present dispute (together, the “**Provisional Measures Order**”).

Axiata UK and Ncell submitted their memorial on 12 May 2020. A two-week merits hearing is scheduled to take place from 21 June 2021 to 2 July 2021.

## LICENCES AND REGULATIONS

### THE GROUP'S LICENCES

The operation of telecommunications networks and the provision of related services are regulated to varying degrees by national, state, regional or local government and/or regulatory authorities. Operating licences held by the Group specify the services they can offer and the frequency spectrum they can utilise for their operations. These licences are subject to review, interpretation, modification or termination by the relevant authorities. The operating licences are generally renewable upon expiration. However, there is no assurance that they will be renewed or that any renewal on new terms will be commercially acceptable to the Group. See “*Risk Factors — Risks Relating to the Regulatory Environments in which the Group and its Business Operate*”.

The table in Annex A sets forth details of material licences held by the Group as at the date of this Offering Circular.

### PRIMARY SECTORAL LEGISLATION AND REGULATIONS

#### MALAYSIA

The communications and multimedia industry is governed by the Communications and Multimedia Act 1998 as amended in 2004 (“CMA”) and its subsidiary legislation. The CMA applies to networked communications, including electronic media, but does not extend to print media. The MCMC, established pursuant to the Malaysian Communications and Multimedia Commission Act 1998, is responsible for the regulation of the communications and multimedia industry. The Ministry of Communications and Multimedia Malaysia (“MCMM”) is responsible for policy making in respect of the communications and multimedia industry, whilst the MCMC is responsible for policy implementation.

The CMA sets out the regulatory framework and amongst other things, provides for licensing, economic and technical regulation, consumer protection and social regulation.

The Minister of MCMM has announced that there will be amendments to the CMA, however substantive details of the amendments are not available to the public as at the date of this Offering Circular.

#### Licensing regime

The CMA provides that, unless exempted by the Minister of MCMM, no person may:

- own or provide any network facilities;
- provide any network services;
- provide any applications services; or
- provide any content applications services,

except under an individual licence granted or a class licence registered under the CMA.

The CMA provides for four categories of activity which require licences:

- *network facilities provider*: for the ownership and provision of physical infrastructure used to provide communications services (for example, fixed links and radio communication transmitters and links);

- *network services provider*: for the provision of communications services over network facilities (for example, cellular mobile services and broadcasting distribution services);
- *applications service provider*: for the provision of application services by means of network services (for example, PSTN telephony, public cellular services and IP telephony); and
- *content applications service provider*: for the provision of content applications services (for example, satellite broadcasting and terrestrial free to air television).

Except for an applications service provider (which is only issued a class licence), there are two types of licences for the categories specified below:

- individual licences which are generally granted to providers of services or owners of facilities that have national or social significance or where there is a need to control market entry, establish conditions of operation or limit the scope of licensed activities which necessitate a higher degree of regulation; and
- class licences which are a “light-handed” form of regulation designed to promote industry growth and development by removing unnecessary regulatory barriers.

The term of an individual licence is generally 10 years unless cancelled by the Minister of MCMC before its expiry. Applications for renewal must be made at least 60 days prior to the expiry of the licence and shall be granted unless the Minister of MCMC on the recommendation of the MCMC determines that the licensee has failed to comply with the terms and conditions of the individual licence, the provisions of the CMA or any instrument made or given by the Minister of MCMC or the MCMC.

A person who intends to operate under a class licence is required to register with the MCMC. The registration is valid for one year and is renewable annually.

### **Spectrum allocation and management**

Unless exempted by the Minister of MCMC, the use of frequency spectrum in Malaysia requires a spectrum assignment, an apparatus assignment or a class assignment, all of which are issued by the MCMC. The MCMC issued a revised spectrum plan in 2017 which sets out, amongst other things, how the spectrum shall be used in Malaysia and the MCMC’s plan to develop it in the near future.

Spectrum assignments for 2100MHz, 900MHz and 1800MHz bands are now held by Celcom, Maxis, U Mobile and Digi. The 2600MHz has been allocated to eight companies including Celcom via Apparatus Assignment until 31 December 2021. Similarly, the 2300MHz band has been allocated via Apparatus Assignment.

The allocation of 700MHz and 5G spectrum is being deliberated amongst the industry-participants and MCMC as at the date of this Offering Circular.

Technical use of the various spectrum bands, including emission limits and interference mitigation, are determined by MCMC through the issuance of Standard Radio System Plan which is specific for each category of radio frequency.

### **Access and interconnection**

An access regime is established under the CMA to ensure that all network facilities providers, network service providers, applications service providers and content applications service providers can gain access to the necessary facilities on reasonable terms and conditions in order to prevent the inhibition of downstream services.

Although the CMA made provision for a designated industry forum to determine an access code, this did not materialise and the MCMC has determined the access list, mandatory standards on the terms of access and access pricing. At the retail level for mobile services, a variety of competitive offerings are made to end users and MCMC nor the MCMM have deemed it necessary to intervene in the rate setting of retail prices for mobile broadband services.

### **Access list**

The access list is a specific list of facilities and/or services determined by the MCMC to be essential to the provision of network services and application services. An “Access Provider” shall, upon written request by an “Access Seeker,” provide the “Access Seeker” with access to its facilities and/or services included in the access list (i) on at least the same or more favourable technical standard and quality provided on the Access Provider’s facilities or services, and (ii) on an equitable and a non-discriminatory basis. Access agreements are required to be registered with the MCMC, which is empowered to resolve access disputes.

The MCMC had on 25 August 2015 issued a revised access list (the “**Access List**”) which came into force on 1 September 2015.

The facilities and services included in the Access List are:

- fixed network origination service;
- fixed network termination service;
- mobile network origination service;
- mobile network termination service;
- interconnect link service;
- wholesale local leased circuit service;
- infrastructure sharing;
- domestic connectivity to international services;
- network co-location service;
- full access service;
- line sharing service;
- bitstream with network service;
- bitstream without network service;
- sub-loop service;
- digital subscriber line resale service;
- digital terrestrial broadcasting multiplexing service;
- wholesale line rental service;

- Layer 2 High Speed Broadband (“**HSBB**”) network service with QoS;
- trunk transmission service;
- duct and manhole access;
- Layer 3 HSBB network service;
- end-to-end transmission service; and
- MVNO access.

### **Mandatory standard on access and access pricing**

The MCMC has also determined a Mandatory Standard on Access (“**MSA**”) which came into force on 1 January 2017. It sets out principles and mandatory regulated terms on key rights and obligations for the provision of access to facilities and/or services in the Access List by an “Access Provider” to an “Access Seeker”.

The Mandatory Standard on Access Pricing (“**MSAP**”), as issued on December 2017, and which came into effect on 1 January 2018, prescribes maximum prices for some of the facilities and services included in the Access List, namely, fixed network origination and termination services for voice communications only, mobile network origination and termination service for voice communications only, interconnect link service, wholesale local leased circuit service, domestic connectivity to international service, digital terrestrial broadcasting multiplexing service, duct and manhole access, layer 2 HSBB network service with quality of service, trunk transmission service, layer 3 HSBB network service and end-to-end transmission service. Where the MSAP does not prescribe prices for facilities or services included in the Access List, operators are free to set their own prices in accordance with principles in the CMA (see the section below on “Rate Setting”). The prices prescribed in the current MSAP are valid until 31 December 2020.

Compliance with both the MSA and MSAP is mandatory. Failure to comply attracts financial penalties and is a breach of the CMA.

### **Mobile number portability**

Mobile number portability (“**MNP**”) was implemented in Malaysia from August 2008, with its nationwide implementation occurring in October 2008. This permits mobile users to retain their numbers when switching service providers. Mobile users currently have the choice and freedom to choose service providers without the inconvenience of having to change their numbers. A porting fee of a maximum of RM25 is permitted to be charged when a user switches service providers.

The inter-operator mobile number portability support service is a service which enables a mobile subscriber of one mobile service provider to switch to another mobile service provider without having to change his mobile phone numbers. The MCMC considers that inter-operator processes required to support MNP have been sufficiently catered for, and this support service has thus been removed from the Access List.

### **Rate setting**

Pursuant to section 197 of the CMA, a facilities, network service or applications service provider may set prices in accordance with market rates on the basis of the principles set forth below:

- rates must be fair and, for similarly situated persons, not unreasonably discriminatory;

- rates should be oriented towards costs and, in general, cross-subsidies should be eliminated;
- rates should not contain discounts that unreasonably prejudice the competitive opportunities of other providers;
- rates should be structured and levels set to attract investment into the communications and multimedia industry; and
- rates should take account of the regulations pertaining to rate setting and recommendations of the international organisations of which Malaysia is a member.

However, the Minister of MCMC may, on the MCMC's recommendation, intervene in determining and setting the rates for any competitive facilities or services for a good cause or as the public interest may require.

### **Competition**

General competition practices are also addressed by the CMA. In particular, a licensee may not engage in conduct, which has the purpose of substantially lessening competition in the communications market. Furthermore, if the MCMC determines that a licensee is in a dominant position, it may direct that licensee to cease conduct in that communications market which has or may have the effect of substantially lessening competition in any communications market and to implement appropriate remedies. The MCMC has issued two guidelines on "Substantial Lessening of Competition in a Communications Market" and "Dominant Position in a Communications Market".

The CMA also prohibits a licensee from entering into any understanding, agreement or arrangement which provides for rate fixing, market sharing, boycott of a supplier of apparatus or boycott of a competitor. Furthermore, the CMA prohibits mandatory tying or linking arrangements regarding the provision or supply of products and services in a communications market.

The MCMC had issued a Determination on Dominant Position in a Communications Market (Determination 1 of 2014), which specified, amongst other things, that each network operator is dominant in the termination (fixed and mobile) calls and messages and the origination (fixed and mobile) calls markets. This determination is in respect of a three-year period from 8 October 2014. There has been no subsequent determination since. If a licensee is determined to be dominant, it is likely to be subject to greater scrutiny regarding an *ex-post* anti-competitive conduct by the MCMC.

In 2019, the MCMC had also issued the "Guidelines on Mergers and Acquisitions" and the "Guidelines on Authorisation of Conduct", to serve as guidance to merging parties in respect to how MCMC would view a specific merger and acquisition proposal with regards to its effect on competition.

### **Infrastructure sharing**

The MCMC encourages the sharing of infrastructure (passive and active) by licensees. As such, there is extensive sharing of mobile infrastructure in Malaysia including, but not limited to, towers, fibre optic cables and in-building systems. Spectrum sharing and spectrum pooling is only permitted for specific spectrum bands. In all other cases, unless with prior approval, MCMC prohibits the assignment, trade and/or transfer of any or all of the rights provided for in the spectrum assignment.

In 2015, MCMC published the Mandatory Standards for MVNO services which sets the minimum service standards for the protection of MVNO subscribers, and sets the minimum obligations for both MVNO services providers and their mobile network operator hosts.

## **Universal service obligation (“USO”)**

USO is governed by the Communications and Multimedia (Universal Service Provision) Regulations 2002, which came into operation on 17 October 2002 (the “**USP Regulations**”). The USP Regulations govern, amongst other things, the objectives of universal service provision, the designation of universal service targets, the submission of universal service plan, the designation of a universal service provider, implementation of the universal service plan, costing of universal services, universal service funds and contribution to the fund. All licensees (including holders of individual and class licences) must contribute to the Universal Service Provision Fund unless their total net revenue is less than RM2 million in each year, or they only hold a content applications service provider licence. Each licensee is obliged to contribute 6.0 per cent. of its annual weighted net revenue towards the USP Fund, as determined in accordance with the USP Regulations. The USP Fund is expended to fund the implementation of USP roll-out.

In 2008, the USP Regulations were amended to include a ‘clawback’ provision, allowing major contributors (being licensees whose annual USP Fund contribution exceeds RM20 million) to utilise up to 50 per cent. of its contribution in a particular calendar year for the purposes of funding capital costs for the provision of universal service.

## **Regulations related to mobile financial services**

In Malaysia, mobile financial services (“**MFS**”) offered by the Group is primarily subjected to the Financial Services Act 2013, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, Moneylenders Act 1951 and related guidelines and rules issued by BNM, the Ministry of Housing and Local Government and other regulatory bodies. BNM sets stringent compliance requirements of MFS providers pertaining to issues such as governance, risk management, customer protection, security and other operational aspects.

## **INDONESIA**

### **Telecommunications Law**

The Telecommunications Law No. 36 of 1999, which came into effect on 8 September 2000 (the “**Telecommunications Law**”) provides key guidelines for industry reforms, including industry liberalisation, facilitation of new entrants and enhanced competition. Under the Indonesian regulatory framework, the Telecommunications Law outlines the substantive principles for the liberalisation of the Indonesian telecommunication industry. Detailed provisions implementing the Telecommunications Law are provided in the implementation regulations consisting of government regulations and ministerial decrees, in particular decrees and regulations issued by the Minister of Communications and Informatics (the “**MoCI**”).

In late 2019, the Government of the Republic of Indonesia proposed a new law that would regulate several provisions in various industry sectors in one law, with a view to strengthening the Indonesian economy, increasing competitiveness and creating jobs. This is known as an Omnibus law (“**Draft Law**”) which will supersede provisions in at least 80 current laws. The draft has been submitted to National Assembly for first reading.

The Draft Law also addresses the telecommunications and broadcasting sector with proposed amendments to several laws as follows:

- a) Law No. 36 of 1999 on Telecommunications; and
- b) Law No. 32 of 2002 on Broadcasting.

Some notable provisions under the draft are set out below:

- i. **Sharing of spectrum:** The Draft Law allows telecommunications operators to share and transfer spectrum with prior approval from the Government of the Republic of Indonesia. This flexibility could pave the way for MVNO to enter the Indonesian market, subject to the upcoming foreign investment restriction. The ability to transfer of spectrum would provide certainty for M&A initiatives between licensees, particularly the retention of spectrum rights in the surviving entity with a more rationalised spectrum fee structure. The Draft Law indicates that further details would be addressed via issuance of Government Decrees.
- ii. **Infrastructure sharing:** The Draft Law encourages telecommunications operators to share passive infrastructure with other telecommunications operators. This may bring efficiency for smaller telecommunications operators, as the infrastructure sharing would be less costly than expansion of their own networks. The Draft Law also provides that the central government and regional governments may participate in the development of passive infrastructure for common use by telecommunications operators.
- iii. **Upper and lower limit pricing:** Under the current law, pricing for the operation of telecommunications networks and services is based on a formula determined by the Government of the Republic of Indonesia. The Draft Law provides that the central government may determine upper limits and lower limits of pricing for telecommunications networks and services. It is expected that the formula for upper limits and lower limits of pricing will be regulated in a future implementing regulation. This limitation of pricing could prevent tariff wars between telecommunications operators and boost healthy competition in the industry.
- iv. **Telecommunications equipment certification removed:** Under the current law, any telecommunications equipment/device that is made in, imported into, or used in Indonesia must go through a certification process. The Draft Law omits the certification requirement and only requires the fulfilment of technical standards set out by the Government of the Republic of Indonesia.
- v. **Non-exclusive business line for private broadcasting company:** Under the current broadcasting law, private broadcasting companies must specifically engage in the business activity of radio or television broadcasting. This exclusivity is eliminated in the Draft Law. It remains to be seen whether the exclusivity will be restored in future implementing regulations.
- vi. **Migration to digital technology broadcasting:** The Draft Law mandates migration of terrestrial television broadcasting from analogue technology to digital technology within two years after the Draft Law becoming effective. Through this migration, the Government of the Republic of Indonesia expects efficiency of spectrum to enhance broadband internet access. The allocation of spectrum currently used for analogue technology could also create new opportunities for telecommunications operators, including potential 5G services.

#### **Indonesian Telecommunications Regulatory Body (or Badan Regulasi Telekomunikasi Indonesia (“BRTI”))**

The Telecommunication Law grants the Government of the Republic of Indonesia, through the MoCI, the power to make policies, and to regulate, supervise and control the telecommunication industry in Indonesia. The MoCI has authority over the telecommunication sector in Indonesia, issues regulations pursuant to decrees, issues policies and licences and formulates tariffs.

On 11 July 2003, the MoCI promulgated the Telecommunication Regulatory Body Decree, pursuant to which MoCI delegated authority to regulate, supervise and control the Indonesian



telecommunication sector to the BRTI, while maintaining the authority to formulate policies for the industry. As a semi-independent regulatory body, BRTI runs its tasks and functions through the Committee of Telecommunication Regulation, consisting of seven members. Public participation is manifested through the appointment of five public figures as members of the committee, with two members from the Government of the Republic of Indonesia.

### **Licensing regime**

Pursuant to Ministerial Decree No. 13/2019, telecommunications providers are classified into three categories: (A) telecommunications network providers; (B) telecommunications services providers; and (C) special telecommunications providers.

Telecommunications network providers are further divided into (a) local fixed circuit switched providers, (b) domestic long distance fixed network providers, (c) international fixed network provider, (d) mobile cellular providers, (e) satellite providers, (f) terrestrial radio trunking providers and (g) satellite service with satellite landing right licence.

Telecommunications service providers are divided into (i) basic telephony service providers; (ii) value-added telephony service providers; and (iii) multimedia service providers. There are several sub-categories of licensable activities under Telecommunications service, as outlined in Ministerial Decree No. 21/2001. The sub-categories were subsequently simplified with the issuance of Ministerial Decree No.13/2019. For example, the multimedia service category now includes ISP services, Network Access Point Services, Data Communication services and IPTV services.

Under the Telecommunications Law, licences are required for each category of telecommunications businesses. A telecommunications network provider is licensed to own and/or operate a telecommunications network. However, if such telecommunications network provider is to provide telecommunications services, it needs to obtain a separate licence to provide such services. A telecommunications service provider is licensed to provide telecommunications services to subscribers either through its network or by leasing network capacity from telecommunications network providers. Special telecommunications licences are required for providers of private telecommunications services for purposes relating to broadcasting and national security interests.

### **Spectrum allocation and management**

Spectrum management in Indonesia is regulated by Director General for Resources, Postal Devices and Informatics (“**SDPPI**”), a division under MoCI.

The Ministerial Decree No. 4 of 2015 on the Operational Requirements and Licensing Procedures for the Use of Radio Frequency Spectrum requires every use of the radio spectrum to obtain a radio spectrum licence. There are three types of spectrum licence, namely:

- a) Radio Frequency Band Licence (Izin Penggunaan Pita Radio/“**IPFR**”), for the usage of radio spectrum in the form of radio frequency band;
- b) Radio Station Licence (Izin Stasiun Radio/“**ISR**”), for the usage of radio spectrum in the form of a radio frequency channel; and
- c) Class Licence (Izin Kelas), granted to individuals and/or legal entities to operate a telecoms device which uses the radio frequency spectrum.

The procedure to determine the candidates entitled to use radio spectrum is based on either selection mechanism, evaluation mechanism or on a “first-come, first-served” basis. As pointed out in “Government fee” section below, a licensee is required to pay the Frequency Fee on annual basis.

The amount of Frequency Fee for IPFR shall be determined by the following mechanisms:

- a) Selection process mechanism, by taking into account the public purchasing power and reasonableness. This mechanism involves the Government of the Republic of Indonesia setting a Reserve Price with bidders being invited to participate in Simultaneous Multiple Round Ascending Auction. The Frequency Fee for the IPFR under this mechanism consist of two components i.e. Upfront Fee and Annual Fee. The most recent auction was conducted in 2017 involving the release of technology neutral spectrum for nationwide cellular services in 2.3GHz band. The IPFR for this frequency is valid for 10 years and can be extended for another 10 years;
- b) Adjustment of selection result mechanism, for the usage of radio frequency spectrum on the same radio frequency band; and
- c) Calculation mechanism in accordance with the formula determined by MoCI.

Meanwhile, the amount of Frequency Fee for ISR shall only be determined by the calculation mechanism, in accordance with the formula determined by MoCI.

While MoCI strives to make available more spectrum for mobile operators to cater for the growing demand, Indonesia spectrum roadmap remains uncertain due to the following issues:

- a) Spectrum in the ‘digital dividend’ band (700 MHz) is yet to be re-assigned from legacy analogue television to mobile broadband services. On 1 August 2018, MoCI issued a consultation on digital TV broadcasting but made no announcements on timelines for when 700 MHz is to be released to mobile operators. Furthermore, the Broadcasting Bill is still under the review by House of Representatives.
- b) 5G core spectrum band of 3.5 GHz (i.e. 3.3 – 3.8 GHz) and frequencies up to 4.2 GHz are currently being used for fixed satellite service (“FSS”) applications. FSS applications include tv broadcasting, satellite communications and Internet connectivity. In more granular terms, the range from 3.3 to 3.4 GHz is used for fixed wireless broadband and rest for FSS. FSS is extensively used, thus clearance of this band for 5G will be a daunting task.
- c) 2.6GHz band is being used by a satellite television for subscription-based broadcasting services and not expected to be cleared for mobile services in the next few years.

### **Access and interconnection**

On 8 February 2006, the MoCI issued Ministerial Decree No. 8/2006, which mandates the new cost-based interconnection tariff scheme for all telecommunications network and services operators. This scheme became effective on 1 January 2007.

Under the new scheme, the operator of the network on which calls terminate will determine the interconnection charge to be received by it, based on a cost-based formula. Pursuant to Decree No. 8/2006, each telecommunications network operator is required to prepare and submit to the BRTI a Reference Interconnection Offer (“RIO”), which must prescribe the type of interconnection services offered by the network operators and the tariffs charged for each of the offered services. Such calculated interconnection charges must be presented in a RIO and reported to the BRTI. Existing interconnection agreements remain valid as long as the parties to the agreements mutually agree and to the extent that the existing agreements do not conflict with Decree No. 8/2006.

The Government of the Republic of Indonesia has determined interconnection cost reference as at 31 December 2010 through Letter from BRTI No. 227/BRTI/XII/2010 concerning Interconnection Implementation for 2011. For cellular mobile telecommunication services, this reference was effective starting 1 January 2011, while for fixed wireless access service, this reference was effective starting 1 July 2011. In 2016, the Government of the Republic of Indonesia, through BRTI initiated the review of the interconnection tariff through a cost modelling exercise, following which, a decision has been made for the interconnection rates to be reduced by an average of 26 per cent. The decision, which may generally benefit smaller operators was heavily challenged by PT Telkom and Telkomsel and also drawn criticism from House of Representatives Commission 1. Consequently, the Government of the Republic of Indonesia decided to engage the Government-sanctioned team to re-calculate the appropriate interconnection tariff. Following the conclusion of the study, the Government of the Republic of Indonesia then decided to put on hold its decision to revise the interconnection tariff. On January 2017, BRTI decided to use the interconnection tariff which was set in 2014 until the new interconnection tariff is set. In 2019, MoCI has initiated a consultation on the White Paper for the implementation of IP interconnection. It covers discussion on the definitions, IP interconnection models, technical aspects on IP interconnection including coding, QoS, numbering and addressing, security standards, charging and billings and Point of Interconnection, costing model and initial roadmap outlining how fixed and mobile operators could transition to IP interconnection from 2020-2025.

## **Competition**

Generally, the regulatory and competition law authority in Indonesia is the Commission for the Supervision of Business Competition (Komisi Pengawas Persaingan Usaha/“KPPU”). KPPU is an independent governmental body established pursuant to Law No. 5 of 1999, regarding Prohibition on Monopolistic Practices and Unfair Business Competition (“**Anti-Monopoly Law**”). KPPU has cross-sectoral jurisdiction over all competition issues in Indonesia. Furthermore, KPPU’s members are inaugurated by the President, with approval from the House of Representatives. The Anti-Monopoly Law is implemented in conjunction with other regulations, including Government Regulation No. 57/2010 dated 20 July 2010, regarding Mergers and Acquisitions that Can Lead to Monopolistic Practices or Unfair Business Practices. Specifically, for the telecoms sector, the competition supervisory duty is conducted mutually by KPPU and BRTI.

The Telecommunications Law does not prohibit or discourage operators from attaining a dominant position with regard to telecommunications services. However, it specifically prohibits monopolistic practices and unfair competition among telecommunications operators. On 11 March 2004, the MoCI issued Decree No. 33/2004, which sets forth measures to prohibit the abuse by network and service providers of their dominant position. Dominant providers are determined based on factors such as their scope of business, coverage area of services and whether they control a particular market. Specifically, the Decree prohibits a dominant provider from engaging in practices such as dumping, predatory pricing, cross-subsidies, compelling consumers to use such provider’s services (to the exclusion of competitors) and hampering mandatory interconnection (including discriminating against specific providers).

Pursuant to the express prohibitions on activities that may create monopolistic practices and unfair business competition, the Telecommunications Law provides for fair interconnection of networks to allow “any connectivity”.

## **Government fees**

All telecommunications operators in Indonesia are required to pay the Telecommunications Operating Fee (Biaya Hak Penyelenggaraan Telekomunikasi or “**Operation Fee**”) to the Government

of the Republic of Indonesia. In addition, if their operation involves the use of certain radio frequency, the telecommunications operators are also required to pay a Radio Frequency Usage Fee (Biaya Hak Penyelenggaraan Spektrum Frekuensi Radio or “**Frequency Fee**”).

The Operation Fee payable by the telecommunications operators is set forth in Government Regulation No. 7 Year 2009 regarding Types and Tariffs of Non Tax State Revenue For Department of Communication and Information Technology (“**Government Regulation No. 7 Year 2009**”). In accordance with this government regulation, telecommunications operators are required to pay the Operation Fee annually in the amount of 0.5 per cent of their respective gross revenues, adjusted for items such as revenue from leasing of networks, interconnection charges, activation of new subscribers, air time charges, roaming charges and SIM cards.

The Frequency Fee payable by the telecommunications operators depends on the frequency spectrum used by such operators. The Frequency Fee payable for frequency spectrum used in the 800 MHz, 900 MHz and 1800 MHz is set forth in Government Regulation No. 76 Year 2010. For 800 MHz, 900 MHz and 1800 MHz, telecommunications operators are required to pay the Frequency Fee which is calculated using a frequency fee formula based on bandwidth utilised.

With respect to the 2100 MHz’s frequency spectrum, the amount of the Frequency Fee payable would depend on the proposal submitted by the relevant operators when they bid for the relevant 3G licence.

#### **Tariffs for mobile telecommunications services**

The prices that mobile telecommunications operators can charge for basic telephony services (i.e. activation fee, monthly subscription fee, usage charges and charges for additional features) are determined on the basis of a tariff formula prescribed in Ministry Decree No. 09/2008 regarding Procedure in Implementing Tariff for Mobile Telecommunication Services. The regulation gives the operators the flexibility to determine the tariffs based on the prevailing market conditions, subject to certain monitoring by the BRTI.

The tariffs for satellite lease, telephony services, and other multimedia are determined by the service provider by taking into account the expenditures and market price. The Government of the Republic of Indonesia only determines the tariff formula for basic telephony services. There is no stipulation for the tariff of other services.

#### **Infrasharing**

Although infrastructure sharing is encouraged in Indonesia, such arrangement is limited to infrastructure sharing involving sites, backhaul, RAN but without spectrum sharing i.e. Multi-Operator RAN.

The active infrastructure sharing where spectrum is shared and managed to obtain higher efficiency or Multi-Operator Core Network is not permitted, unless with the approval from the MoCI. The Presidential Decree No 53/2000 prohibits the licensee to share or transfer its spectrum to the third party. Furthermore, even with approval granted by the MoCI, the Frequency Fee for the ISR and/or IPFR will have to be paid in full by each licensee, diluting the value of having a spectrum sharing arrangement.

Presidential Decree No 52/2000 further imposed the obligation on the telecommunication network provider to construct its own network in order to provide the required telecommunication services. There is no provision in the Decree that allows the licensee to enter into wholesale arrangement with other licensees to provide the required services.

MVNO variants other than being a simple Reseller to the telecommunication network provider is not recognised in the Indonesian licensing regime. The Ministerial Decree No 13/2019 has clarified that only a telecommunication network provider can provide basic telephony service which include cellular services. Therefore, a full MVNO model which involve a service provider providing mobile services through a wholesale arrangement with a network provider instead of investing into its own network is not be permitted.

Indonesia also imposes limitations on foreign direct investment and ownership for business involving constructing, operating and providing independent telecommunication towers services. Such business, according to the Indonesia Negative List, requires 100 percent domestic capital. This however, does not restrict a foreign licensed telecommunication network operator such as XL Axiata from constructing, owning and monetising its own towers.

### **Consumer protection**

Under the Telecommunications Law, each operator must provide guarantees for consumer protection in relation to quality of services, usage or service fees, compensation and other matters. The law also allows subscribers injured or damaged by negligent operations to file claims against negligent providers.

In a key decision regarding consumer protection, BRTI issued a circular on 14 October 2011 to all telecommunications operators, including XL, instructing operators to suspend Premium SMS following consumer complaints on irregular fees and charges, effective October 2011.

In 2019, MoCI, Ministry of Trade and Ministry of Industry signed an IMEI regulation to curb the spread of illegal phones purchased on the black market or abroad with effect from April 2020. Under the regulation, phones with IMEI that have not been registered in Government of the Republic of Indonesia database will not be able to connect to any of country's cellular services.

### **Universal Service Obligation (“USO”)**

Under the Telecommunications Law, all telecommunications network operators and service providers are bound by a USO, which requires such network operators and telecommunications service providers to make contribution towards providing universal telecommunications facilities and infrastructure or other forms of compensation. Government Regulation No. 7 Year 2009 stipulates that telecommunications operators in Indonesia are required to contribute 1.25 per cent of their respective gross revenues for USO development. An agency, Badan Aksesibilitas Telekomunikasi dan Informasi (BAKTI) administers the construction of telecommunications infrastructure using the proceeds from the USO Fund.

### **Regulations Related to Mobile Financial Services**

In Indonesia, XL's holds existing MFS approvals: e-Money issuer and Money Remittance Operator. These services are subject to Bank Indonesia's regulations and circulars. The Group's other MFS initiative is via ADCI—which is a foreign-owned company initially established to apply for a technology-based lending platform operator (P2P lender) licence but the Otoritas Jasa Keuangan of Indonesia had established a moratorium on the issuance of new registrations early this year. As a result, ADCI is undergoing a process of repurposing its business licence to enable it to collaborate with other locally licensed operators.

## **SRI LANKA**

### **The Regulatory Framework in the Telecommunications Sector**

The telecommunications industry is governed by the Sri Lanka Telecommunications Act No. 25 of 1991 as amended by the Sri Lanka Telecommunications (Amendment) Act No. 27 of 1996 (the “**Telco Act**”). Prior to the enactment of the Telco Act, the Department of Telecommunications was the sole operator providing both local and international voice services and there was no independent regulator for the local telecommunications sector. Pursuant to the Telco Act, all the property, rights and liabilities to which the Department of Telecommunications was entitled, was vested in a corporation established under the name of Sri Lanka Telecom, which was subsequently converted to a public limited liability company, Sri Lanka Telecom PLC.

The Telco Act also provided for the creation of a telecommunications authority entrusted with the duty of regulating the industry. The amendment to the Telco Act made provision for the conversion of this authority into the Telecommunications Regulatory Commission of Sri Lanka (the “**TRCSL**”).

### **Current Telecommunications Legislation**

The principal legislation governing the telecommunications sector in Sri Lanka is the Telco Act and the rules made pursuant to the Telco Act. The Telco Act provides for the establishment of the TRCSL, sets out its composition and demarcates its duties and powers. The TRCSL was also constituted as the sole entity in Sri Lanka to manage and control the radio frequency spectrum.

The Telco Act enables the licensing of operators of telecommunications systems in Sri Lanka. It also contains the procedures for licensing of telecommunications services and operation of networks. The Telco Act also sets down offences related to telecommunications services and operation and provides corrective measures to be imposed when such an offence or breach is committed. The Telco Act gives the TRCSL authority to make rules that govern areas including interconnection and quality of service.

### **The Institutional Framework**

The Members of the TRCSL consists of five commissioners; its Chairman is appointed by the President of Sri Lanka. As an institution, the TRCSL, pursuant to an extraordinary gazette notice issued in 2019 by the President of Sri Lanka, has been brought under the purview of the Sri Lankan Ministry of Defence. Hence, the current Secretary to the Ministry of Defence has been appointed *ex-officio* as the Chairman of the TRCSL.

The Director General of the TRCSL is appointed as its Chief Executive. The objective of the TRCSL is to facilitate sustained development in the telecommunications industry by shaping the regulatory process, protecting public interests and being responsive to imperfections in a competitive market. The objectives of the TRCSL include, *inter alia*:

- To ensure the provision of reliable and efficient, national and international telecommunication services in Sri Lanka;
- To protect and promote the interests of consumers, purchasers and other users and the public interest with respect to charges for and the quality and variety of telecommunication services provided, and apparatus supplied;
- To maintain and promote effective competition between persons engaged in commercial activities connected with telecommunication;

- To promote rapid and sustained development of domestic and international telecommunication facilities; and
- To promote research into and the development and use of new techniques in telecommunications and related fields.

### **Principal Governance Aspects**

The key aspects of Sri Lanka's regulatory framework for the telecommunications sector are:

#### ***Licensing***

In order to operate a telecommunications system, a licence must be obtained from the Government of Sri Lanka. The licence is granted under the recommendation of the TRCSL. Every application made in respect of licences must be in writing including the renewal of existing licences. The TRCSL will provide public notice of its intention to make a recommendation for the grant of a licence if it is deemed necessary or if considered to be in the public interest.

A licensed operator is not permitted to transfer, sell or lease whole or part of the licensed system without prior approval from the TRCSL. All activities including the trade, manufacture, importation, sale, offer for sale, dealings, transfer, hire, lease, maintenance and repair of telecommunications apparatus may only be carried out under the authority of a licence issued by the TRCSL. The TRCSL may recommend to the Government of Sri Lanka, modifications of the licence granted, and also has the power to revoke a licence for breach of conditions and restrictions, non-payment of fees and failure to comply with regulations set out under the Telco Act. Such decisions are subject to judicial review.

#### ***Spectrum Management***

The Radio Frequency Regulations of TRCSL governs the issuance of spectrum in Sri Lanka in addition to licences issued by the TRCSL under the Telco Act. TRCSL spectrum allocation is not based on technology neutrality, and over the years it has used various means of allocation of spectrum rights including auctions and direct administrative awards.

#### ***Interconnection***

Companies licensed to operate and provide a public telecommunications network are obliged to provide interconnection for the purposes of transmitting traffic between different operators. The TRCSL aims to provide a non-discriminatory and transparent interconnection regime which will provide fair competition for all operators, in accordance with WTO principles. Interconnection is governed by the Interconnection Rules of 2003 and the Determination on Interconnection in 2010.

The Interconnection Rules of 2003 provide for the following types of interconnection:

- Fixed Network Originating and Terminating Access Service;
- Mobile Network Originating and Terminating Access Service;
- Incidental services by providing access to directory, operator and emergency services;
- Provision of POI and collocation at cable stations and associated services;

- Provision of equal access; and
- Provision of signalling links and Billing Information.

Interconnection services shall be mandatory and be provided on an efficient, non-discriminatory and cost-oriented basis.

### ***Retail tariff regulation***

The existing minimum retail floor rates for voice and SMS charges were removed by the TRCSL in 2018. Further, all tariffs and promotion plans, including for mobile broadband, require prior TRCSL approval.

### ***Universal Service Obligations (“USO”)***

Licences issued under the Telco Act impose general USO on service providers such as public emergency call services and special provisions for the disadvantaged.

Note however apart from USO obligations imposed on Operators, the “Telecommunications Development Charges Fund” was formed under the International Telecommunications Operator Levy on Finance Act No 11 of 2004 for the development of the telecommunications industry in Sri Lanka and to achieve the Universal Service and Access objectives, through identified projects. The fund is designed to benefit from mandatory contributions from external gateway operators.

### **Regulations Related to Mobile Financial Services (eZ Cash and Dialog Axiata PLC)**

The Payment and Settlement Systems Act, No.28 of 2005 (“Payment and Settlement Systems Act”) *inter alia* provides for the regulation, supervision and monitoring of providers of money services. Under section 44 of the Payment and Settlement Systems Act, the Central Bank shall issue general directions, instructions and guidelines, for the proper and efficient implementation, administration and enforcement of the provisions of the Act, including but not limited to the regulation, licensing and supervision of money service providers, payment systems and designated systems.

The most salient regulations/guidelines issued under the Payment and Settlement Systems Act are as follows:

- Mobile Payments Guidelines No. 2 of 2011 for Custodian Account Based Mobile Payment Services outlines broad principles and standards for service providers offering custodian account based mobile payment services.
- The Payment Cards and Mobile Payment Systems Regulations No.1 of 2013 permit specific persons to provide mobile payment system to the general public under a licence issued by the Central Bank of Sri Lanka. An operator who provides cellular mobile telephone services under the authority of a licence issued in terms of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended, is eligible to apply for such a licence.
- The Guidelines on Minimum Compliance Standards for Payment Related Mobile Applications No. 01/2020 (“**Guidelines**”) provide a minimum compliance standard to be adopted by any licensed commercial bank, licensed specialised bank, licence finance company or licensed operator of mobile phone based e-money systems or any institution, all of which are operating or facilitating or providing payment services for mobile applications, and mandate that such service providers obtain approval from the Central Bank for same prior to commercial launch of the mobile applications. The Guidelines shall cover the entire payment related mobile



application eco-system, including inter alia mobile application, web services, server-side infrastructure and network communication.

Dialog Finance PLC is registered under the Monetary Board of Sri Lanka as a Licensed Finance Company (LFC) under the Finance Business Act No. 42 of 2011 (the “**Finance Business Act**”).

Under the Finance Business Act, LFCs are required at all times to carry on business in a manner so as to safeguard the interests of its depositors.

- Entities which are not registered under the Monetary Board of Sri Lanka in terms of the licensing requirements of the Finance Business Act, are prohibited from accepting deposits from the general public.
- The Finance Business Act empowers the Monetary Board of the Central Bank of Sri Lanka to:
  - issue Directions, Rules and Guidelines regarding the manner in which any aspect of the business and corporate affairs of the LFC are to be conducted;
  - conduct statutory audits on the LFC; and
  - carry out supervisory actions and impose penalties in the event the LFC is following unsound financial practices which are detrimental to the interest of its depositors or has contravened or failed to comply with any provisions of the Finance Business Act.

### **Additional Legislation**

The above businesses are also required to comply with the following salient laws, and rules, directions and guidelines issued under the said laws, to prevent anti-money laundering and financing of terrorism.

- Financial Transactions Reporting Act, No.6 of 2006 (“**FTRA**”), is the principal domestic law which provides, *inter alia* for the collection of data relating to suspicious financial transactions to facilitate the prevention, detection, investigation and prosecution of the offences of money laundering and financing of terrorism and to that end require institutions to undertake certain due diligence measures to combat money laundering and financing of terrorism. The principal regulatory authority to report transactions subject to the provisions of the FTRA and the Rules passed thereunder is the Financial Intelligence Unit (“**FIU**”) of the Central Bank established by Order made by the President under the provisions of FTRA.
- Prevention of Money Laundering Act, No.5 of 2006 (as amended), prohibits money laundering and deals with providing the necessary measures to combat and prevent the practice of engaging in specific financial transactions in order to hide the identity, source, and/or destination of money generated from unlawful activity.
- Convention of Suppression of Terrorist Financing Act, No. 25 of 2005 (as amended) is a statute to give effect to the Convention on the Suppression of Terrorist Financing and to provide for connected matters thereto.

## **BANGLADESH**

### ***Legislation and Institutional Framework***

The telecommunications sector of Bangladesh is governed by the Bangladesh Telecommunications Regulatory Act 2001 (as amended 2010) (“**BRTA**”). Considering the service convergence and impact

of different policy harmonisation, this sector is also governed by Digital Security Act 2018, ICT Act 2006 (amended 2013) and other relevant legislation.

Bangladesh Telecommunication Regulatory Commission (“**BTRC**”) was formed as per the provision of the Act (as amended 2010). Prior to the amendment of the BTRA in 2010, BTRC was fully functional as an autonomous body. However, after the amendment, the Ministry (Posts and Telecommunication Division) became the final decision-making authority with respect to licensing, tariff and policy related issues.

The BTRC issues various regulations and statutory instruments from time to time, including:

- BTRC Licensing Procedure Regulations 2004, Regulation No. 1 of 2004 (Amended 2005, 2007);
- BTRC (Interconnection) Regulations 2004, Regulations No. 2 of 2004;
- International Long Distance Telecommunications Service Policy 2007 (“**ILDTS**”), as amended in May 2010;
- Directives on Service & Tariff 2015;
- Guidelines for infrastructure sharing 2008;
- Regulatory and licensing guidelines for nationwide telecommunication transmission network 2008;
- Amended regulatory and licensing guidelines for internet protocol telephony service provider licence 2009;
- Regulatory and licensing guidelines for Mobile number portability services in Bangladesh 2017;
- Regulatory and Licensing Guidelines For Issuing License For Tower Sharing in Bangladesh 2018;
- Regulatory Guidelines for Issuance of Registration Certificate for Providing Telecommunication Value Added Services (TVAS) in Bangladesh 2018;
- Regulatory and Licensing Guidelines for Invitation of Offers/Proposals for Issuing Licensing for Establishing, Operating and Maintaining International Gateway (“**IGW**”), International Internet Gateway (“**IIG**”) and Interconnection Exchange (“**ICX**”) Services in Bangladesh, 20 October 2011, amended in March 2012;
- Bangladesh Telecommunication Regulatory Commission (Significant Market Power Regulation) Guideline 2018;
- Bangladesh Telecommunication Regulatory Commission (ANS Operator’s Quality of Service) Regulations, 2018; and
- Directives on equipment identity register (EIR) for mobile network operators in Bangladesh 2019.

The Government of Bangladesh has also set up *Digital Bangladesh* which aims to facilitate socio-economic transformation through information and communications technology (ICT).

### *Licensing regime*

The telecommunications licensing regime in Bangladesh is governed by Bangladesh Telecommunication Regulatory Act 2001 (as amended 2010), Bangladesh Telecommunication Regulatory Commission (Licencing Procedure) Regulations, 2004 (as amended 2009), International Long Distance Telecommunication Services Policy-2007 (ILDTS policy as amended 2010) and respective licensing guidelines.

The BTRC is empowered to issue licences with prior approval from the Government of Bangladesh (Ministry of Posts, Telecommunications and Information Technology).

As mandated under the telecommunications law of Bangladesh, no person shall without a licence:

- establish or operate a telecommunications system in Bangladesh or undertake any construction work of such system;
- provide in Bangladesh or to any place outside Bangladesh any telecommunication service; and
- undertake any construction work for providing internet service or install or operate any apparatus for such service.

Category of licences issued by the BTRC are:

- 2G Cellular Mobile Phone Operator
- 3G Cellular Mobile Telecom Operator
- 4G/LTE Cellular Mobile Telecom Operator
- Tower Sharing licence
- Broadband Wireless Access (BWA)
- International Gateway (IGW) Services
- Interconnection Exchange (ICX) Services
- International Internet Gateway (IIG) Services
- National Internet Exchange (NIX)
- TVAS Registration (enlistment)
- Call Centre (enlistment)
- Nationwide Telecommunication Transmission Network (NTTN) Service Provider
- Vehicle Tracking Services (licence/enlistment)
- Internet Protocol Telephony Service Provider (IPTSP)
- Internet Service Provider (ISP)
- Public Switched Telephone Network (PSTN)

- International Terrestrial Cable (ITC) Services
- Mobile Number Portability Services (MNPS)
- IP TV and Video on Demand (Permit)
- VSAT User licence
- VSAT Provider licence

The ILDTS policy 2007 was last revisited in 2010 which resulted in an increased number of licences being granted in the telecommunications ecosystem. This has, in turn, led to the fragmentation of licences due to the carving out new categories of licensable activities. For example, as per ILDTS policy, international voice and data traffic are carried through a 3-tier network topology, domestic off-net traffic passes through ICX or NIX whereas international traffic has to go through IGW or IIG – all enabled by different licences. Further, in 2009, a new and separate licence category called Nationwide Telecommunication Transmission Network (NTTN) was created, which allowed its licence holders to build and maintain a fiber optic network. Issued to six entities, mobile operators were thenceforth not allowed to lay optical fibre but only permitted to establish a transmission network using microwave links. In 2018, a separate Tower sharing licence was introduced.

There have been efforts to address the fragmented nature of the licensing regime. The National Telecom Policy 2018 promises a move towards an efficient licensing regime. As an example, the revised ILDTS policy gives an indication of introducing unified licensing regime with the planned consolidation of several types of gateway licences.

In terms of fee structure, the current fees payable by mobile operators in Bangladesh are:

- Licence acquisition fee determined through administrative decision;
- Spectrum acquisition fee determined through spectrum auction (upfront and scheduled payment, usually to be paid within one-two years);
- Annual licence fee to be paid annually;
- Quarterly spectrum charge (function of, *inter alia*, spectrum holding and subscriber base);
- Revenue sharing with the BTRC (for MNO it is 5.5 per cent. of gross revenue) to be paid on quarterly basis;
- Contribution to Social Obligation Fund (SOF) – (for MNO it is one per cent. of gross revenue) to be paid on quarterly basis; and
- Merger fees determined through administrative decision.

### **Spectrum allocation**

The BTRC is empowered to issue licences for establishing or operating telecommunication system or providing telecommunication services or using of radio apparatus subject to payment of fees. The BTRC has the authority to allocate radio spectrum to operators and to manage, monitor and renew the spectrum accordingly. For any new spectrum allocation or renewal, BTRC fixes the price as per approval from the Government of Bangladesh (i.e. Ministry of Finance, Posts and Telecommunications Division under Ministry of Posts, Telecommunications and Information Technology).

Mobile operators have to pay upfront spectrum assignment fees with specific payment terms within stipulated timeline as fixed by the BTRC. In addition, there are spectrum usage fees which is paid on a quarterly basis.

For necessary spectrum allocation, BTRC has updated the National Frequency Allocation Table in 2019 in consultation with the industry players.

In 2013, BTRC prepared 3G licensing guidelines and allocated 3G spectrum to MNOs from 2100 MHz band through auction. Similarly, in 2018, BTRC prepared 4G licensing guidelines and allocated spectrum from existing 900, 1800 and 2100 MHz band through auction and also allowed technology neutrality after payment of technology neutrality fee. Currently, BTRC is in the process of identifying potential spectrum bands for 5G as per WRC regulations. Accordingly, BTRC will prepare 5G licensing guidelines to allocated new spectrum from new or existing bands for 5G services.

### ***Access regime***

The access regime is currently regulated by the Interconnection Regulations 2004 (as amended 2008), the ILDTS Policy 2007 (as amended 2010) as well as the subsequent directives issued by the BTRC. The Interconnection Regulations 2004 (as amended 2008) promotes transparency and neutrality in interconnection arrangements between telecommunications networks and operators. It is mandatory for all operators to ensure any-to-any connectivity for the subscribers of one operator to communicate with the subscribers of other operators as and when required.

ILDTS policy 2007 (as amended 2010) brought significant changes in the access regime as below:

- All off-net voice calls must be routed through ICX and originating operator shall pay BDT 0.04/min as access charge to ICX operator;
- All domestic data traffic must be routed through NIX;
- International data traffic must be routed through IIG;
- Mobile termination rate (“MTR”) is regulated by the BTRC. Currently it is BDT 0.10/min for the traffic exchanged between non-SMP operator, for Significant Market Power (“SMP”) operators, an asymmetric rate is applicable and they receive BDT 0.07/min for terminating off-net calls. Historically asymmetric termination rate has been practiced for the voice traffic exchanged between mobile operators and PSTN/IPTSP operators; and
- There is mandatory traffic routing policy for respective ICX operators.

In June 2015, a new IGW Operators Switch/forum (IOS/IOF) was established, which introduced a new integrated hub added in between IGW and ICX to carry and terminate international traffic. Although international call termination rate is regulated by the BTRC, termination arrangements are fixed by IOF. A recently issued regulatory directive mandated only a floor price for international call termination based on which IOF has a prescribed revenue sharing arrangement with their partners.

### ***Rate setting/Tariff setting***

Under the BRTA, there is an express provision that before an operator can commence the provision of its service, it shall submit to the Government of Bangladesh a tariff containing the maximum and minimum charges that may be realised for such service, and until the tariff is approved by the Government of Bangladesh, the operator shall not start providing the service or realising charges for the service.

Notwithstanding the provision above, BTRC has also issued numerous directives relating to the regulation of retail tariffs for various services such as mobile calls, SMS, internet, international calls and internet calls, the latest being issued in May 2012, revoking various previous Interim Directives issued between July 2007 and May 2011.

On 12 March 2015, BTRC issued a consolidated tariff directive namely “Directives on Service and Tariff (2015)”, which replaced all other directives issued earlier. In Aug 2018, BTRC introduced a unified tariff regime which abolished price differentials between on-net and off-net tariffs for mobile retail services.

The prevailing price regulations stipulate the following rates for different retail telecommunication services:

*Mobile Voice tariff*

- for any net charges per minute — minimum BDT0.45, maximum BDT2.0

*PSTN voice tariff*

- for off-net charges per minute — minimum BDT0.40, maximum BDT2.0
- for on-net charges per minute — minimum BDT0.10, maximum BDT2.0

*IPTSP voice tariff*

- for off-net charges per minute — minimum BDT0.30, maximum BDT2.0
- for on-net charges per minute — minimum BDT0.10, maximum BDT2.0

*International outgoing calls*

- All international outgoing call rates on mobile, PSTN and IPTSP will have to be approved by BTRC

*SMS tariff:*

- for on-net and bilateral off-net, maximum BDT0.50 per SMS
- for international SMS, maximum BDT 2.50 per SMS
- For VAS SMS, rate to be approved by BTRC

*Mobile Data Tariff:*

- In April 2011, BTRC requested operators to fix their internet data use charges at BDT 0.01 for 10 KB instead of the original BDT 0.02 in the case of extra use of volume-based internet packages.
- In 2019, BTRC issued a directive for enforcing maximum BDT 5 equivalent data service usage in pay as you go till the subscriber subscribed to a package.
- On 24 January 2019, BTRC instructed operators to limit the internet data use (Pay per Use) up to BDT 5.0 per user.

### *Direct Operator Billing:*

- On 3 December 2018 BTRC issued a revised directive on, *inter alia*, Direct Operator Billing to purchase Apps, in apps, Digital content.
- One-time charge and monthly limit — maximum BDT 600.0
- Yearly limit- maximum BDT 3000.0

### **Competition**

Market competition is governed by general competition law and sector specific regulations. In 2018, the BTRC introduced Significant Market Power (“SMP”) regulation which sets that any operator with more than a 40 per cent. market share is be deemed to be a SMP.

BTRC has identified certain *ex-ante* measures that will be imposed on a SMP operator. Recently, BTRC has imposed three obligations on the market leader deemed to be a SMP:

- a) Asymmetric MNP lock-in period for SMP and non-SMP operator;
- b) Asymmetric MTR for SMP and non-SMP operator; and
- c) SMP operators must secure prior approvals for any change in their product or service approval. For existing products or services, they need to secure approval afresh.

### **USO**

Universal Service Obligation (“USO”) fund has been created and is known as the Social Obligation Fund (“SOF”) in Bangladesh. The BTRA mandates BTRC to create this fund for extending telecommunication facility in the areas deprived of such facility. It has accordingly been reflected as one of the licensing obligations in the respective MNO licences. Accordingly, as per licence condition, MNOs are contributing 1 per cent. of gross revenue to the SOF.

In Dec 2014, SOF rules have been published which stipulates that this fund would be used to provide services to rural areas where people are deprived from telecom services and for developing telecommunication service for fighting and managing disasters. However, the implementation of this fund is still unclear in respect to how it will be disbursed.

### **Regulations Related to Mobile Financial Services**

Bangladesh Bank is the regulatory authority for traditional and mobile banking service. The banking and financial sector is governed by the Bangladesh Bank Order, 1972 and payment systems are governed through Bangladesh Payment and Settlement Systems Regulations, 2014. The first guideline on mobile financial service was issued back in 2011, named Guidelines on Mobile Financial Services (“MFS”) for the Banks which allowed only Bank-led model of MFS which has been amended in 2018 mandating banks to hold majority stake of 51 per cent. and restricting MNOs direct participation. MNOs are however allowed to charge MFS providers for facilitating access to telecom resources (USSD/SMS) which is governed by the directive issued by telecom regulator BTRC.

Although MNOs are not allowed have direct participation in MFS and are not allowed to hold a majority stake in a company that provides MFS, the restriction does not apply to the parent companies of such MNOs. Bangladesh Bank issued a no-objection certificate (“NOC”) in favour of

Trust Bank (endorsing partnership with ADS) on 28 August 2019, to setup operation for MFS through issuing NOC through circular PSD-30/2019/1683. The NOC will be converted to an operating permit once Trust Bank is operationally ready.

Apart from bank-led MFS service, through special permission from Bangladesh Bank, MNOs are allowed to provide mobile wallet services through which utility bills, ticketing and mobile recharge services are facilitated to consumer.

The legislations and relevant regulations that govern Mobile Financial Service in Bangladesh are set out below:

- Bangladesh Bank Order 1972
- Bank Companies Act ,1991 (amended in 2013)
- Mobile Financial Services (MFS) Regulations 2018
- Bangladesh Payment and Settlement Systems Regulations, 2014
- Money Laundering Prevention Act 2012 (Amended 2015)
- Anti-terrorism Act, 2009 (Amended 2013)
- Regulations on Electronic Fund Transfer 2014
- Directives on Mobile Financial Services in Bangladesh (issued by BTRC in 2019)

## **CAMBODIA**

### ***Legislation and Institutional Framework***

The Law on Telecommunications was promulgated on 17 December 2015 (the “**Law**”) to give more certainty and clarity on policies as well as regulatory treatment on various aspects of Cambodia’s telecommunications sector, including, but not limited to, licensing, spectrum management, numbering, tariff, interconnection, infrastructure sharing, universal service provisions, competition and national security. Further, the Law enhanced the powers of the Ministry of Posts and Telecommunications (“**MPTC**”) as well as provided specific powers and functions to the Telecommunications Regulator of Cambodia (“**TRC**”) in enforcing the rules and regulations prescribed in the Law and subsequent regulations.

The TRC was set up in March 2012, and further formalised post the Law, as a public legal entity that performs its functions and duties by autonomous administration and regulation, as well as being independent from telecommunications operators and individuals relating to the telecommunications sector. Besides functioning as a regulator, it also acts as a mediator of disputes in connection with services provided in the sector.

MPTC in 2016 released the Telecommunications – Information and Communications Technology Development (“**T-ICT**”) Policy 2020 with the objectives of improving and expanding telecommunications infrastructure and services, developing human resources as well as diversifying industry and promoting ICT applications. The National Broadband Policy is still in draft stage.



Since the promulgation of the Law, some key sub-regulations have been enacted as follows:

- Prakas on Licensing Condition and Procedures for Issuance, Revision, Suspension, Transfer and Revocation of Permits, Certificates and Telecommunication Licences, 7 April 2017;
- Sub-decree on Mechanism for Implementation of Universal Services Obligations in the Telecommunications Sector, 21 July 2017;
- Sub-decree on Mechanism for Management of the Capacity Building and R&D in the Telecommunications and ICT Sector, 21 July 2017;
- Sub-decree on Issuance of Authorisation to Conduct Operation in Information, Communication and Technology Sector, 21 July 2017;
- Sub-decree on Utilisation fee of Telephone and Telecommunication Numbers, 5 September 2017; and
- Sub-decree on Digital Signatures, 29 December 2017.

Furthermore, other sub-regulations with regards to spectrum, quality of service, dispute regulations, e-government and code of ethics remain in draft stage with various public consultations done with the private sector. While, MPTC has taken lead in the formulation of policies for the Telecommunications and ICT sector, other ministries such as the Ministry of Economy and Finance (“**MoEF**”), the Ministry of Commerce (“**MoC**”) and the Ministry of Industry, Science, Technology and Innovation are also partially involved in developing the digital and ICT sector. On 2 November 2019, the Law on Consumer Protection and Law on Electronic Commerce were promulgated, whereby both horizontal laws will be overseen by the MoC.

### ***Licensing Regime***

As part of the transitory process, the Law requires all telecommunications operators and licensees to reapply for their permits, certificates or licences one year after the Law is enforced. However, the new licences and the licensing sub-regulations were not completed in time to enable the new licensing process. Following the release of the Prakas on Licensing Condition and Procedures for Issuance, Revision, Suspension, Transfer and Revocation of Permits, Certificates and Telecommunication Licences (Prakas 122), TRC clarified that all existing Licences will continue to remain valid until the new licence, permits and certification templates are released, whereby all licensees will then be required to reply within 180 days. The validity of the new licence will be issued based on the remaining duration from the old licence.

The Prakas also specifies a new licensing regime moving forward, once operationalised with the release of the licence template, whereby there will be three categories of licences: Infrastructure and Service Licence; Limited Infrastructure and Service Licence; and Service Licence. Moving forward, operating licences and spectrum licences are expected to be decoupled as separate legal documents.

As part of existing licensing requirements, the industry is required to contribute a revenue share which is dependent on the type of licences and effective year. Although there was a notification by MPTC in July 2018 on the change in Gross Revenue definition, effectively harmonizing the definition across all licences as well as removing all allowable deductibles especially in current mobile telecommunications operating licences, there are some discussions in MPTC and MoEF on a possible reform of current revenue share schemes after conducting a holistic assessment of total regulatory fees and taxes imposed onto the industry.

### *Spectrum Management*

Following the promulgation of the Law, MPTC released the draft sub-decree on Organisation, Management and Distribution of Radio Frequency Spectrum for industry consultation in 2016. As the sub-decree is still in draft form, all spectrum licences continue to be effective, based on predated spectrum regulations which have been assigned on an administrative basis, but there are indications that MPTC would like to move to market-based methodologies in the future. At the end of 2016, Cambodia assigned spectrum via comparative tender for the first time whereby some unutilised 2600MHz and 800MHz were offered to the industry. Besides concluding the draft sub-decree, MPTC and TRC are also finalizing the national band plan and are in the process of developing the 5G spectrum policy framework for Cambodia. Prior to the introduction of 5G, mobile operators were granted with technology neutral spectrum i.e. 2G, 3G and 4G to operate its services. The 700MHz band is still allocated for broadcasting services in Cambodia.

### *Interconnection*

In line with the Inter-Ministerial Prakas on Price Floor Identification of Mobile Phones, Fixed Phones and Other Connections in December 2009 and the Law, all operators are required to provide interconnection based on commercially negotiated agreements between both parties. Interconnection fees, local and international are specified in the Prakas whereby local cross network mobile charges requirements consist of an interconnection fee, a transit fee for Telecom Cambodia and a regulator fee.

Currently, there are not rules prohibiting passive infrastructure sharing. MVNOs are not permitted in Cambodia.

### *Retail Tariff Approvals*

In December 2013, retail price floors were removed. However, all operators are required to submit its cost base data every six months for TRC to monitor market competition whereby operators are not allowed to price below their cost base. Per existing directives and regulations set by TRC, all tariffs and promotions require prior approval from TRC before being launched into the market. There have been some indications that MPTC and TRC are in discussions to formulate new competition and pricing regulations for the sector.

### *USOF and CBRDF*

The Universal Service Obligation Fund (“**USOF**”) as well as Capacity Building and R&D Fund (“**CBRDF**”) sub-decrees were introduced in July 2017 with the objectives of bridging the national digital divide and improving ICT resource capabilities for socio-economic development. All licensees are required to contribute two per cent. of annual Gross Revenue to the USOF and one per cent. of annual Gross Revenue to the CBRDF. Both Funds are managed by an inter-ministerial Board whereby the Funds are utilised for both government and individual licensee projects based on a set of guidelines as well as criteria in consultation with the industry. The Funds also have effective ‘clawback’ mechanisms for licensee-owned projects to ensure all funds contributed are disbursed and utilised.

## **NEPAL**

### **Legislation and Institutional Framework**

The Nepalese telecommunication market is governed by Telecommunications Act 1997 (“**Nepalese Telecommunications Act**”). The Nepalese Telecommunications Act broadly aims to regularise the

telecommunications service, in order to make it more reliable and easily available to the public and to involve private sector in the provision of such services.

The Nepalese Telecommunications Act has been amended four times and the last amendment were made in 2007. The latest activity to review/revise the Nepalese Telecommunications Act pertains to January 2020 where Ministry of Communication and Information Technology (“**MoCIT**”) invited industry for discussion on draft amendment to Nepalese Telecommunications Act. The latest effort to amend the Nepalese Telecommunications Act has been put on hold but there is no indication from MoCIT on its resumption.

The Nepal Telecommunications Authority (“**NTA**”) is the sector regulator and Ministry of Communication and IT (MoCIT) is the sector Ministry. The Secretary of MoCIT is the BoD Chairman of state-owned telecom operator (Nepal Telecom /Nepal Doorsanchar Company Limited).

The NTA regulates tariff approval and its board has authority to approve or reject tariff proposition by operators. Besides, it also supervises and recommends equipment import and forex payment approval related to telecommunication sector to MoCIT and the Central Bank of Nepal (“**NRB**”). Furthermore, NTA also initiates different regulations required for telecommunication sector.

Regulations relating to, *inter alia*, Interconnection Guidelines, Tariff Guidelines, Consumer Grievances, policies, working procedures, instructions, circulars are finalised and executed within the domain of NTA itself while relevant acts such as the Nepalese Telecommunications Act/Bill, Radio Act, National Broadcasting Act, Consumer Protection Act are recommended to MoCIT, which undertakes necessary course of action to finally approve it within its own purview or, approve in collaboration with other Ministries.

The decision relating to, *inter alia*, radio frequency auction, allocation, distribution is done by a committee at MoCIT level where the NTA chairman also serves as one of the members. The NTA performs the role of administrator or secretariat to this committee.

### **Licensing Regime**

The licensing regime is governed by the Nepalese Telecommunications Act and Rules 1997. The prevailing Nepalese Telecommunications Act lays down different conditions, procedures and provisions for licences, but it doesn't specify licence categories. This is somewhat addressed by Telecommunication Rules as published in the Nepal Gazette.

As such, based on the Authority vested by the Nepalese Telecommunications Act, notice of changes to the licensing framework is published in the Nepal Gazette from time to time.

Following are some of the major licence categories currently in practice:

- a) GSM 900/Cellular Mobile Service;
- b) Internet Service Provider (ISP) Service;
- c) International Long Distance (ILD) Service; and
- d) Network Service Provider (NSP).

The other categories of licences listed in Telecommunication Rules 1997 include fax mail, VSAT Users, local telephone service, internal telegraph service, telex service, lease circuit service, telefax

service, package switching data service, audio text/voice mail, video text/ telex, audio conferencing, pay phone, pre-paid calling card, radio paging network, trunk mobile radio, limited mobility telecommunication service. Most of these services have already been outdated and the Rules need to be revised to accommodate prevailing services. This is supposed to be done via the amendment to Nepalese Telecommunications Act and subsequent amendments of the Telecommunication Rules thereafter.

### **Spectrum Allocations and Management**

Existing regulation on spectrum is via the Telecommunication Service-related Radio Frequency (Allocation & Pricing) Policy, First Amendment 2016. This policy addressed frequency distribution, telecommunication licensing and the fee is prescribed by NTA. Although spectrum distribution and allocation was based on the relevant parties' fulfilment of certain criteria in the past, the NTA and MoCIT are gradually moving towards an auction mechanism for the allocation of spectrum. The first case of frequency distribution and spectrum fee being determined competitively via auction was during the auction exercise which concluded in December 2019. The NTA also sets spectrum caps on a per-band basis but this is applied in a non-discriminatory manner. Tech-neutrality is granted on a case by case basis.

### **Interconnection Guidelines**

NTA circulated amendments to Interconnection Guidelines 2076 (2019) on 25 September 2019 to MNOs for implementation. The effective date for implementation was postponed to 1 April 2020. However, this has not yet been implemented in light of COVID-19. The discussions regarding its implementation are ongoing as at the date of this Offering Circular.

The mobile termination rate (“MTR”) is 54 paisa and symmetric between mobile operators. Landline/Fixed connection has varying International Usage Charge (“IUC”) charges based on same (intra-district calls) and different numbering areas (intra zonal and inter-zonal calls). International Incoming termination up to PoI (for circuit switch) is NPR1.80 per minute. Each operator controls its own IGW for incoming international traffic.

The amendment to Interconnection Guidelines has following major regulatory changes:

- a) Revision in domestic IUC from 54 paisa to 10 paisa (in principle, cost based, but no methodology developed to support this);
- b) Eight-year glidepath down from eight NPR to 1.8 NPR IUC for incoming international calls;
- c) SMS IUC revised from 0.27 NPR to 0.10 NPR per SMS;
- d) Sharing of incoming traffic between IGWs; and
- e) Free choice of IGW (through short code) for outgoing traffic.

In providing interconnection, the licensees are required to abide by the following principles:

- a) the licensees shall contribute towards the achievement of the national objectives of extending the availability and usage of Telecommunications Services and the provision of quality services;
- b) the interconnection arrangements between the licensees shall be based on the principles of symmetrical arrangements, transparency and reciprocity as between the licensees;

- c) interconnection between the licensees shall be of at least the same technical standard and quality as the technical standard and quality provided on the licensees' own facilities and services and on an equitable and non-discriminatory basis;
- d) each licensee shall be required to make available its Telecommunications Network and Telecommunications Services to any other licensees wishing to interconnect on an appropriate basis; and
- e) the charges that a licensee offers for all Interconnection Services must be cost-based and reflect the fact that relationship between licensees is a carrier-to-carrier relationship. This generally involves the provision of services which are not available to customers or to unlicensed third parties. Where feasible, the licensees must use an established cost methodology.

### **Tariff Approvals**

NTA governs retail tariffs through the Guideline for Tariff Approval for Telecommunications Services and Telecommunications Tariff Order 3931. All tariff plans need to be approved by NTA.

### **Rural Telecommunication Development Fund (“RTDF”)**

RTDF By-law 2012 governs the collection and use of the fund for rural connectivity. Licensees are required to deposit two per cent of their annual revenue into the RTDF every year. The fund is meant to be used for development and expansion of telecommunications services in remote/rural areas of the country. RTDF projects to date include the Information Highway Construction Project, the Broadband Access Network Project and funds for setting up of IT labs in schools and broadband connectivity for public locations.

### **Infrastructure Related Regulation**

In 2017, the NTA published its Telecommunications Infrastructure Rules 2017. Major provisions of the Rules are:

- a) A separate telecommunications infrastructure licence is required to operate Telecommunications Infrastructure (facility) Services; the original intent was to enable the force-sharing of telecommunications infrastructure and facilitate much greater investments into infrastructure;
- b) At the initial stages, two licences would be issued to successful applicants – i) fiber optic for backbone cables and ii) towers above 7 metres in height;
- c) As a general rule, once telco infrastructure licensees are operational, existing telecommunication operators would have to take its new infrastructure requirements from these licensees on a fair and non-discriminatory basis. NTA reserves the right to determine the wholesale rates if parties fail to agree on one. This rule does not apply to telecommunication operators with more than 75 percent ownership by the Government of Nepal; and
- d) Exceptions are allowed for the event if these telecommunications infrastructure licensees are unable to fulfil the requirements set by the telecommunication operators.

As at the date of this Offering Circular, NTA has been unable to proceed with the award process for the telecommunication infrastructure licences due to legal challenges.

## PRINCIPAL SHAREHOLDERS OF AXIATA

The following table shows the shareholders of Axiata holding more than 5.0 per cent. of the ordinary shares of Axiata, as shown on its register of substantial shareholders as of 31 March 2020:

<u>Name of Shareholder</u>	<u>Direct Interest</u>		<u>Indirect/Deemed Interest</u>		<u>Total Interest</u>	
	<u>Number of Shares Held</u>	<u>Percentage of Issued Shares (per cent.)</u>	<u>Number of Shares Held</u>	<u>Percentage of Total Shares (per cent.)</u>	<u>Number of Shares Held</u>	<u>Percentage of Total Shares (per cent.)</u>
Khazanah Nasional Berhad . . . . .	3,371,238,617	36.79	—	—	3,371,238,617	36.79
Citigroup Nominees (Tempatan) Sdn Bhd — Employees Provident Fund Board . . . . .	1,524,057,627	16.63	—	—	1,524,057,627	16.63
AmanahRaya Trustees Berhad — Amanah Saham Bumiputera . . . . .	1,095,403,787	11.95	—	—	1,095,403,787	11.95

## MANAGEMENT OF THE GROUP

### BOARD OF DIRECTORS

Within the limits set by Axiata's constitution ("Constitution") as applicable, the board of Directors (the "Board") of Axiata is, amongst others, responsible for the consideration and implementation of key policies, the review and approval of corporate plans, annual budgets, acquisitions and disposals of undertakings and properties of substantial value, major investments and financial decisions and changes to the management and control structure within the Axiata Group. Under Axiata's Constitution, Axiata must have at least two Directors.

As at the date of this Offering Circular, the Board of Axiata consists of eight Directors and one alternate Director. Under Axiata's Constitution, at the first annual general meeting of Axiata all the Directors are required to retire from office, and at each subsequent annual general meeting, one-third of the Directors of Axiata (or if the number of directors are less than three or not a multiple of three, then the number nearest to one-third shall retire from office). All the Directors are required to retire at least once every three years from office but are eligible for re-appointment. A retiring director retains his office until the close of the meeting at which he retires. The members of the Board as at the date of this Offering Circular are set forth below:

<u>Name</u>	<u>Nationality</u>	<u>Designation</u>
Tan Sri Ghazzali Sheikh Abdul Khalid . . . .	Malaysian	Chairman/Non-Independent Non-Executive Director
Tan Sri Jamaludin Ibrahim . . . . .	Malaysian	Managing Director/President & Group Chief Executive Officer
Dato' Mohd Izzaddin Idris . . . . .	Malaysian	Executive Director/ Deputy Group Chief Executive Officer
Dato Dr Nik Ramlah Nik Mahmood . . . . .	Malaysian	Senior Independent Non-Executive Director
Dr. David Robert Dean . . . . .	British	Independent Non-Executive Director
Khoo Gaik Bee . . . . .	Malaysian	Independent Non-Executive Director
Thayaparan S Sangarapillai . . . . .	Malaysian	Independent Non-Executive Director
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz . . . . .	Malaysian	Non-Independent Non-Executive Director (Representative of Khazanah Nasional Berhad)
Ong King How . . . . .	Malaysian	Alternate Director to Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz

### Biographies of Directors

**Tan Sri Ghazzali Sheikh Abdul Khalid** is the Chairman and Non-Independent Non-Executive Director of Axiata. He was appointed to the Board of Directors of Axiata on 24 March 2008 and as Chairman of Axiata on 1 November 2018. He was re-designated from Independent Non-Executive Director ("INED") to Non-INED effective 24 January 2020. Ghazzali made his career as a diplomat in 1971 and became the Ambassador of Malaysia to the United States in March 1999. Prior to his appointment to Washington, D.C., the United States, he served as the Deputy Secretary-General at the Ministry of Foreign Affairs, Malaysia. Over the years, his overseas appointments have included postings to Austria, Germany, Hong Kong, Thailand, the United Kingdom, Zimbabwe and the Permanent Mission of Malaysia to the United Nations in New York, United States. His last diplomatic position before retirement in September 2010, was as Ambassador-at-Large of the Ministry of Foreign Affairs, Malaysia to which he was appointed in 2006. He holds a degree in

Economics from La Trobe University, Australia. Ghazzali is also the Chairman of Axiata Foundation.

**Tan Sri Jamaludin Ibrahim** is the Managing Director/President & Group Chief Executive Officer of Axiata. He was appointed to the Board of Directors of Axiata on 3 March 2008. Jamaludin is a member of Board Annual Report Committee of Axiata. He has worked for about 38 years in the ICT industry, 16 years in the IT industry and 22 years in the telecommunications industry. Prior to his appointment in Axiata, Jamaludin was with Maxis Communication Berhad (the “**Maxis Group**”), which he joined in 1997 and was appointed Chief Executive Officer in 1998. In 2006, he was redesignated as the Group Chief Executive Officer and retired from the Maxis Group in 2007. Before joining the Maxis Group, he was the Managing Director of Digital Equipment Malaysia (the Malaysian branch of Digital Equipment, then the second largest IT-company worldwide) having been appointed in 1993. Jamaludin also spent 12 years in IBM (1981-1993). Prior to IBM, he was a lecturer in Quantitative Methods at the California State University, the United States in 1980. Jamaludin graduated from California State University with a Bachelor of Science in Business Administration and minor in Mathematics. He obtained his degree in Master of Business Administration from Portland State University, Oregon, the United States. Jamaludin is also the Chairman of Celcom Axiata Berhad, member of the Board of Commissioner of PT XL Axiata Tbk, member of the Board of Dialog Axiata PLC (as Alternate Director) and Axiata Foundation. He is also a member of the Board of the GSM Association. In March 2020, Jamaludin was appointed as a member of the Economic Action Council established by the Government of Malaysia.

**Dato’ Mohd Izzaddin Idris** was appointed as the Executive Director/Deputy Group Chief Executive Officer of Axiata on 24 January 2020. He joined the Board of Axiata in November 2016 as a Non-Independent Non-Executive Director and was re-designated as Independent Non-Executive Director in March 2019. Izzaddin is the member of Board Risk and Compliance Committee and Board Annual Report Committee of Axiata. Prior to joining Axiata, he was the Group Managing Director/Chief Executive Officer of UEM Group Berhad, a position he held since July 2009 until his departure in October 2018. Immediately before his position in the UEM Group, he was the Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad, a position he held from September 2004 to June 2009. Izzaddin has over 20 years of experience in the fields of investment banking, financial and general management having served in various senior positions at Malaysian International Merchant Bankers Berhad, Malaysian Resources Corporation Berhad and Southern Bank Berhad. Izzaddin graduated from University of New South Wales, Australia with a Bachelor of Commerce Degree (First Class Honours in Finance). He is also a Fellow of CPA Australia (FCPA) and a member of the Malaysian Institute of Accountants. Izzaddin is the Chairman of the Board of Robi, member of the Board of Commissioners of PT XL Axiata Tbk, member of the Board of Celcom Axiata Berhad, Dialog Axiata PLC, edotco Group Sdn Bhd, ASB Management Sdn Bhd (Asia School of Business) and The Iclif Leadership and Governance Centre.

**Dato Dr Nik Ramlah Nik Mahmood** is the Senior Independent Non-Executive Director of Axiata. She was appointed to the Board of Directors of Axiata on 21 March 2017. Dr Nik Ramlah is the Chairman of Board Nomination and Remuneration Committee and a member of Board Risk and Compliance Committee of Axiata. Dr Nik Ramlah retired as Deputy Chief Executive of the Securities Commission Malaysia (“**SC**”) in March 2016 after having served the organisation for 23 years. She has extensive experience in policy and regulatory reform, capital market regulation, corporate governance and Islamic finance. Prior to joining the SC, Dr Nik Ramlah was an Associate Professor at the Faculty of Law, University Malaya. Dr Nik Ramlah graduated from University of Malaya with Bachelor of Law with Honours and obtained her Master of Law and PhD in Law from the University of London. Dr Nik Ramlah is a member of the Board of Directors of United Malacca Berhad, Permodalan Nasional Berhad, Amanah Saham Nasional Berhad, Perbadanan Insurans



Deposit Malaysia and Institute for Capital Market Research Malaysia. She is also a member of the Board of Directors and the Senate of International Centre for Education in Islamic Finance.

**Dr David Robert Dean** is an Independent Non-Executive Director of Axiata. He was appointed to the Board of Directors of the Company on 11 December 2017. He is the Chairman of Board Risk and Compliance Committee and a member of Board Audit Committee of Axiata. Dr Dean is an independent advisor to several start-ups and larger companies. He retired as Senior Partner from The Boston Consulting Group (“**BCG**”) at the end of 2013 after 28 years, where he contributed significantly to the firm’s most innovative thinking in areas of internet economy, cloud computing and personal data. He has executed projects in over 25 countries and served multinational clients in Europe, the United States, Africa, India, China, South East Asia and Japan. For several years, Dr Dean led BCG’s Global Technology & Communications Practice where he helped create a leading position in Asia. He has extensive experience in serving leading telecommunication, internet and technology companies, in particular on strategic, corporate development and other top management issues. Dr Dean has also contributed to projects at The World Economic Forum and participated in multiple events there. He is a member of the Forum’s Global Future Council on the Digital Economy and Society. Dr Dean is also an active writer and “TMT Value Creators Report” and “The Connected World” are two of his notable publications. Dr Dean graduated from Oriel College, University of Oxford and obtained First Class Honours Degree (BA) in Physics and Master of Arts in Physics. He obtained a PhD in Theoretical Nuclear Physics from Oriel and Wolfson Colleges, University of Oxford. He is also the Chairman of Ncell Axiata Limited and a member of the Board of Commissioners of XL.

**Khoo Gaik Bee** is an Independent Non-Executive Director of Axiata. She was appointed to the Board of Directors of Axiata on 1 January 2019. Gaik Bee is a member of Board Nomination and Remuneration Committee of Axiata. She has 37 years of experience in the entire spectrum of Human Resource Management. She served at several international and Malaysian corporates including Digital Equipment Malaysia, ICI Paints (M) Sdn Bhd, Sunway Group of Companies and Arthur Young & Co among others, before retiring as Executive Director/Human Resource Director of Guinness Anchor Berhad in 2006. Some of her key achievements include successful merger and acquisition integration initiatives and negotiations with in-house unions. During her tenure in employment, she was a member of the Malaysian Employers Federation Council and a panel member of the Malaysian Industrial Court. She was also a Member of the Accreditation Board of the Women Institute of Management Professional Manager Certification Program. Post-retirement, she engages in executive coaching and strategic leadership, consulting for organisations, having also served Axiata in this capacity. Gaik Bee obtained her Degree in Public Administration majoring in Organisational Behaviour & Development from University of DeMontfort, Leicester, United Kingdom and Human Resource Management in Asia from INSEAD. She is also the member of the Board of Axiata Foundation.

**Thayaparan S Sangarapillai** is an Independent Non-Executive Director of Axiata. He was appointed to the Board of Directors of Axiata on 18 March 2020. He is the Chairman of the Board Audit Committee of Axiata. A retired Senior Partner with over 30 years in PricewaterhouseCoopers Malaysia, he has worked extensively with Audit Committees, senior management and Board members of top tier Public Listed Companies across industries in audit, business advisory, mergers and acquisitions, valuations, initial public offerings and cross border transactions. He is a fellow of the Institute of Chartered Accountants in England & Wales, member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant with the Malaysian Institute of Accountants. He is also the member of the Board of Celcom Axiata Berhad, Robi Axiata Limited, Sime Darby Berhad, Alliance Bank Malaysia Berhad and AIG Malaysia Insurance Berhad.

**Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz** is a Non-Independent Non-Executive Director (Representative of Khazanah Nasional Berhad (“**Khazanah**”)) of Axiata. He was appointed to the Board of Directors of Axiata on 12 January 2018. He is the member of Board Nomination and Remuneration Committee of Axiata. Tengku Azmil is currently the Chief Investment Officer at Khazanah. He joined Khazanah as Executive Director of Investments in October 2011, overseeing its technology and funds portfolio. Prior to joining Khazanah, he was the Managing Director/Chief Executive Officer of Malaysia Airlines. He joined Malaysia Airlines as Executive Director/Chief Financial Officer in August 2005 after having served as a Non-Executive Director since August 2004. He was formerly the Chief Financial Officer and then the Managing Director/Chief Executive Officer of Penerbangan Malaysia Berhad. He was also with PricewaterhouseCoopers in their London and Hong Kong offices. Tengku Azmil obtained his First Class Degree in Economics from University of Cambridge. He is the member of the Malaysian Institute of Accountants and Institute of Chartered Accountants in England and Wales. He is also the Associate of the Association of Corporate Treasurers, United Kingdom. Tengku Azmil is also the chairman of UEM Group Berhad.

**Ong King How** was appointed as an Alternate Director to Tengku Dato’ Sri Azmil Zahrudin Bin Raja Abdul Aziz on 27 November 2019. He is currently the Director of Investments at Khazanah Nasional Berhad (“**Khazanah**”) where his primary responsibility includes managing investment teams in the telecommunications and media sectors. He first joined Khazanah’s Managing Director’s Office in November 2006 and has held various positions in the sovereign fund’s Investments divisions across multiple industries including banking, telecommunications, media and power since February 2008. Prior to Khazanah, he was with PricewaterhouseCoopers Malaysia where he accumulated more than seven years’ experience in financial audit, accounting, advisory and financial due diligence specialising in financial services. King How holds a Bachelor of Business (Accountancy) with Distinction from RMIT University, Melbourne, Australia and is a Certified Practising Accountant (CPA Australia).

### Shareholdings of Directors

The direct and indirect shareholding interests of the Directors of Axiata in the share capital of Axiata as at 31 March 2020 are as follows:

	Number of Ordinary Shares					
	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares	per cent.	No. of Shares	per cent.	No. of Shares	per cent.
<b>Directors</b>	<b>Held</b>	<b>per cent.</b>	<b>Held</b>	<b>per cent.</b>	<b>Held</b>	<b>per cent.</b>
Tan Sri Jamaludin Bin Ibrahim . . . . .	—	—	40,940	0.00	40,940 <sup>1</sup>	0.00
Tan Sri Jamaludin Bin Ibrahim . . . . .	—	—	4,849,775	0.05	4,849,775 <sup>2</sup>	0.05

Note

- 1 Held under CIMSEC Nominees (Tempatan) Sdn Bhd (“**CIMSEC Nominees**”).
- 2 Held under CIMSEC Nominees for CIMB Commerce Trustee Berhad, a trustee of discretionary trust and the beneficiaries of which are members of the family of Tan Sri Jamaludin Ibrahim subject to the terms of such discretionary trust.

## Restricted Shares Awards over number of Ordinary Shares of Axiata

<b>Directors</b>	<b>Direct Interest</b>		<b>Indirect Interest</b>		<b>Total Interest</b>	
	<b>No. of Shares Held</b>	<b>per cent.</b>	<b>No. of Shares Held</b>	<b>per cent.</b>	<b>No. of Shares Held</b>	<b>per cent.</b>
	Tan Sri Jamaludin Bin Ibrahim . . . . .	1,641,700	0.02	—	—	1,641,700 <sup>1</sup>

**Note**

<sup>1</sup> The number of the Group’s Performance-Based Long Term Incentive Plan (“**PBITL**”) shares that may vest is 1,641,700 provided that the performance targets for vesting are met. Otherwise, the number of shares that may vest could be a portion of the full amount or none form the full amount. However, if the super-stretched individual performance targets and the Group’s superior company performance targets at the point of vesting are met,, up to 9,850,200 ordinary shares of Axiata may be vested to Tan Sri Jamaludin Ibrahim.

### KEY MANAGEMENT

The members of the Group’s key management and management of the Group’s key operating subsidiaries as of the date of this Offering Circular are set forth below:

<b>Name</b>	<b>Nationality</b>	<b>Designation</b>
Tan Sri Jamaludin Ibrahim . . . . .	Malaysian	Managing Director/President & Group Chief Executive Officer
Dato’ Mohd Izzaddin Idris . . . . .	Malaysian	Executive Director/Deputy Group Chief Executive Officer
Dr Hans Wijayasuriya . . . . .	Sri Lankan	Chief Executive Officer — Telecommunications Business/Group Executive Vice President
Thomas Hundt . . . . .	German	Group Executive Vice President — Technology/Chief Executive Officer Smart Axiata Company Limited
Darke M Sani . . . . .	Singaporean	Group Chief Human Resources Officer
Vivek Sood . . . . .	Indian	Group Chief Financial Officer
Lila Azmin Abdullah . . . . .	Malaysian	Chief Corporate Development Officer
Anthony Rodrigo . . . . .	Sri Lankan	Group Chief Information Officer
Nick Swierzy . . . . .	British	Group Chief Strategy Officer
Asri Hassan Sabri . . . . .	Malaysian	Group Chief Corporate Officer
Hadi Helmi Zaini Sooria . . . . .	Malaysian	Group Chief Internal Auditor
Abid Adam . . . . .	South African	Group Chief Risk and Compliance Officer
Suryani Hussein . . . . .	Malaysian	Group Company Secretary
Tan Gim Boon . . . . .	Malaysian	Group General Counsel

### Biographies of management

**Tan Sri Jamaludin Ibrahim.** See “*Board of Directors — Biographies of Directors*”.

**Dato’ Mohd Izzaddin Idris.** See “*Board of Directors — Biographies of Directors*”.

**Dr Hans Wijayasuriya** is the Chief Executive Officer Telecommunications Business/Group Executive Vice President and was appointed in January 2020. He is responsible for overseeing all six

telecommunications operating companies across Axiata's markets in ASEAN and South Asia. Prior to this, he served as Corporate Executive Vice President and Regional Chief Executive Officer, South Asia from 2016. He joined Dialog's founding management team in 1994, and took on the role of Chief Executive Officer in 1997. From 2012 to 2014, Hans additionally held the role of Chief Executive Officer of Axiata Digital Services. Hans continues to serve on the board of Axiata Digital Services and several of its digital venture subsidiaries. He also represents Axiata as a nominee director on the boards of the TM Forum and on the board of Idea.

In 2016, Hans was honoured by the GSM Association as the first recipient of the "Outstanding Contribution to the Asian Mobile Industry" Award and in the past he was the Chairman of GSM Asia Pacific. Hans was awarded the 'Sri Lankan of the Year' award by the Sri Lankan business journal LMD in 2008, and the CIMA-Janashakthi Business Leader of the Year Award in 2003.

Hans graduated from the University of Cambridge with a Degree in Electrical and Electronic Engineering, obtained his PhD in Digital Mobile Communications from the University of Bristol and his MBA from the University of Warwick. Hans is also a Chartered Engineer and fellow member of the Institute of Engineering Technology UK.

**Thomas Hundt** is the Group Executive Vice President — Technology, to which he was appointed in January 2020 and is also the Chief Executive Officer of Smart Axiata Company Limited. Thomas has previously held key management positions with Siemens AG's Communication Division and Nokia Siemens Networks. Thomas was also a member of the Supervisory Board of Azerfon in Azerbaijan. Since mid-2008, he has been Chief Executive Officer of the start-up mobile operator, Smart Mobile in Cambodia. He grew Smart Mobile from a greenfield, company ranked eighth in the market to number three based on number of mobile subscribers, including the acquisition of Star-Cell in 2011.

Since the completion of the merger between Hello Axiata and Smart Mobile in February 2013, Thomas has served as the Chief Executive Officer of Smart, now the number two mobile operator in Cambodia based on number of mobile subscribers.

**Darke M Sani** is the Group Chief Human Resources Officer. Darke has had over 30 years' experience both in Malaysia and in the South Asia region, having held several senior positions in multinational companies and large local companies. These include Managing Director of South East Asia and India of Apple Inc, Managing Director (Singapore) of Digital Equipment Corporation (later became part of Hewlett-Packard) and Managing Director of Enterprise Business of Maxis at Malaysia. Prior to joining Axiata in 2011, he was a director of a leadership development and management consulting company.

**Vivek Sood** is the Group Chief Financial Officer. Vivek holds a bachelor in commerce degree and became a qualified chartered accountant of India in 1989. He completed his accountancy and audit training in PricewaterhouseCoopers PLT. Prior to joining Axiata, Vivek led a number of multidisciplinary and multi-cultural teams as Executive Vice President and Group Chief Marketing Officer of Telenor, Chief Executive Officer of Grameenphone Bangladesh, Chief Executive Officer of Telenor India, Chief Financial Officer of Telenor India and Chief Operations Officer and Chief Financial Officer of Tata AIA Life Insurance.

He has played the role of change agent through leading the transformation of large telecommunication companies, in becoming a digital service provider and developing new services over and above the connectivity layer. He gained diverse global knowledge through his responsibilities across the Asian and European markets, leading teams from multiple cultures and backgrounds.

**Lila Azmin Abdullah** is the Chief Corporate Development Officer. Lila brings with her over 25 years of experience and joins Axiata from UEM Group, where she was the Director of Group Corporate Finance. At UEM Group, she was leading and managing a team evaluating and executing projects and transactions, including mergers and acquisitions locally and abroad. Her expertise includes funding/financing, mergers and acquisitions, risk management, valuations, strategising and execution of transactions. She was also a board member of Cement Industries Malaysia Berhad, a cement manufacturing business. Prior to joining Axiata, she was with Malakoff Corporation Berhad where her last held position was Vice President, Corporate & Project Finance.

Lila is a Chartered Accountant with the Malaysian Institute of Accountants and holds a BSc (Hons) in Accounting & Financial Analysis from the University of Warwick.

**Anthony Rodrigo** is the Group Chief Information Officer. Anthony has been with the Group since 2010 as the Group Chief Information Officer. He was appointed Chief Information Officer of the Group in August 2017 and still continues his role as Chief Information Officer and Chief Architect of Dialog. Prior to joining the Dialog Group, Anthony was the head of the North America Systems Integration Business for Nokia Siemens Networks. He was responsible for solution development, systems integration and business management of converged fixed and wireless solutions for communication service providers in North America. Anthony has over 20 years of experience in Europe, Asia, North America and South America in operations support systems/business support solutions and systems integration, holding leadership positions at Nokia, Nokia Siemens Networks, & British Telecom.

Anthony holds a Bachelor of Engineering degree from Kings College London, and a Master of Business Administration from Regis University Denver, Colorado in the United States. He holds several European and United States patents in the area of Charging and speech recognition technology.

**Nick Swierzy** is the Group Chief Strategy Officer. Nick was appointed Group Chief Strategy Officer in May 2020. He joined Axiata in January 2017 and served as the Strategic Advisor to the Group Chief Executive Officer until his appointment as Group Chief Strategy Officer. Nick has steered telecom operators in Europe, the Middle East and Southeast Asia, and brings two decades of experience across strategy, deal origination, mergers and acquisitions, mobile network operator start-ups and capital allocation.

Prior to joining Axiata, Nick helped drive Ooredoo Group's mergers and acquisitions and strategy team in South-east Asia, with particular focus on acquisitions in Indonesia, Philippines, Singapore, Cambodia, Laos and Myanmar. Nick led Ooredoo Group's successful license bid in Myanmar, and as Chief Strategy Officer was a member of Ooredoo Myanmar's founding management team during its start-up period. Nick's extensive experience has also included leadership roles with Ooredoo Group in Qatar, PT Indosat (Indonesia) and Telesystem International Wireless (Czech Republic). Nick holds a Bachelor of Arts degree in geography and a Master of Business Administration degree in finance.

**Asri Hassan Sabri** is the Group Chief Corporate Officer. Asri was appointed as Group Chief Corporate Officer of Axiata in September 2018. Asri was also the Chief Executive Officer of Axiata Business Services, to which he was appointed in January 2018. He first joined Axiata in 2016 and served as Group Chief Business Operations Officer. Asri has over 31 years of experience in various management, consulting and entrepreneur engagements in the information technology and telecom industries. He is a former Country President for Motorola Malaysia, a position he held from 2006

until 2008. He was also a strategic partner with Provident Capital Partners, an established South Asia private equity company. Besides Motorola, Asri has also worked with other multinational corporations such as Nokia.

**Hadi Helmi Zaini Sooria** is the Group Chief Internal Auditor. Hadi was appointed Axiata's Group Chief Internal Audit on 15 October 2018. Prior to this appointment, he was Chief Financial Officer of Ncell Axiata for over two years and was instrumental in the successful post-acquisition integration of Ncell. With more than 20 years of experience within Axiata, he has held various management positions across the Group including in Celcom Axiata as Vice President and edotco Malaysia where he was the Managing Director. Hadi is a chartered management accountant by profession and a member of CIMA UK and holds a master of business administration degree.

**Abid Adam** is the Group Chief Risk and Compliance Officer and was appointed in March 2020. Prior to this appointment, he was the Group Chief Information Security Officer and the Head of Privacy. He continues leading the cyber security and privacy function, and additionally heading the enterprise risk management, compliance/ethics/integrity, and oversight of the compliance of the regulatory function.

Prior to joining the Group, Abid held senior roles in various leading financial services institutions in South Africa, and has over 16 years of experience in risk management, cybersecurity and privacy, working across multiple continents and leading diverse teams in a matrix structured organisation. Abid holds a Bachelor of Science degree in computer science and several other leading international accreditations in the cybersecurity and risk management.

**Suryani Hussein** is the Group Company Secretary. Suryani is a qualified advocate and solicitor of the High Court of Malaya and a licenced company secretary. She has a few years of experience as a lawyer and subsequently, joined the corporate sector for both legal and company secretarial work. She was appointed Head of Legal and Secretarial, Celcom in 2002. Suryani joined Axiata upon its public listing in 2008 and until June 2011 retained her leadership role as Head of Legal in Celcom.

**Tan Gim Boon** is the Group General Counsel. Gim joined TMI (now Axiata) in 2004. Prior to joining Axiata, he was working as a lawyer in Malaysia and Australia. His areas of practice were predominantly in the fields of mergers and acquisitions, equity capital markets and corporate finance. Gim's last post before joining Axiata was with Malaysian law firm, Zaid Ibrahim & Co.

## DESCRIPTION OF THE TRUSTEE

Axiata SPV2 Berhad, a wholly-owned subsidiary of Axiata, is a public company incorporated in Malaysia with limited liability. The purpose of Axiata SPV2 Berhad is to issue the Sukuk, to enter into the Transaction Documents to which it is a party and to hold the Trust Assets on behalf of the Sukukholders. Its registered office is located at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia. The Trustee's board of directors currently consists of Suryani Hussein, Tan Gim Boon and Vivek Sood. The Trustee has no employees. The secretary of the Trustee is Suryani Hussein, a licenced company secretary in accordance with section 235 of the Companies Act, 2016 of Malaysia.

As at the date of this Offering Circular, the issued and fully paid-up share capital of the Trustee is RM2.00 consisting of 2 ordinary shares of RM1.00 each. No part of the equity of the Trustee is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. The Trustee does not have debt outstanding other than the Existing Sukuk issued under the Programme. The Trustee has no subsidiaries.

For the purposes hereof, "**Existing Sukuk**" means each of (i) U.S.\$500,000,000 3.466 per cent. Sukuk due 19 November 2020; and (ii) U.S.\$500,000,000 4.357 per cent. Sukuk due 24 March 2026, under the Programme.

## SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the relevant principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the relevant principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Trustee and the Paying Agents (as defined in the Conditions).

Unless otherwise specified, defined terms in this section should be interpreted as being applicable to each Series, *mutatis mutandis*, as the relevant context may require.

### 1. MASTER SHARE PURCHASE AGREEMENT

Pursuant to:

- (a) a master share purchase agreement dated 17 July 2012 between Axiata as seller (in such capacity, the “**Seller**”) and the Trustee as purchaser (the “**Master Share Purchase Agreement**”); and
- (b) a supplemental share purchase agreement in connection with each Series issued which comprises shares (a “**Supplemental Share Purchase Agreement**”),

the Seller may sell, transfer and convey to the Trustee the beneficial ownership in and to each of the shares described in the relevant Supplemental Share Purchase Agreement (the “**Original Shares**”), together with the right to receive all dividends, distributions and other monies at any time payable in respect of such shares, all voting rights and all other rights, benefits and proceeds in respect of or derived from such shares.

In connection with each Series comprising shares, the Seller and Trustee will enter into a Supplemental Share Purchase Agreement and the Trustee shall make payment of the purchase price set out in that Supplemental Share Purchase Agreement to the Seller, in the relevant currency for that Series in freely available funds (inclusive of any applicable Taxes) for value on the date of that Supplemental Share Purchase Agreement in consideration for the sale and transfer of the Original Shares by the Seller to the Trustee.

The Seller will undertake in the Master Share Purchase Agreement and each Supplemental Share Purchase Agreement that, for so long as the Trustee remains the owner of the Original Shares in accordance with the Transaction Documents, it shall not enter into a single transaction or a series of transactions (whether related or not), to sell, lease, transfer or otherwise dispose of the whole or any part of the legal interest in and to any of the Original Shares and will not create or permit to subsist any Encumbrance on any part of the legal interest in and to any of the Original Shares or otherwise deal with any part of the legal interest in and to any of the Original Shares, save as may be permitted under the Transaction Documents or required by law. In circumstances where the Seller is required by law to do any of the foregoing and such action adversely affects the Trustee’s beneficial interest in the relevant Original Shares, the Seller shall be obliged to provide beneficial ownership in replacement shares that are of equivalent value and in companies that comply with the Eligibility Criteria.

The Seller will only provide limited representations and warranties in respect of the Original Shares, including that the companies (each a “**Relevant Company**”) to which the Original Shares relate are in compliance with the Eligibility Criteria.



The Master Share Purchase Agreement and Supplemental Share Purchase Agreements are governed by, and shall be construed in accordance with, English law.

“**Eligibility Criteria**” means, in relation to a Relevant Company:

- (a) the activities of the Relevant Company comply with the principles of *Shari’a* and in particular do not involve activities or investments in the following industry sectors: (i) conventional finance; (ii) conventional insurance; (iii) alcohol; (iv) pork related products and production, packaging and processing of food that is prohibited under *Shari’a* or any other activities related to pork and food that is prohibited under *Shari’a*; (v) entertainment (including casinos, gambling, cinemas, music, pornography and hotels); (vi) tobacco; and (vii) weapons, arms and defence manufacturing;
- (b) the total debt of the Relevant Company (as specified in its most recent set of financial statements) is less than thirty three per cent. (33 per cent.) of its total assets (as specified in its most recent set of financial statements);
- (c) total cash plus interest bearing instruments are less than thirty three per cent. (33 per cent.) of its total assets (in each case, as specified in its most recent set of financial statements);
- (d) its accounts receivables and cash are less than fifty per cent. (50 per cent.) of its total assets (in each case, as specified in its most recent set of financial statements); and
- (e) its total revenue from interest and activities that do not comply with the principles of *Shari’a* per annum does not exceed more than five per cent. (5 per cent.) of its total revenues per annum.

“**Encumbrance**” means any mortgage, charge, pledge, lien, deed of trust, security interest or other encumbrance or preferential arrangement that has the effect of constituting a security interest.

“**Taxes**” means any tax, levy, duty or other charge or withholding of a similar nature imposed in Malaysia.

## 2. MASTER AIRTIME PURCHASE AGREEMENT

Pursuant to:

- (a) a master airtime purchase agreement (the “**Master Airtime Purchase Agreement**”) dated 17 July 2012 between Axiata as seller (in such capacity, the “**Seller**”) and the Trustee as purchaser; and
- (b) a supplemental airtime purchase agreement in connection with each Series issued comprising airtime vouchers (a “**Supplemental Airtime Purchase Agreement**”),

the Seller may sell, transfer and convey to the Trustee airtime vouchers representing an entitlement to a specified number of airtime minutes (the “**Airtime Minutes**”) on an Authorised Entity’s mobile telecommunications network for on-net calls (the “**Airtime Vouchers**”).

In connection with each Series comprising Airtime Vouchers, the Seller and Trustee will enter into a Supplemental Airtime Purchase Agreement and the Trustee will pay to the Seller (or procure that the Seller is paid) the relevant purchase price set out in the Supplemental Airtime Purchase Agreement, in the currency in which that Series is denominated (inclusive of any applicable Taxes) on, or immediately after, the date of that Supplemental Airtime Purchase Agreement, in consideration for the transfer to the Trustee of the Seller's rights, benefits, entitlements and interests in, to and under the relevant Airtime Vouchers.

The Master Airtime Purchase Agreement and Supplemental Airtime Purchase Agreements are governed by, and shall be construed in accordance with, English law.

**“Authorised Entity”** means an entity which is a duly licenced provider of telecommunications services or such other person as may lawfully provide such telecommunications services in the jurisdiction in which such person is providing telecommunications services.

**“Taxes”** means any tax, levy, impost, duty or other charge or withholding of a similar nature.

### 3. MASTER HEADLEASE AGREEMENT

Pursuant to:

- (a) a master headlease agreement (the **“Master Headlease Agreement”**) dated 17 July 2012 between Axiata as lessor (in such capacity, the **“Lessor”**) and the Trustee as lessee (in such capacity, the **“Lessee”**); and
- (b) a supplemental headlease agreement in connection with each Series issued comprising lease assets (a **“Supplemental Headlease Agreement”**),

the Lessor may agree to lease to the Lessee, and the Lessee may agree to lease from the Lessor, the lease assets set out in the relevant Supplemental Headlease Agreement (the **“Lease Assets”**) for the term set out in the relevant Supplemental Headlease Agreement (the **“Lease Term”**). The Lease Term, in relation to a particular Series, will be for a period of ninety nine (99) years.

The Lessee has agreed to pay to the Lessor the lease payment specified in the relevant Supplemental Headlease Agreement (the **“Lease Payment”**) in consideration for lease of the Lease Assets.

The Lessor acknowledges that the Lessee is permitted to sub-let all or any part of the Lease Assets to any person and on such terms and conditions as the Lessee may determine in its absolute discretion.

If a Total Loss Event occurs with respect to the Lease Assets, then the lease shall automatically terminate and the insurance proceeds shall be applied in accordance with the terms of the Transaction Documents.

The Master Headlease Agreement and Supplemental Headlease Agreements are governed by, and shall be construed in accordance with, the laws of Malaysia.

**“Total Loss Event”** means, in relation to a Series comprising Lease Assets, the earlier of the date that (A) the Trustee is notified and (B) the Trustee becomes aware of (i) a total loss or destruction of, or damage to the whole of the Lease Assets in a particular Series or any event or

occurrence that renders the whole of such Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted in each case by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical or (ii) Axiata ceasing to have full legal ownership in the entirety of the Lease Assets.

#### 4. MASTER SUB-LEASE AGREEMENT

Pursuant to:

- (a) a master sub-lease agreement (the “**Master Sub-Lease Agreement**”) dated 17 July 2012 between the Trustee as lessor (in such capacity, the “**Lessor**”) and Axiata as lessee (in such capacity, the “**Lessee**”); and
- (b) a supplemental sub-lease agreement in connection with each Series issued comprising lease assets (a “**Supplemental Sub-Lease Agreement**”),

the Lessor may agree to sub-lease to the Lessee, and the Lessee may agree to sub-lease from the Lessor, the Lease Assets set out in the relevant Supplemental Sub-Lease Agreement during the term of the lease set out in the relevant Supplemental Sub-Lease Agreement (the “**Lease Term**”). The Lease Term, in relation to each Series, will commence on the date of the relevant Supplemental Sub-Lease Agreement and end on the Scheduled Dissolution Date for such Series unless:

- (a) the lease is terminated on an earlier date in accordance with the terms of the Master Sub-Lease Agreement or any other Transaction Document, in which case it will terminate on the date on which such early termination becomes effective; or
- (b) the lease is extended in accordance with the terms of the Purchase Undertaking (see the section entitled “*Purchase Undertaking*” below for further details), in which case it shall end on the last day of the relevant Additional Lease Period and which, save as provided below in respect of a Total Loss Event, will correspond to the period during which any Sukuk remain outstanding.

During the term of the lease, the Lessee has agreed to pay to the Lessor the rental payments specified in the relevant Supplemental Sub-Lease Agreement for the Lease Term (the “**Rental**”).

The Rental will be used to pay the Lease Percentage of the Periodic Distribution Amounts payable on the Periodic Distribution Dates in respect of the Sukuk for the relevant Series.

If a Total Loss Event occurs with respect to the Lease Assets, then the lease in relation to those Lease Assets shall automatically terminate and the Lessor will be entitled to any amounts payable pursuant to the Master Wakala Agreement, together with any due and unpaid Rental up to the date on which the Total Loss Event occurred (see the section entitled “*Master Wakala Agreement*” below for further details).

The Lessee undertakes to notify the Lessor and the Principal Paying Agent immediately upon becoming aware that a Total Loss Event has occurred.

The Lessee shall, at its own cost and expense, be responsible for the performance of all Ordinary Maintenance and Repair required for the Lease Assets. The Lessor shall be responsible for:

- (a) the performance of all Major Maintenance and Structural Repair;
- (b) the payment of any Taxes (if any); and
- (c) obtaining insurance for the Lease Assets, to the extent that it is reasonable and commercially practicable, in a *Shari'a* compliant manner,

and the Lessee acknowledges that the Lessor will procure that the Wakeel, in accordance with the terms and conditions set out in the Master Wakala Agreement, shall perform, or shall procure the performance of, all Major Maintenance and Structural Repair and the payment of Taxes (if any).

All payments by the Lessee to the Lessor under the Master Sub-Lease Agreement and relevant Supplemental Sub-Lease Agreement shall be paid without any set off (save as provided in the Master Wakala Agreement and the other Transaction Documents) or counterclaim of any kind and without any deduction or withholding for or on account of tax unless required by law and, in the event that a deduction or withholding is imposed by or on behalf of any relevant taxing authority, the Lessee shall pay all additional amounts so that the net amount received by the Lessor will equal the full amount which would have been received by it had no such deduction or withholding been made.

Under the Master Sub-Lease Agreement, the Lessee shall bear the entire risk of loss of or damage to the Lease Assets or any part thereof arising from the usage or operation thereof by the Lessee (other than any Major Maintenance and Structural Repair which is the responsibility of the Lessor). In addition, the Lessor shall not be liable (and the Lessee will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with the Lessee's use or operation of the Lease Assets.

The Master Sub-Lease Agreement and Supplemental Sub-Lease Agreements are governed by, and shall be construed in accordance with, the laws of Malaysia.

**"Additional Lease Period"** means, in relation to a particular Series, the period for which the lease of the relevant Lease Assets continues in accordance with the terms of the Purchase Undertaking.

**"Lease Assets"** means, in relation to a particular Series, the assets applicable to such Series (as set out in Schedule 1 of the relevant Supplemental Sub-Lease Agreement), as such assets may be repaired, refurbished, upgraded or replaced from time to time as a result of:

- (a) any Major Maintenance and Structural Repair and/or any Ordinary Maintenance and Repair; or
- (b) any substitution in accordance with the Substitution Undertaking.

**"Lease Percentage"** means, in relation to a particular Series comprising Lease Assets and at any time, the ratio (expressed as a percentage) of (i) the aggregate Value of the relevant Lease Assets to (ii) the aggregate Value of the Airtime Vouchers (if any) and Lease Assets at that time.

**“Major Maintenance and Structural Repair”** means all structural repair and major maintenance (other than Ordinary Maintenance and Repair), including doing such acts or things and taking such steps to ensure that the Lease Assets suffer no damage, loss or diminution in value, without which the Lease Assets could not be reasonably and properly used by the Lessee.

**“Ordinary Maintenance and Repair”** means all repairs, replacements, acts, maintenance and upkeep works required for the general use and operation of the Lease Assets and to keep, repair, maintain and preserve the Lease Assets in good order, state and condition.

**“Rental Payment Date”** means, in relation to a particular Series, each date falling one Business Day prior to each Periodic Distribution Date and (if applicable) the last day of an Additional Lease Period;

**“Share Purchase Price”** has the meaning given to it in the Master Wakala Agreement;

**“Shares”** has the meaning given to it in the Master Wakala Agreement;

**“Specified Currency”** means, in relation to a particular Series, the currency in which such Series is denominated;

**“Supplementary Rental”** means, in respect of a Lease Period, an amount equal to the Wakala Services Charge Amount applicable to the immediately preceding Lease Period, save that no Supplementary Rental shall be payable on the first Rental Payment Date;

**“Tax”** or **“Taxes”** means any tax, levy, duty or other charge or withholding of a similar nature imposed in Malaysia.

**“Total Loss Event”** means, in relation to a Series comprising Lease Assets, the earlier of the date that (A) the Trustee is notified and (B) the Trustee becomes aware of (i) a total loss or destruction of, or damage to the whole of the Lease Assets in a particular Series or any event or occurrence that renders the whole of such Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted in each case by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical or (ii) Axiata ceasing to have full legal ownership in the entirety of the Lease Assets.

**“Value”** means, in relation to a particular Series and at any time:

- (a) in respect of Airtime Vouchers, the aggregate Voucher Cost Price of such Airtime Vouchers on the Issue Date and any subsequent Airtime Vouchers purchased pursuant to the terms of the Transaction Documents whilst such Series remains outstanding, less the aggregate Voucher Cost Price of any Airtime Vouchers which Axiata has substituted with Lease Assets pursuant to the terms of the Transaction Documents **provided that** following a Revocation Event this amount shall be reduced to zero until new Airtime Vouchers have been purchased pursuant to a Supplemental Airtime Purchase Agreement;
- (b) in respect of Lease Assets, an amount equal to the amount of the relevant Lease Payment and any subsequent Lease Payments paid pursuant to the terms of the Transaction Documents whilst such Series remains outstanding, less the aggregate Voucher Cost Price of any Airtime Vouchers replacing the relevant Lease Assets pursuant to the terms of the Transaction Documents, **provided that** following a Total Loss Event this amount shall be reduced to zero until such time that additional Lease Assets have been leased pursuant to a Supplemental Sub-Lease Agreement; and

- (c) in respect of Shares, the Share Purchase Price for such Shares, in each case, in the Specified Currency.

## 5. MASTER WAKALA AGREEMENT

Pursuant to a master wakala agreement (the “**Master Wakala Agreement**”) 17 July 2012 between the Trustee and Axiata, the Trustee appoints Axiata as its agent (in such capacity, the “**Wakeel**”) to perform certain services on its behalf.

Pursuant to the terms of the Master Wakala Agreement, the Wakeel shall, in relation to each Series:

- (a) use all reasonable endeavours to procure that, at all times following each Issue Date, where a particular Series comprises outstanding Murabaha Contracts (A) the aggregate of (i) the Value of any Airtime Vouchers owned by the Trustee but unsold by the Wakeel in that Series (if applicable to that Series); (ii) the Value of Lease Assets in that Series (if applicable to that Series); and (iii) the Value of Shares in that Series (if applicable to that Series) (each a “**Tangible Asset**” and together, the “**Tangible Assets**”) is greater than (B) the aggregate Deferred Payment Price of such outstanding Murabaha Contracts (the “**Tangibility Requirement**”). In addition, the Wakeel shall ensure that at all times, where a Series comprises Shares, the aggregate Value of the Shares to the aggregate Value of all Tangible Assets for such Series shall be no more than 50 (fifty) per cent. (the “**Share Ratio**”);
- (b) ensure that, in the event that it is in breach of the Tangibility Requirement or the Share Ratio (as applicable) at any time, use all reasonable endeavours to acquire as soon as reasonably practicable thereafter (i) sufficient Tangible Assets to ensure that the Tangibility Requirement is maintained or (ii) sufficient Tangible Assets other than Shares to ensure that the Share Ratio is maintained;
- (c) on behalf of the Trustee:
  - (i) ensure that all Major Maintenance and Structural Repair in respect of the Lease Assets is carried out;
  - (ii) pay all Taxes (if any) charged, levied or claimed in respect of the Lease Assets;
  - (iii) collect any Rental Payments payable by Axiata;
  - (iv) be responsible for ensuring that the Lease Assets are, so long as the Sukuk for the relevant Series are outstanding, insured and, to the extent that it is reasonable and commercially practicable, in a *Shari’a* compliant manner against a Total Loss Event in an insured amount, at all times, at least equal to the Takaful/Insurance Coverage Amount;
  - (v) ensure that, in the event of a Total Loss Event occurring and where a prior Revocation Event has not occurred, apply the Takaful/Insurance Proceeds (on behalf of the Trustee) towards the purchase of additional Airtime Vouchers in accordance with a Supplemental Airtime Purchase Agreement or towards lease payments for new assets in accordance with a Supplemental Headlease Agreement; and

- (vi) ensure that, in the event of a Total Loss Termination Event occurring, all Takaful/ Insurance Proceeds are paid in the Specified Currency directly into the Transaction Account as soon as practicable and in any event by no later than close of business in Malaysia on the 45<sup>th</sup> day after the occurrence of the Total Loss Event;
- (d) so long as the Trustee remains the owner of the beneficial interest in the Original Shares, as such shares may be replaced from time to time as a result of any substitution under the Master Wakala Agreement or the relevant Supplemental Share Purchase Agreement (the “**Shares**” (which term shall not include any shares the beneficial interest to which has been sold or transferred to Axiata under the terms of the relevant Transaction Document)), on behalf of the Trustee and in relation to each Series:
  - (i) pay all calls or other payments when due in respect of any part of the Shares;
  - (ii) monitor the activities and financial information of each of the Relevant Companies in order to check on an ongoing basis, in consultation with and advice from its *Shari’a* adviser (selected by the Wakeel in its sole discretion) whether the Relevant Companies are in compliance with the Eligibility Criteria;
  - (iii) if a Relevant Company ceases to comply with the Eligibility Criteria, substitute the Shares of that Relevant Company (the “**Ineligible Shares**”) with the beneficial ownership in and to shares (and related rights to receive all dividends, distributions and other monies at any time payable in respect of such shares, all voting rights and all other rights, benefits and proceeds in respect of or derived from such shares) (the “**Replacement Shares**”) that:
    - (A) are in a company that, at the time of such substitution, is in compliance with the Eligibility Criteria; and
    - (B) are of a value such that the aggregate value of the Shares after such substitution is not less than the Share Value; and
  - (iv) enter into all such documentation and do all such things as are necessary to ensure that any substitution of Ineligible Shares for Replacement Shares in accordance with paragraph (iii) immediately above is valid and effective and appropriately transfers beneficial ownership in such Replacement Shares to the Trustee;
- (e) upon receipt of a Notice of Request to Purchase under the Master Murabaha Agreement, acquire Commodities, either itself or through the Transaction Agent, for an amount to be determined by the Trustee in the relevant Notice of Request to Purchase (the “**Commodity Amount**”) on or before the Issue Date of the relevant Series **provided always that** the Commodity Amount for each Series shall be an amount no greater than 48 per cent. of the relevant Proceeds; and
- (f) act as the Trustee’s sole and exclusive distributor to sell Airtime Vouchers to Customers in its sole discretion through an Authorised Entity, on the terms of the Master Wakala Agreement and/or, as applicable, the relevant Distribution Notice.

The minimum sale price for the Airtime Vouchers (as specified in the Master Wakala Agreement) shall be calculated by reference to the Voucher Percentage, such that the proceeds from the sale of Airtime Vouchers in any Distribution Period, together with the Rental under the relevant Supplement Sub-Lease Agreement (if any) shall be sufficient to cover Periodic Distribution Amounts.

The Wakeel shall be entitled to collect and retain for its own account all dividends or other distributions made in respect of the Shares as an incentive fee for its ongoing performance as Wakeel in accordance with the terms of the Master Wakala Agreement.

In the event that the Wakeel fails to comply with its undertaking in the Master Wakala Agreement to purchase Commodities for the amount determined by the Trustee in the relevant Notice of Request to Purchase, the Wakeel acknowledges that it will have failed to comply with its obligations under the Master Wakala Agreement and the Trustee will have incurred losses in amount equal to the Commodity Amount and undertakes to indemnify the Trustee, on the relevant Dissolution Date, for an amount equal to the outstanding Commodity Amount (the “**Wakala Indemnity Amount**”), **provided that** an amount equal to the Wakala Indemnity Amount to be paid by the Wakeel to the Trustee shall be set off to the fullest extent possible against any outstanding Cancellation Amounts to be paid by the Trustee to Axiata in relation to the exercise of the Redemption Undertaking (see the section entitled “*Redemption Undertaking*” below for further details).

Other than on the first Wakala Services Payment Date, the Trustee shall reimburse the Wakeel for each Wakala Services Charge Amount:

- (a) on the Wakala Services Payment Date for the next Wakala Services Period; and
- (b) in the case of the final Wakala Services Period of the Wakala Services Term, on the Wakala Services End Date,

**provided that** an amount equal to:

- (a) the Supplementary Rental to be paid by the Wakeel (as Lessee under the Lease Agreement) to the Trustee (as Lessor under the Lease Agreement) as (or as part of any) Rental under the Lease Agreement; or
- (b) the Wakala Services Charge Amount that is payable as part of any exercise price pursuant to the Purchase Undertaking or Sale Undertaking; or
- (c) the proportion of the Minimum Sale Price to be paid by the Wakeel to the Trustee pursuant to the Master Wakala Agreement that comprises the Wakala Services Charge Amount,

shall be set off against the Wakala Services Charge Amount to be paid by the Trustee to the Wakeel under the Master Wakala Agreement.

The Master Wakala Agreement provides that if (i) a Total Loss Event occurs and an amount (if any) less than the Takaful/Insurance Coverage Amount is available to the Wakeel for the purchase of additional Airtime Vouchers or to be applied by the Wakeel towards the lease of new assets from Axiata or (ii) a Total Loss Termination Event occurs and the amount credited to the relevant Transaction Account is less than the Takaful/Insurance Coverage Amount (the difference between the Takaful/Insurance Coverage Amount and the amount available to Axiata or credited to such Transaction Account (as applicable) being the “**Total Loss Shortfall Amount**”), then the Wakeel will undertake to (A) in the event that paragraph (i) above is applicable, pay the Total Loss Shortfall Amount towards the purchase of additional Airtime Vouchers or the lease of new assets from Axiata (as applicable) or (B) in the event that paragraph (ii) above is applicable, pay the Total Loss Shortfall Amount (in the Specified



Currency in same day, freely transferable, cleared funds) directly to the Transaction Account, in each case as soon as practicable and in any event by no later than close of business in Malaysia on the 46<sup>th</sup> day after the Total Loss Event has occurred. Thereafter, and subject to the Wakeel's strict compliance with the provisions of the Master Wakala Agreement, any Takaful/ Insurance Proceeds received from any insurer shall be for the Wakeel's sole account.

The Master Wakala Agreement is governed by, and shall be construed in accordance with, English law.

**"Additional Distribution Period"** has the meaning given to it in the Purchase Undertaking.

**"Commodities"** has the meaning given to it in the Master Murabaha Agreement.

**"Customer"** means any person (other than the Trustee, Axiata or an Authorised Entity) who purchases the Airtime Vouchers or the Airtime Minutes which the Airtime Vouchers represent.

**"Deferred Payment Price"** has the meaning given to it in the Master Murabaha Agreement.

**"Dissolution Date"** has the meaning given to it in the Conditions.

**"Distribution Notice"** means, in relation to a particular Series, any notice substantially in the form set out at schedule 1 (*Form of Distribution Notice*) of the Master Wakala Agreement and delivered by or on behalf of the Trustee to the Wakeel in accordance with the terms of the Master Wakala Agreement.

**"Murabaha Contract"** has the meaning given to it in the Master Murabaha Agreement.

**"Murabaha Indemnity Amount"** has the meaning given to it in the Master Murabaha Agreement.

**"Notice of Request to Purchase"** has the meaning given to it in the Master Murabaha Agreement.

**"Original Shares"** means, in relation to a particular Series, shares sold pursuant to the Supplemental Share Purchase Agreement relating to such Series.

**"Outstanding Amount"** means, in relation to a particular Series and at any given time, the aggregate face amount of the relevant Sukuk outstanding at that time.

**"Revocation Date"** means, in relation to a Revocation Event, the earlier of the date that (A) the Trustee is notified and (B) the Trustee becomes aware that a provider of Airtime Vouchers for a particular Series has ceased to be an Authorised Entity.

**"Revocation Event"** means, in respect of a Series, an event or circumstance where (i) such Series comprises Airtime Vouchers but does not also comprise Lease Assets at that time (ii) the Revocation Date has occurred and (iii) Axiata is unable within 45 days of the Revocation Date to lease new assets to the Trustee pursuant to a Supplemental Headlease Agreement or (in its capacity as Wakeel) obtain Airtime Vouchers pursuant to a Supplemental Airtime Purchase Agreement, in each case for an amount at least equal to the aggregate amount of Airtime Vouchers owned by the Trustee but unsold as at the Revocation Date.

“**Share Value**” means, in relation to a Series, on any date, the purchase price set out in the relevant Supplemental Share Purchase Agreement.

“**Specified Currency**” means, in relation to a particular Series, the currency in which such Series is denominated.

“**Supplementary Rental**” has the meaning given to it in the Master Sub-Lease Agreement.

“**Takaful/Insurance Coverage Amount**” means, at any time and in relation to a particular Series, an amount equal to:

- (a) the aggregate of:
  - (i) the Outstanding Amount;
  - (ii) without duplication or double counting, an amount equal to any Wakala Services Charge Amount outstanding under the terms of the Master Wakala Agreement; and
  - (iii) an amount equal to the Rental payable by Axiata as lessee under the relevant Supplemental Sub-Lease Agreement for the subsequent 50 day period,

*less*

- (b) an amount equal to the aggregate of:
  - (i) the Share Value (if applicable to that Series);
  - (ii) the aggregate Voucher Cost Price of Airtime Vouchers owned by the Trustee but unsold by the Wakeel (if applicable to that Series);
  - (iii) only one of the following (as applicable):
    - (A) the outstanding Deferred Payment Price where a Murabaha Contract has been concluded pursuant to the Master Murabaha Agreement; or
    - (B) the outstanding Murabaha Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement), where a Murabaha Contract has not been concluded pursuant to the Master Murabaha Agreement but the Wakeel has complied with its obligations to purchase commodities in accordance with the terms of the Master Murabaha Agreement; or
    - (C) the outstanding Wakala Indemnity Amount (after any reduction pursuant to the Master Wakala Agreement), where the Wakeel has failed to comply with its obligations to purchase commodities in accordance with the terms of the Master Wakala Agreement.

“**Takaful/Insurance Proceeds**” means the proceeds of a claim under the Takaful/Insurances, excluding any third party liability insurance proceeds or any environmental liability insurance proceeds.

“**Takaful/Insurances**” has the meaning given to it in the Master Wakala Agreement.

**“Voucher Cost Price”** has the meaning given to it in the Master Airtime Purchase Agreement and the relevant Supplemental Airtime Purchase Agreement.

**“Voucher Percentage”** means, in relation to a particular Series and at any time, the ratio (expressed as a percentage) of (i) the aggregate Value of the relevant Airtime Vouchers owned by the Trustee but unsold by the Wakeel to (ii) the aggregate Value of the Airtime Vouchers and Lease Assets at that time.

**“Wakala Services”** means, in relation to each Series:

- (a) where such Series comprises Lease Assets, each of the services specified in the Master Wakala Agreement relating to the Lease Assets to be provided by the Wakeel on behalf of the Trustee;
- (b) where such Series comprises Shares, each of the services relating to the Shares specified in the Master Wakala Agreement to be provided by the Wakeel on behalf of the Trustee;
- (c) where such Series comprises a Murabaha Contract, each of the services relating to the Murabaha Contracts specified in the Master Wakala Agreement to be provided by the Wakeel on behalf of the Trustee; and
- (d) where such Series comprises Airtime Vouchers, each of the services relating to the Airtime Vouchers specified in the Master Wakala Agreement to be provided by the Wakeel on behalf of the Trustee,

in each case, in accordance with the terms and conditions of the Master Wakala Agreement.

**“Wakala Services Charge Amount”** means, in respect of a Wakala Services Period, all payments made or costs incurred by the Wakeel in respect of the Wakala Services performed in accordance with the Master Wakala Agreement during that Wakala Services Period.

**“Wakala Services End Date”** means, in relation to a particular Series, the Dissolution Date for that Series, unless:

- (a) where that Series comprises Lease Assets, a Total Loss Termination Event occurs;
- (b) where that Series comprises Airtime Vouchers, a Revocation Event occurs; or
- (c) the Wakala Services End Date is extended in accordance with the Purchase Undertaking.

in which case it shall mean (i) in the case of (a) above, the date of the Total Loss Dissolution Date; and (ii) in the case of (b) above, the date of the Revocation Event Dissolution Date and (iii) in the case of (c) above, the later of (A) the last day of the Additional Lease Period or (B) the last day of the final Additional Distribution Period (as appropriate).

**“Wakala Services Payment Date”** means the date falling one Business Day prior to each Periodic Distribution Date and, in relation to the final Wakala Services Payment Date, the Dissolution Date.

**“Wakala Services Period”** means, in relation to a Series, the period from, and including, a Wakala Services Payment Date (or with respect to the first Wakala Service Period, from, and

including, the Issue Date of the relevant Sukuk for that Series) to, but excluding, the immediately following Wakala Services Payment Date (or, with respect to the final Wakala Services Period, the Wakala Services End Date).

“**Wakala Services Term**” means, in relation to each Series, the period from beginning on the Issue Date and ending on the date on which all of the Sukuk for that Series are redeemed or repurchased and cancelled in full.

## 6. PURCHASE UNDERTAKING

Pursuant to a purchase undertaking (the “**Purchase Undertaking**”) dated 17 July 2012 granted by Axiata in favour of the Trustee and the Delegate, Axiata irrevocably grants to the Trustee the right, in respect of each Series, to require Axiata to purchase and accept the transfer of all of the Trustee’s interests, rights, benefits and entitlements in and to some or all of the relevant Wakala Assets at the Sukuk Exercise Price specified in the Exercise Notice:

- (a) on the Scheduled Dissolution Date of the relevant Sukuk;
- (b) at any time on or prior to a Dissolution Date other than a Scheduled Dissolution Date, a Cancellation Dissolution Date, a Total Loss Dissolution Date or a Revocation Event Dissolution Date, following the occurrence of a Dissolution Event which is continuing, and in respect of which a notice has been given by the Delegate to the Trustee that a Dissolution Request has been made in accordance with Condition 15 (*Dissolution Events*); or
- (c) upon the cancellation of all outstanding Sukuk in the relevant Series following the exercise of the Redemption Undertaking or Change of Control Undertaking, on the Cancellation Dissolution Date specified in the Exercise Notice.

Pursuant to the Purchase Undertaking, and in relation to each Series, Axiata irrevocably undertakes to automatically purchase and accept the transfer on any Surplus Date of all of the Trustee’s interests, rights, benefits and entitlements in and to all Surplus Airtime Vouchers corresponding to that Surplus Date, in consideration for the payment of the applicable Surplus Purchase Price.

Pursuant to the Purchase Undertaking, and in relation to each Series, Axiata undertakes (i) upon the occurrence of a Total Loss Termination Event to purchase and accept the transfer and conveyance on the relevant Total Loss Dissolution Date specified in the Exercise Notice of all of the Trustee’s interests, rights, benefits and entitlements in and to any relevant Residual Assets at the Residual Assets Exercise Price specified in the Exercise Notice; or (ii) upon the occurrence of a Revocation Event to purchase and accept the transfer and conveyance on the relevant Revocation Event Dissolution Date specified in the Exercise Notice of all of the Trustee’s interests, rights, benefits and entitlements in and to any relevant Residual Assets at the Residual Assets Exercise Price specified in the Exercise Notice.

In order to exercise these rights, the Trustee (or the Delegate as applicable, on its behalf) is required to deliver an Exercise Notice to Axiata under, and in accordance with the terms of, the Purchase Undertaking.

On a Dissolution Date:

- (a) an amount equal to the Wakala Services Charge Amount to be paid by Axiata as part of any Sukuk Exercise Price or Residual Assets Exercise Price and any Wakala Services

Charge Amount to be paid by the Trustee in accordance with the Master Wakala Agreement which has not been paid at such time by way of payment of “**Supplementary Rental**” (as defined in the Lease Agreement) under the Lease Agreement or the “**Minimum Sale Price**” (as defined in the Master Wakala Agreement) under the Master Wakala Agreement shall be set off against one another; and

- (b) a proportion of the amount equal to the outstanding Cancellation Amounts (if any) to be paid by Axiata as part of any Sukuk Exercise Price or Residual Assets Exercise Price (as applicable) and any outstanding Cancellation Amounts to be paid by the Trustee to Axiata in relation to the exercise of the Redemption Undertaking that will not be set off against:
  - (i) the Deferred Payment Price pursuant to, and in accordance with, the Master Murabaha Agreement; or
  - (ii) any Takaful/Insurance Proceeds and Total Loss Shortfall Amount pursuant to, and in accordance with, the Master Wakala Agreement,

shall be set off against one another.

Axiata agrees in the Purchase Undertaking that, except for the set off of any outstanding Wakala Services Charge Amount or Cancellation Amounts, all payments by it under the Purchase Undertaking will be made in the Specified Currency without deduction or withholding for or on account of Tax unless required by law and without set-off or counterclaim of any kind and, in the event that there is any such deduction or withholding required by law, Axiata shall pay all additional amounts as will result in the receipt by the Trustee, the Delegate and each other “**Compensated Person**” (as defined in the Purchase Undertaking) of such net amounts as would have been received by it if no such withholding or deduction had been made.

Subject to the payment of the Sukuk Exercise Price, Residual Assets Exercise Price or Surplus Purchase Price, as applicable, in accordance with the Purchase Undertaking and, as applicable, the outstanding Deferred Payment Price, Murabaha Indemnity Amount or Wakala Indemnity Amount in accordance with the terms of the Master Murabaha Agreement or, as the case may be, the Master Wakala Agreement, the Trustee and Axiata will enter into a sale agreement (the “**Purchase Undertaking Sale Agreement**”) in substantially the form scheduled to the Purchase Undertaking to effect the sale and transfer of all of the Trustee’s interest, rights, benefits and entitlements in and to the relevant Wakala Assets, Residual Assets and/or, as applicable, the Surplus Airtime Vouchers to Axiata.

If, following receipt of an Exercise Notice pursuant to the Purchase Undertaking, Axiata fails to pay all or part of any Sukuk Exercise Price on its Sukuk Due Date or, as applicable, any outstanding Deferred Payment Price, Murabaha Indemnity Amount or Wakala Indemnity Amount when due in accordance with the Master Murabaha Agreement or, as the case may be, the Master Wakala Agreement (after taking into consideration any set off of any outstanding Wakala Services Charge Amount and/or Cancellation Amounts, the aggregate amounts not being paid being the “**Outstanding Price**”):

- (a) where Lease Assets form part of the Wakala Assets, Axiata shall irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to lease the Lease Assets from the Trustee (as Lessor) and continue to act as Wakeel in respect of the Lease Assets with effect from and including the Sukuk Due Date on the terms and conditions, *mutatis mutandis*, of the Lease Agreement and the

Master Wakala Agreement, save that Rental shall accrue on a daily basis in respect of the period from, and including, the Sukuk Due Date to, but excluding, the date on which the sale and purchase in respect of the Trustee's interests, rights, benefits and entitlements in and to the relevant Wakala Assets occurs (including the payment in full of the Outstanding Price and all other accrued amounts by Axiata); and

- (b) where Airtime Vouchers form part of the Wakala Assets, Axiata shall irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to act as Wakeel in respect of the unsold Airtime Vouchers with effect from and including the Sukuk Due Date and the Distribution Term as specified in the relevant Supplemental Distribution Notice shall be deemed to be extended for successive periods having the same length as the original Distribution Periods (and each such period shall constitute an “**Additional Distribution Period**”) during the period from, and including, the Sukuk Due Date to, but excluding, the date on which the sale and purchase in respect of the Trustee's interests, rights, benefits and entitlements in and to the relevant Wakala Assets occurs (including the payment in full of the Outstanding Price and all other accrued amounts by Axiata) or there are no more Airtime Vouchers remaining for distribution and sale.

If, following the receipt of an Exercise Notice pursuant to the Purchase Undertaking, Axiata fails to pay all or part of any Residual Assets Exercise Price on the Residual Assets Due Date or, as applicable, any outstanding Deferred Payment Price or Murabaha Indemnity Amount in accordance with the terms of the Master Murabaha Agreement or the Master Wakala Indemnity Amount in accordance with the terms of the Master Wakala Agreement, (after taking into consideration any set off of any outstanding Wakala Services Charge Amount and/or Cancellation Amounts):

- (a) where Airtime Vouchers form part of the Residual Assets, Axiata shall irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to act as Wakeel in respect of the unsold Airtime Vouchers with effect from and including the Residual Assets Due Date to, but excluding, the earlier of:
  - (i) the date on which the sale and purchase in respect of the Trustee's interests, rights, benefits and entitlements in and to the relevant Wakala Assets occurs (including the payment in full of the Outstanding Price and all other accrued amounts by Axiata); and
  - (ii) the date upon which there are no more Airtime Vouchers remaining for distribution and sale; and
- (b) where Lease Assets form part of the Residual Assets, Axiata shall irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to lease the Lease Assets from the Trustee (as Lessor) and continue to act as Wakeel in respect of the Lease Assets with effect from and including the Residual Assets Due Date on the terms and conditions, *mutatis mutandis*, of the Lease Agreement and the Master Wakala Agreement, save that Rental shall accrue on a daily basis in respect of the period from, and including, the Residual Assets Due Date to, but excluding, the date on which the sale and purchase in respect of the Trustee's interests, rights, benefits and entitlements in and to the relevant Residual Assets occurs (including the payment in full of the Outstanding Price and all other accrued amounts by Axiata).

Axiata has agreed that certain events or circumstances shall constitute Axiata Events under the Purchase Undertaking. For a full list of the Axiata Events, please see Condition 15 (*Dissolution Events*).

The Sukukholders will also have the benefit of a negative pledge given by Axiata in the Purchase Undertaking, the full details of which are set out in Condition 5(a) (*Negative Pledge*).

The Purchase Undertaking is governed by, and shall be construed in accordance with, English law.

“**Cancellation Amount**” or “**Cancellation Amounts**” has the meaning given to it in the Redemption Undertaking.

“**Cancellation Dissolution Date**” means, in relation to each Series, the date on which all of the Sukuk are cancelled and redeemed in accordance with the provisions of Condition 14 (*Purchase and Cancellation of Sukuk*).

“**Collection Account**” has the meaning given to it in the Master Wakala Agreement.

“**Deferred Payment Price**” has the meaning given to it in the Master Murabaha Agreement.

“**Dissolution Event**” has the meaning given to it in Condition 15 (*Dissolution Events*).

“**Dissolution Request**” has the meaning given to it in Condition 15 (*Dissolution Events*).

“**Distribution Notice**” has the meaning given to it in the Master Wakala Agreement.

“**Distribution Period**” has the meaning given to it in the Master Wakala Agreement.

“**Distribution Profit**” has the meaning given to it in the Master Wakala Agreement.

“**Exercise Notice**” means a notice substantially in the form set out in schedule 1 (*Form of Exercise Notice*) of the Purchase Undertaking.

“**Minimum Sale Price**” has the meaning given to it in the Master Wakala Agreement.

“**Payment Date**” means, in relation to a particular Series, the Business Day prior to each Periodic Distribution Date and, if applicable, the Business Day immediately following the expiry of each Additional Distribution Period.

“**Potential Axiata Event**” means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute an Axiata Event.

“**Residual Assets**” means, in relation to any Series:

- (a) where such Series comprises Airtime Vouchers and Lease Assets at such time:
  - (i) following the occurrence of a Revocation Event the unsold Airtime Vouchers and the remaining Lease Assets; or

- (ii) following the occurrence of a Total Loss Termination Event but where no prior Revocation Event has occurred, the unsold Airtime Vouchers at such time; or
- (b) where, at such time, such Series comprises Airtime Vouchers but not Lease Assets, following the occurrence of a Revocation Event, the unsold Airtime Vouchers,

**provided always that** where a Series comprises Shares, “Residual Assets” shall also include such Shares.

**“Residual Assets Due Date”** has the meaning given to it in the Purchase Undertaking.

**“Residual Assets Exercise Price”** means, at any time, and in relation to a Series, an amount equal to the aggregate of:

- (a) the outstanding face amount of the Sukuk for that Series;
- (b) to the extent such Series originally comprised Lease Assets, all accrued but unpaid Rental (or part thereof) relating to the Lease Assets (if any), to the extent not received by the Trustee in its capacity as Lessor under the relevant Supplemental Sub-Lease Agreement;
- (c) without duplication or double counting, an amount equal to any accrued but unpaid Wakala Services Charge Amount; and
- (d) to the extent such Series originally comprised Airtime Vouchers, all accrued but unpaid Distribution Profit (or part thereof) relating to the Airtime Vouchers (if any), to the extent not received by the Trustee under the Master Wakala Agreement,

*less*

- (e) an amount equal to only one of the following (as applicable):
  - (i) the outstanding Deferred Payment Price (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has been concluded for that Series pursuant to the Master Murabaha Agreement; or
  - (ii) the outstanding Murabaha Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has not been concluded pursuant to the Master Murabaha Agreement for that Series but the Wakeel has complied with its obligations contained in the Master Wakala Agreement; or
  - (iii) the outstanding Wakala Indemnity Amount (after any reduction pursuant to the Master Wakala Agreement) due under the Master Wakala Agreement, where the Wakeel has failed to comply with its obligations in the Master Wakala Agreement; and
- (f) to the extent such Series originally comprised Lease Assets and an Exercise Notice has been served immediately following a Total Loss Termination Event, the Takaful/Insurance Coverage Amount for that Series,



which price Axiata, the Trustee and the Delegate acknowledge shall be the price for the remaining Wakala Assets following the occurrence of a Revocation Event and/or a Total Loss Termination Event (as applicable).

“**Scheduled Dissolution Date**” has the meaning given to it in the Conditions.

“**Specified Currency**” means in relation to each Series, the currency in which such Series is denominated.

“**Sukuk Due Date**” has the meaning given to it in the Purchase Undertaking.

“**Sukuk Exercise Price**” means, in relation to each Series and at any time, an amount equal to the aggregate of:

- (a) the outstanding face amount of the Sukuk for that Series;
- (b) to the extent such Series comprised Lease Assets, all accrued but unpaid Rental (or part thereof) relating to the Lease Assets (if any), to the extent not received by the Trustee in its capacity as Lessor under the Supplemental Sub-Lease Agreement;
- (c) to the extent such Series comprised Airtime Vouchers, all accrued but unpaid Distribution Profit (or part thereof) relating to the Airtime Vouchers (if any), to the extent not received by the Trustee under the Master Wakala Agreement;
- (d) without duplication or double counting, an amount equal to any accrued but unpaid Wakala Services Charge Amount;
- (e) an amount equal to any outstanding Cancellation Amounts payable in relation to the exercise of the Redemption Undertaking (to the extent not already set off pursuant to the Transaction Documents); and
- (f) without duplication or double-counting, an amount representing any prior ranking claims (as described in items (i) and (ii) of Condition 6(d) (*Trust — Application of Proceeds from Trust Assets*)) in accordance with Condition 6(d) (*Trust — Application of Proceeds from Trust Assets*);

*less*

- (g) to the extent such Series comprises a Murabaha Contract, an amount equal to only one of the following (as applicable):
  - (i) the outstanding Deferred Payment Price (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has been concluded for that Series pursuant to the Master Murabaha Agreement; or
  - (ii) the outstanding Murabaha Indemnity Amount (after any reduction pursuant to the Master Murabaha Agreement) due under the Master Murabaha Agreement, where a Murabaha Contract has not been concluded for that Series pursuant to the Master Murabaha Agreement but the Wakeel has complied with its obligations contained in the Master Wakala Agreement; or

- (iii) the outstanding Wakala Indemnity Amount (after any reduction pursuant to the Master Wakala Agreement) due under the Master Wakala Agreement, where the Wakeel has failed to comply with its obligations in the Master Wakala Agreement.

“**Surplus Airtime Vouchers**” has the meaning given to it in the Master Wakala Agreement.

“**Surplus Date**” means, in relation to each Series comprising Airtime Vouchers and the relevant Surplus Airtime Vouchers, the Business Day prior to the Payment Date for the Distribution Period during which those Surplus Airtime Vouchers should have been distributed and sold pursuant to the Master Wakala Agreement and the relevant Distribution Notice.

“**Surplus Purchase Price**” means, in relation to each Series comprising Airtime Vouchers, and the relevant Surplus Date, an amount equal to:

- (a) the number of Surplus Airtime Vouchers; multiplied by
- (b) the Minimum Sale Price at which those Surplus Airtime Vouchers should have been sold.

“**Total Loss Dissolution Date**” means, in relation to each Series, the date on which the Sukuk are redeemed in accordance with the provisions of Condition 11(e) (*Capital Distributions of the Trust — Dissolution following a Total Loss Event*).

“**Wakala Assets**” means, in relation to each Series, the Head Lease Interest, the Airtime Vouchers owned by the Trustee but unsold, and the Shares (as applicable).

## 7. SALE UNDERTAKING

Pursuant to a sale undertaking (the “**Sale Undertaking**”) dated 17 July 2012 granted by the Trustee in favour of Axiata, the Trustee irrevocably grants to Axiata the right, in relation to each Series, to require the Trustee to sell and transfer the transfer the Trustee’s interests, rights, benefits and entitlements in and to the relevant Wakala Assets at the Sukuk Exercise Price. The right may only be exercised by Axiata following the occurrence of a Tax Event or the exercise of an Optional Dissolution Right and subject to no Axiata Event or Potential Axiata Event having occurred and being continuing and the Trustee (or the Delegate and/or Principal Paying Agent on its behalf) not having previously delivered a Purchase Undertaking Exercise Notice.

In order to exercise these rights, Axiata is required to deliver an Exercise Notice to the Trustee (with a copy to the Principal Paying Agent and the Delegate) under, and in accordance with the terms of, the Sale Undertaking.

On a Dissolution Date, an amount equal to the Wakala Services Charge Amount to be paid by Axiata as part of any Sukuk Exercise Price under the Sale Undertaking and any Wakala Services Charge Amount to be paid by the Trustee under the Master Wakala Agreement which has not been paid by way of payment of Supplementary Rental under the Lease Agreement or the Minimum Sale Price under the Master Wakala Agreement shall be set off against one another.

Subject to the payment of the relevant Sukuk Exercise Price on the relevant Dissolution Due Date in accordance with the Sale Undertaking, the Trustee and Axiata will enter into a sale agreement (the “**Sale Undertaking Sale Agreement**”) in substantially the form scheduled to the Sale Undertaking to effect the sale and transfer of all of the Trustee’s interests, rights, benefits and entitlements in and to the relevant Wakala Assets to Axiata.

Axiata has agreed that an Exercise Notice delivered in accordance with the Sale Undertaking will cease to have any effect following the occurrence of an Axiata Event or from, and including, the date on which Axiata fails to settle the Sukuk Exercise Price in full in accordance with the terms of the Sale Undertaking.

The Sale Undertaking is governed by, and shall be construed in accordance with, English law.

“**Axiata Event**” has the meaning given to it in the relevant Purchase Undertaking.

“**Exercise Notice**” means a notice substantially in the form set out in schedule 1 (*Form of Exercise Notice*) of the Sale Undertaking.

“**Optional Dissolution Right**” has the meaning given to it in Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of Axiata*).

“**Principal Paying Agent**” means The Hongkong and Shanghai Banking Corporation Limited.

“**Tax Event**” has the meaning given to it in Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*).

## 8. SUBSTITUTION UNDERTAKING

Pursuant to a substitution undertaking (the “**Substitution Undertaking**”) dated 17 July 2012 granted by the Trustee in favour of Axiata, the Trustee irrevocably undertakes to grant to Axiata the right, in relation to each Series, to require the Trustee to sell, transfer and convey its interests, rights, benefits and entitlements in and to the Lease Assets or any part thereof (the “**Substituted Lease Assets**”), or the Airtime Vouchers or any part thereof (the “**Substituted Airtime Vouchers**”), to Axiata, **provided that** there has been no Total Loss Event in relation to the relevant Lease Assets or no Revocation Event in relation to the relevant Airtime Vouchers. In consideration for the sale, transfer and conveyance of the Substituted Lease Assets or Substituted Airtime Vouchers (as applicable) by the Trustee to Axiata, Axiata will transfer and convey certain new lease assets (the “**New Lease Assets**”) or certain new airtime vouchers (the “**New Airtime Vouchers**”) to the Trustee.

Axiata will be obliged to certify that the New Lease Assets or New Airtime Vouchers, as applicable, are assets capable of being leased or sold (as applicable) and of a value equal to or greater than the value of the Substituted Lease Assets or Substituted Airtime Vouchers (as applicable).

In order to exercise these rights, Axiata is required to deliver a Substitution Notice to the Trustee under, and in accordance with the terms of, the Substitution Undertaking.

The substitution of the New Lease Assets or New Airtime Vouchers for the Substituted Lease Assets or Substituted Airtime Vouchers (as applicable) will become effective on the Substitution Date (as specified in the Substitution Notice to be delivered by Axiata in accordance with the Substitution Undertaking) by the Trustee and Axiata entering into a sale agreement (the “**Substitution Undertaking Sale Agreement**”) in substantially the form scheduled to the Substitution Undertaking.

The Substitution Undertaking and Substitution Undertaking Sale Agreements are governed by, and shall be construed in accordance with, English law.

“**Substituted Airtime Vouchers**” means the Airtime Vouchers specified as such in a Substitution Notice to the extent that on the Substitution Date they constitute Airtime Vouchers belonging to the Trustee.

“**Substituted Lease Assets**” means the assets specified as such in a Substitution Notice to the extent that on the Substitution Date they constitute Lease Assets belonging to the Trustee.

“**Substitution Notice**” means a notice substantially in the form set out in schedule 1 (*Form of Substitution Notice*) of the Substitution Undertaking.

## 9. CHANGE OF CONTROL UNDERTAKING

Pursuant to a change of control undertaking (the “**Change of Control Undertaking**”) dated 17 July 2012 granted by Axiata in favour of the Trustee and the Delegate, Axiata irrevocably undertakes to, in respect of each Series and on a Change of Control Triggering Event and provided a Change of Control Confirmation Notice has been served on the Trustee by the Registrar, a Transfer Agent or a Paying Agent, purchase certain certificates specified in the Change of Control Purchase Notice (the “**Change of Control Sukuk**”) from the relevant Sukukholders in consideration for the payment of the Change of Control Amount.

The rights granted by Axiata pursuant to the Change of Control Undertaking shall be exercised by the Trustee (or a Paying Agent on its behalf) serving a Change of Control Purchase Notice upon Axiata specifying the Change of Control Amount and the Change of Control Sukuk.

Following the exercise of this right, Axiata shall, on the seventh day after the last day of the Change of Control Exercise Period, purchase the Change of Control Sukuk from the relevant Sukukholders in consideration for the payment by wire transfer in the Specified Currency and in same day, freely transferable, cleared funds, of the Change of Control Amount.

The exercise of the right granted by Axiata pursuant to the Change of Control Undertaking is subject to Axiata not having previously: (i) received an Exercise Notice under, and as defined in, the Purchase Undertaking; or (ii) delivered an Exercise Notice under, and as defined in, the Sale Undertaking, in each case, in relation to that Series.

Axiata has given certain representations and warranties in the Change of Control Undertaking and has undertaken to notify the Trustee and the Delegate of the occurrence of a Change of Control Triggering Event (and provide details in respect thereof) promptly upon becoming aware of its occurrence.

The Change of Control Undertaking and Change of Control Purchase Notice are governed by, and shall be construed in accordance with, English law.

“**Change of Control Amount**” means, in relation to a particular Series, the aggregate face amount of the Change of Control Sukuk to be redeemed plus any due but unpaid Periodic Distribution Amounts under such Change of Control Sukuk.

“**Change of Control Exercise Period**” has the meaning given to it in the Conditions.

“**Change of Control Purchase Notice**” means a notice in the form of, or substantially in the form of schedule 1 (*Form of Change of Control Purchase Notice*) of the Change of Control Undertaking.

“**Change of Control Triggering Event**” has the meaning given to it in the Conditions.

## 10. REDEMPTION UNDERTAKING

Pursuant to a redemption undertaking (the “**Redemption Undertaking**”) dated 17 July 2012 granted by the Trustee in favour of Axiata, the Trustee irrevocably grants to Axiata the right, in relation to each Series, to require the Trustee to purchase from Axiata the relevant Change of Control Sukuk or Cancellation Sukuk (as the case may be) held by Axiata (the “**Axiata Sukuk**”) in consideration for the cancellation of the Axiata Sukuk and payment of the applicable Cancellation Amount to Axiata.

In order to exercise this right, Axiata is required to deliver a Cancellation Notice to the Trustee under, and in accordance with the terms of, the Redemption Undertaking, specifying the relevant Axiata Sukuk to be transferred to the Trustee, the Change of Control Redemption Date or Cancellation Date (as applicable), which must also be a Periodic Distribution Date and the relevant Cancellation Amount.

Pursuant to the Redemption Undertaking, Axiata and the Trustee agree and acknowledge as follows:

- (a) payment of the relevant Cancellation Amounts by the Trustee shall be deferred until the Dissolution Date;
- (b) the relevant Cancellation Amount payable in connection with the purchase of the Change of Control Sukuk or Cancellation Sukuk (as applicable) represents fair and valuable consideration for the purchase from Axiata of its interest, rights, benefits and entitlements in, to and under such Change of Control Sukuk or Cancellation Sukuk (as applicable); and
- (c) the Trustee may set-off any amount that is due and payable to it by Axiata under the Master Wakala Agreement, the Master Murabaha Agreement and/or the Purchase Undertaking against any payment obligation of the Trustee to Axiata pursuant to the Redemption Undertaking, regardless of the place of payment or currency of either obligation, **provided always that** any amounts to be set-off under the Redemption Undertaking shall first be applied against amounts outstanding under the Master Murabaha Agreement.

The Redemption Undertaking and Cancellation Notice are governed by, and shall be construed in accordance with, English law.

“**Cancellation Amount**” means, in relation to a particular Series, an amount to be paid by the Trustee to Axiata no later than the relevant Dissolution Date for the purchase of any Change of Control Sukuk or Cancellation Sukuk (as the case may be) from time to time pursuant to an exercise of the Redemption Undertaking, and as specified in the Cancellation Notice, which is equal to the aggregate face amount of the relevant Sukuk plus any due but unpaid Periodic Distribution Amounts under such Sukuk.

“**Cancellation Date**” means the date specified as such in a Cancellation Notice.

“**Cancellation Notice**” means a notice substantially in the form set out in schedule 1 (*Form of Cancellation Notice*) of the Redemption Undertaking.

## 11. MASTER MURABAHA AGREEMENT

Pursuant to a murabaha agreement (the “**Master Murabaha Agreement**”) dated 17 July 2012 between the Trustee as the seller of Commodities (the “**Seller**”) and Axiata as the purchaser of Commodities (the “**Purchaser**”), the Purchaser may request the Seller, either itself or through the Wakeel and/or the Transaction Agent, to purchase Commodities no later than the Issue Date of the relevant Series, for an amount set out in the relevant Notice of Request to Purchase (which shall be no greater than 48 per cent. of the aggregate proceeds of issuance for that Series) (the “**Purchase Price**”) and irrevocably and unconditionally undertakes to purchase such Commodities from the Seller (or the Transaction Agent and the Wakeel acting in their capacities as agents or sub-agents, as the case may be, of the Seller) once they have been acquired by the Seller for a deferred payment price equal to the amount set out in the relevant Offer Notice (the “**Deferred Payment Price**”).

The Seller (or the Transaction Agent and/or the Wakeel acting in their capacities as agents or sub-agents, as the case may be, of the Seller) will purchase Commodities from certain suppliers admitted as participants of the Market on immediate delivery and immediate payment terms and will immediately on-sell such Commodities to the Purchaser for the Deferred Payment Price on immediate delivery terms but with payment on a deferred basis such that the outstanding Deferred Payment Price will be immediately due and payable on the Business Day prior to the relevant Dissolution Date.

The Purchaser irrevocably and unconditionally undertakes to pay to the Seller, on the Business Day prior to the Dissolution Date of the relevant Series, an amount equal to the outstanding Deferred Payment Price by crediting such amount to the Transaction Account on the Dissolution Date. **Provided that** the Purchaser has concluded a Murabaha Contract with the Seller in accordance with the Master Murabaha Agreement, the amount of the Deferred Payment Price to be paid by the Purchaser to the Seller shall be set off to the fullest extent possible against any outstanding Cancellation Amounts to be paid by the Seller (in its capacity as Trustee) to the Purchaser pursuant to the exercise of the Redemption Undertaking.

In the event that the Purchaser fails to comply with its undertaking to purchase such Commodities from the Seller for the Deferred Payment Price, the Purchaser acknowledges that the Seller will have incurred losses in an amount equal to the Purchase Price (the “**Murabaha Indemnity Amount**”) and undertakes to indemnify the Seller, on a Dissolution Date, for an amount equal to the outstanding Murabaha Indemnity Amount. The amount equal to the Murabaha Indemnity Amount to be paid by the Purchaser to the Seller shall be set off to the fullest extent possible against any outstanding Cancellation Amounts to be paid by the Seller to the Purchaser in relation to the exercise of the Redemption Undertaking.

**Provided that** no further Murabaha Indemnity Amount is due from the Purchaser to the Seller following a claim under the indemnity, the Seller shall:

- (a) to the extent that it continues to have ownership of the relevant Commodities, transfer such ownership to the Purchaser; or
- (b) to the extent that it has sold the Commodities to a third party, give to the Purchaser any proceeds of such sale in excess of the Murabaha Indemnity Amount paid by the Purchaser to the Seller.

The Master Murabaha Agreement is governed by, and shall be construed in accordance with, English law.

“**BCH System**” means the Bursa Commodity House System, established, owned and operated by BMIS which provides the automated and computerised electronic trading system to carry out trades on the Market.

“**BMIS**” means Bursa Malaysia Islamic Services Sdn Bhd (formerly known as BMIS Sdn Bhd) (Company No. 853675-M), a company deemed established under the Malaysian Companies Act 2016, which operates the BCH System, and includes its successors in title, assigns and such other entities into which it is merged or amalgamated or to which its business or undertaking are transferred from time to time.

“**Commodities**” means any *Shari’a* compliant commodities that are traded on the Market (excluding, for the avoidance of doubt, gold and silver).

“**Market**” means the commodity market operated by BMIS for the trading of commodities.

“**Notice of Request to Purchase**” means a notice from the Purchaser to the Seller requesting that the Seller purchase Commodities.

“**Offer Notice**” means a confirmation from the Seller to the Purchaser that the Seller has purchased Commodities as requested by the Purchaser and is offering to sell such Commodities to the Purchaser.

“**Transaction Agent**” means HSBC Amanah Malaysia Berhad (Company No. 807705-X), a commodity trading participant registered with BMIS or such other agent appointed from time to time pursuant to the Transaction Agency Agreement.

## 12. TRANSACTION AGENCY AGREEMENT

Pursuant to a transaction agency agreement (the “**Transaction Agency Agreement**”) dated 17 July 2012 between the Wakeel, Axiata and HSBC Amanah Malaysia Berhad as the transaction agent (the “**Transaction Agent**”):

- (a) the Wakeel appoints the Transaction Agent as its agent to purchase; and
- (b) Axiata (acting in its capacity as Purchaser under the Master Murabaha Agreement) appoints the Transaction Agent as its agent to sell,

Commodities pursuant to, and in accordance with, the terms of Transaction Agency Agreement.

The Transaction Agent agrees to perform and execute all acts with respect to the purchase and sale of Commodities on behalf of the Wakeel or, as the case may be, Axiata, through purchase agreements, sale agreements, certificates and other documents and instruments as fully as the Wakeel and/or Axiata could respectively perform and to negotiate at the very best of its professional capability with the relevant suppliers and buyers of Commodities on behalf of the Wakeel and Axiata, as applicable.

The Transaction Agency Agreement is governed by, and shall be construed in accordance with, Malaysian law.

### 13. MASTER DECLARATION OF TRUST

Pursuant to a master declaration of trust dated 17 July 2012 as supplemented by a supplemental declaration of trust dated 23 October 2015 (together, the “**Master Declaration of Trust**”) between the Trustee, Axiata and the Delegate, as supplemented, in respect of each Series, by a supplemental declaration of trust (each a “**Supplemental Declaration of Trust**” and, together with the Master Declaration of Trust and in respect of such Series only, the “**Declaration of Trust**”), the Trustee agrees to hold the Trust Assets upon trust absolutely for the Sukukholders of each such Series as beneficiaries in respect of that Series only, in accordance with the provisions of the relevant Declaration of Trust.

The Sukuk of each Series will be constituted by a separate trust and will form a separate Series. The proceeds of issuance of each Series of the Sukuk will be settled upon the trust created by the Declaration of Trust (the “**Trust**”) to be applied as authorised and directed by the Sukukholders in the Conditions.

Pursuant to the Declaration of Trust, the Trustee will, *inter alia*:

- (a) hold the Trust Assets upon trust absolutely for the Sukukholders as beneficiaries *pro rata* according to the face amount of Sukuk held by each Sukukholder for the relevant Series;
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Declaration of Trust; and
- (c) irrevocably and unconditionally appoint the Delegate to be its attorney.

The Delegate shall, on behalf of the Trustee, exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, authorities (including, but not limited to, the authority to request directions from any Sukukholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Declaration of Trust that the Delegate may consider necessary or desirable in order, upon the occurrence of a Dissolution Event or a Potential Dissolution Event (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), to exercise all of the rights (but not the obligations, duties, Liabilities or covenants) of the Trustee under the Transaction Documents, and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust. The appointment of the Delegate is intended to be in the interests of the Sukukholders and does not affect the Trustee’s continuing role and obligations as sole trustee.

Certain powers under the Declaration of Trust have been vested in the Delegate, including, *inter alia*, the power to (i) waive or authorise a breach or proposed breach of any provision of the Transaction Documents or (ii) determine that a Dissolution Event or Potential Dissolution Event shall not be treated as such **provided that** (A) in the opinion of the Delegate, such waiver, authorisation or determination is not materially prejudicial to the interests of the outstanding Sukukholders (of the applicable Series) and (B) the Delegate will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 15 (*Dissolution Events*). The Delegate is also able to consent to certain types of amendments to the Transaction Documents or the memorandum and articles of association of the Trustee.

Following the ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Sukuk to the Sukukholders in accordance with the Conditions and the Declaration of Trust, neither the Trustee nor the Delegate shall be liable for any further sums and, accordingly, the



Sukukholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including Axiata) to recover any such sum or asset in respect of the relevant Sukuk or the Trust Assets and the right to receive any such sums unpaid shall be extinguished. In particular, no Sukukholder shall not be entitled in respect thereof to petition or to take any other steps for the winding up of the Trustee.

Subject to the preceding paragraph, no Sukukholder shall not be entitled to proceed directly against or provide instructions to the Delegate to proceed against, the Trustee or Axiata under any Transaction Document to which either of them is a party unless:

- (a) the Delegate fails to do so within a reasonable period of becoming so bound and such failure is continuing; and
- (b) the relevant Sukukholder (or such Sukukholder together with the other Sukukholders who propose to proceed directly against any of the Trustee or Axiata as the case may be) holds at least 20 per cent. of the then outstanding aggregate face amount of the Sukuk pertaining to the relevant Series.

Under no circumstances shall the Delegate or any Sukukholder have any right to cause the sale or other disposition of any of the relevant Trust Assets to any party other than in accordance with the Transaction Documents. The sole right of the Delegate and the Sukukholders against the Trustee and Axiata shall be to enforce their respective obligations under the Transaction Documents.

In the Declaration of Trust, Axiata agrees, on demand, to indemnify, reimburse, compensate and hold harmless the Delegate and its directors, officers, employees, agents, delegates, controlling persons and any Receiver against all properly incurred Liabilities (including, but not limited to, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) which any of them may incur or which may be made against any of them as a result of or in connection with the appointment of or the exercise or attempted exercise of the powers and duties by the Delegate or any Receiver under the Declaration of Trust or any other Transaction Document except as may result from its wilful default, gross negligence, fraud or bad faith, of which its directors, officers, employees, agents, delegates, controlling persons or any receiver or any of them, as applicable, may be guilty under the Declaration of Trust.

The Delegate shall be entitled to receive additional remuneration from Axiata in respect of any duties performed which the Delegate considers to be outside the ordinary course of administration of the trust which it considers to be expedient or necessary.

The Delegate shall not be bound in any circumstances to take any action against the Trustee and/or Axiata under any Transaction Document to which either the Trustee or Axiata, as applicable, is a party unless directed or requested to do so:

- (a) by an Extraordinary Resolution; or
- (b) in writing by the holders of at least 20 per cent. of the then outstanding aggregate face amount of the Sukuk of the relevant Series,

and, in either case, then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable and **provided that** the Delegate shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Sukukholders.

Following any purchase of Sukuk by or on behalf of Axiata or any of its Subsidiaries, in accordance with Condition 14(a) (*Purchase and Cancellation of Sukuk — Purchases*), Axiata may deliver a Cancellation Notice to the Trustee (copied to the Delegate) requesting the Trustee to, and following receipt thereof the Trustee shall, cancel such Sukuk in accordance with the terms of the Redemption Undertaking.

The Master Declaration of Trust and Supplemental Declarations of Trust are governed by, and shall be construed in accordance with, English law.

“**Extraordinary Resolution**” has the meaning given to it in schedule 4 (*Provisions for Meetings of Sukukholders*) of the Master Declaration of Trust.

“**Liability**” has the meaning given to it in Condition 1 (*Interpretation*).

“**Potential Dissolution Event**” means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event.

“**Receiver**” means any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trustee by the Delegate in accordance with this Master Declaration of Trust.

“**Subsidiary**” means, in relation to Axiata, any company (i) in which Axiata controls the composition of the board of directors or (ii) of which Axiata controls more than half of the voting power or (iii) of which Axiata holds more than half of the issued share capital, and includes any company which is a Subsidiary of a Subsidiary of Axiata and a Subsidiary which falls within the meaning of Section 4 of the Companies Act, 2016 of Malaysia.

“**Sukuk Assets**” means:

- (a) any Airtime Vouchers to be purchased by the Trustee from Axiata pursuant to the Master Airtime Purchase Agreement and any relevant Supplemental Airtime Purchase Agreement;
- (b) any Shares to be purchased by the Trustee from Axiata pursuant to the Master Share Purchase Agreement and any relevant Supplemental Share Purchase Agreement;
- (c) any Lease Assets to be leased by the Trustee from Axiata pursuant to the Master Headlease Agreement and any relevant Supplemental Headlease Agreement; and/or
- (d) any Commodities to be purchased by the Trustee (or by the Wakeel on its behalf) to be sold to Axiata pursuant to the Master Murabaha Agreement).

#### **14. AGENCY AGREEMENT**

Pursuant to an agency agreement dated 17 July 2012 entered into between the Trustee, the Delegate, Axiata, the Principal Paying Agent, the Calculation Agent, the Transfer Agents and the Registrar, provision will be made for, *inter alia*, payment of all sums due in respect of the Sukuk.

The Agency Agreement is governed by, and shall be construed in accordance with, English law.

## TAXATION

*The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership and disposition of Sukuk. Prospective purchasers of the Sukuk should consult their own tax advisers concerning the tax consequences relating to ownership and disposition of the Sukuk in light of their particular situations. This description is based on laws, regulations and interpretations as now in effect and available as of the date of this Offering Circular. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Sukuk. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Each prospective purchaser is urged to consult its own tax adviser about the tax consequences under its circumstances of purchasing, holding and selling the Sukuk under the laws of Malaysia, their political subdivisions and any other jurisdictions where the prospective purchaser may be subject to tax.*

### MALAYSIAN TAX

All payments by the Trustee in respect of the Sukuk shall be made free and clear of, and without withholding or deduction for or on account of any present or future tax, duty or charge of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts (the “**Additional Amounts**”) as will result in receipt by the Sukukholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Sukuk:

- (a) to or on behalf of a Sukukholder who is treated as a resident of Malaysia or a permanent establishment in Malaysia for tax purposes;
- (b) to or on behalf of a Sukukholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Sukuk by reason of his having some connection with Malaysia other than a mere holding of such Sukuk; and
- (c) presented for payment by or on behalf of a Sukukholder who would not be liable or subject to such withholding or deduction by making a declaration of residence in Malaysia or other similar claim for exemption to the relevant tax authority and has failed to do so within the time prescribed by law or at all.

Under paragraph 33B of Schedule 6 of the Income Tax Act, 1967 of Malaysia (the “**Income Tax Act**”), the profit paid by the Trustee on the Sukuk to any person, whether Malaysian resident or non-Malaysian resident is exempt from income tax.

### THE PROPOSED FINANCIAL TRANSACTIONS TAX (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Sukuk (including secondary market transactions) in certain circumstances. The issuance and subscription of Sukuk should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Sukuk where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Sukuk are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act ("FATCA")**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "Foreign Financial Institution" may be required to withhold on certain payments it makes ("*foreign passthru payments*") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a Foreign Financial Institution for these purposes. A number of jurisdictions (including Malaysia) have entered into, or have agreed in substance to intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Sukuk including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Sukuk, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Sukuk, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment".

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Sukuk.

## SUBSCRIPTION AND SALE

Sukuk may be sold from time to time by the Trustee to any one or more of Citigroup Global Markets Limited, CIMB Investment Bank Berhad, Standard Chartered Bank and UBS AG Singapore Branch or any other banks appointed as dealers by Axiata pursuant to the Programme Agreement (the “**Dealers**”). The arrangements under which Sukuk may from time to time be agreed to be sold by the Trustee to, and purchased by, the Dealers are set out in an amended and restated programme agreement dated 10 August 2020 (the “**Programme Agreement**”) and made between, amongst others, the Trustee, Axiata and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Sukuk, the price at which such Sukuk will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Trustee in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Sukuk.

The Arrangers and certain of their affiliates (which term includes, for these purposes, their respective parent companies) are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Arrangers may have engaged in, and may in the future engage in, investment banking, advisory services and other commercial dealings in the ordinary course of business with the Trustee and its subsidiaries, jointly controlled entities or associated companies, Axiata and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Trustee, Axiata and/or their respective affiliates in the ordinary course of their business. In the ordinary course of their various business activities, the Arrangers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Trustee or its subsidiaries, jointly controlled entities or associated companies, including Sukuk issued under the Programme. In addition, the Arrangers and initial Dealers or certain of their respective affiliates are lenders under financing agreements with Axiata which may be refinanced with proceeds of an issue of Sukuk under the Programme.

In connection with each Series of Sukuk issued under the Programme, the Dealers or certain of their affiliates may purchase Sukuk and be allocated Sukuk for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Sukuk for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Sukuk and/or other securities of the Trustee, Axiata or their respective subsidiaries or affiliates at the same time as the offer and sale of each Series of Sukuk or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Series of Sukuk to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Series of Sukuk). Sukuk issued under the Programme may be purchased by or be allocated to any Arranger or an affiliate for asset management and/or proprietary purposes whether or not with a view to later distribution. Such

persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

## **SELLING RESTRICTIONS**

### **United States of America**

The Sukuk have not been and will not be registered under the Securities Act nor any state securities law and may not be offered sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state of the United States.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, that except as permitted by the Dealer Agreement, it will not offer, sell or deliver Sukuk, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Sukuk comprising the relevant Series, as certified to the Principal Paying Agent or the Trustee by such Dealer (or, in the case of a sale of a Series of Sukuk to or through more than one Dealer, by each of such Dealers as to the Sukuk of such Series purchased by or through it, in which case the Principal Paying Agent or the Trustee shall notify each such Dealer when all such Dealers have so certified) (the “**distribution compliance period**”) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Sukuk during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Sukuk within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of the Sukuk, an offer or sale of Sukuk within the United States by any dealer that is not participating in the offering of the Sukuk may violate the registration requirements of the Securities Act. Each purchaser of any Sukuk and each subsequent purchaser of such Sukuk in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Circular and the Sukuk will be deemed to have represented, warranted, agreed and acknowledged that:

- (a) it is, or at the time the Sukuk are purchased will be, the beneficial holder of such Sukuk and it has acquired the Sukuk in an offshore transaction (within the meaning of Regulation S); and
- (b) it understands that the Sukuk have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Sukuk except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States.

### **Prohibition of Sales to EEA and UK Retail Investors**

- (a) Unless the Pricing Supplement in respect of any Sukuk specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Sukuk which are the subject of the offering contemplated by this Offering

Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Sukuk to be offered so as to enable an investor to decide to purchase or subscribe for the Sukuk.

If the Pricing Supplement in respect of any Sukuk specifies the “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area and the United Kingdom (each a “**Relevant State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Sukuk which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Sukuk to the public in that Relevant State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) *Fewer than 150 offerees*: at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

**provided that** no such offer of Sukuk referred to in (a) to (c) above shall require the Trustee or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Sukuk to the public**” in relation to any Sukuk in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Sukuk to be offered so as to enable an investor to decide to purchase or subscribe the Sukuk and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) *No deposit-taking*: in relation to any Sukuk having a maturity of less than one year:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
- (ii) it has not offered or sold and will not offer or sell any Sukuk other than to persons:
  - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or
  - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses,

where the issue of the Sukuk would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Trustee;

- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Sukuk in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or Axiata; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Sukuk in, from or otherwise involving the United Kingdom.

#### **Selling Restrictions Addressing Additional Netherlands Securities Laws**

Each Dealer, and each further Dealer appointed under the Programme who does not have the appropriate regulatory capacity as a matter of Dutch law to offer Sukuk in The Netherlands will represent and agree with the Trustee that it has neither offered nor sold and will neither offer nor sell any Sukuk in The Netherlands other than through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.

#### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme is required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Sukuk other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Sukuk, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Sukuk which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.



## Malaysia

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the SC under the CMSA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Sukuk have not been and will not be offered for subscription or sale, sold, transferred or otherwise disposed of, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to the persons, or other than in relation to an offer or invitation, falling within Schedule 6 (or Section 229(1)(b)) and Schedule 7 (or Section 230(1)(b)) of the CMSA read together with Schedule 9 (or Section 257(3)) at issuance, and after issuance, Schedule 6 (or Section 229(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any law, order, regulation or official directive of BNM, SC and/or any other regulatory authority from time to time. The issuance of, offer for subscription or purchase of or invitation to subscribe for the Sukuk would also fall within paragraph 12, Schedule 8 (or Section 257(1)) of the CMSA, on the basis that the Programme has received an international rating of A3 from Moody's Investors Services Singapore Pte. Ltd and a global rating of gA2(s) by RAM Rating Services Berhad. Prospective investors should note that residents of Malaysia may be required to obtain regulatory approvals including approval from the BNM to purchase the Sukuk. The onus is on the residents of Malaysia concerned to obtain such regulatory approvals and none of the Dealers or the Trustee or Axiata is responsible for any invitation, offer, sale or purchase of the Sukuk as aforesaid without the necessary approvals being in place.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Sukuk or caused the Sukuk to be made the subject of an invitation for subscription or purchase and will not offer or sell any Sukuk or cause the Sukuk to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Sukuk, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Sukuk are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Sukuk pursuant to an offer made under Section 275 of the SFA, except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

#### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Sukuk to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

#### **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Sukuk to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the "DFSA") rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

#### **Kingdom of Saudi Arabia**

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Sukuk. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "Saudi Investor") who acquires any Sukuk pursuant to an offering should note that the offer of Sukuk is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority (the "CMA") resolution number 3-123-2017 dated 27 December 2017, as amended by CMA resolution number 1-104-2019 dated 30 September 2019 (the "KSA Regulations"), made through an authorised person licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 11 of the KSA Regulations.

The Sukuk may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "Sophisticated Investors" under Article 9 of the KSA Regulations or by way of a

limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Sukuk made by it to a Saudi Investor will be made in compliance with Article 9 or Article 10 of the KSA Regulations.

Each offer of Sukuk shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Sukuk pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell Sukuk to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Sukuk are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Sukuk in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

### ***Kingdom of Bahrain***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Sukuk except on a private placement basis to persons in the Kingdom of Bahrain who are “accredited investors”.

For this purpose, an “**accredited investor**” means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person’s principal place of residence;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

### **State of Qatar (including the Qatar Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver at any time, directly or indirectly, any Sukuk in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Offering Circular (i) has not been, and will not be, registered with or approved by the Qatar Central Bank, the Qatar Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

## **Japan**

The Sukuk have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the “**FIEA**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Sukuk in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

## **General**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has complied and will comply to the best of its knowledge and belief with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Sukuk or distributes this Offering Circular or any Pricing Supplement or any related offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale and delivery by it of the Sukuk under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, Axiata or any other Dealer shall have any responsibility therefor.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

## **GENERAL INFORMATION**

### **AUTHORISATION**

The establishment of the Programme, the update of the Programme and the issuance of Sukuk thereunder has been duly authorised by a resolution of the Board of Directors of the Trustee dated 27 June 2012 and 5 August 2020. The Trustee has obtained all necessary consents, approvals and authorisations in Malaysia in connection with the issue and performance of its obligations under the Sukuk. The entry into the Transaction Documents to which it is a party was authorised by a resolution of the board of directors of Axiata dated 23 May 2012 and 22 July 2020.

### **LISTING OF SUKUK**

Approval-in-principle has been granted in relation to the Programme. Application will be made for permission for the listing and quotation of Sukuk that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Sukuk have been admitted to the Official List of the SGX-ST.

The approval-in-principle for the listing and quotation of any Sukuk to be issued pursuant to the Programme, and the admission of any Sukuk to, the Official List of the SGX-ST are not to be taken as an indication of the merits of the Trustee, Axiata, the Programme or the Sukuk. For so long as any Sukuk are listed on the SGX-ST and the rules of the SGX-ST so require, the Trustee shall appoint and maintain a paying agent in Singapore, where such Sukuk may be presented or surrendered for payment or redemption, in the event that any Global Certificate representing such Sukuk is exchanged for Definitive Certificates. In addition, in the event that any of the Global Certificates is exchanged for Definitive Certificates, for so long as such Sukuk are listed on the SGX-ST, an announcement of such exchange will be made by or on behalf of the Trustee through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Certificates, including details of the paying agent in Singapore.

Bursa Securities has granted its approval-in-principle for the listing of the Programme under the Bursa Securities (Exempt Regime) on 16 July 2012. The Sukuk to be issued under the Programme will be listed on Bursa Securities but will not be quoted for trading.

Bursa Securities takes no responsibility for the contents of this Offering Circular, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Admission to the Official List of Bursa Securities (Exempt Regime) shall not be taken to indicate that Bursa Securities recommends the subscription or purchase of the Sukuk or as an indication of the merits of any of the Trustee and/or Axiata, the Programme or the Sukuk. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, the investors should consult his or her adviser.

### **SIGNIFICANT/MATERIAL CHANGE**

Except as disclosed in this Offering Circular, there has been no material adverse change in the prospects of Axiata, and there has not been any significant change in the financial or trading position of Axiata, in each case, since 31 March 2020.

Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Trustee and no material adverse change in the financial position or prospects of the Trustee, in each case, since 31 March 2020.

## AUDITORS

The consolidated financial statements of Axiata have been prepared in accordance with the provisions of the MFRS, IFRS and the requirements of the Companies Act, 2016 in Malaysia for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 have been audited without qualification by PricewaterhouseCoopers PLT at the address of Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, 50706 Kuala Lumpur, Malaysia as stated in their reports incorporated by reference herein. PricewaterhouseCoopers PLT are public accountants registered to practise as auditors with the Malaysian Institute of Accountants.

The financial statements of the Trustee have been audited without qualification for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 by PricewaterhouseCoopers PLT at the address of Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, 50706 Kuala Lumpur, Malaysia.

## DOCUMENTS ON DISPLAY

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Trustee and from the specified office of the Paying Agents for the time being in Hong Kong:

- (a) the Memorandum and Articles of Association of the Trustee and Axiata;
- (b) the audited consolidated financial statements of the Group for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 in each case, together with the audit reports issued in connection therewith, and the unaudited consolidated interim financial statements of the Group for the three months ended 31 March 2020;
- (c) the audited financial statements of the Trustee for the financial years ended 31 December 2017, 31 December 2018, 31 December 2019 in each case, together with the audit reports issued in connection therewith;
- (d) the most recently published consolidated audited annual financial statements of Axiata, together with the audit reports and notes prepared in connection therewith and the most recently published consolidated interim financial statements of Axiata;
- (e) the most recently published audited annual financial statements of the Trustee, together with the audit reports and notes prepared in connection therewith and the most recently published interim financial statements of the Trustee;
- (f) the Master Wakala Agreement, the Transaction Agency Agreement, the Master Murabaha Agreement, the Master Share Purchase Agreement, the Master Airtime Purchase Agreement and each Supplemental Airtime Purchase Agreement, the Master Headlease Agreement and each Supplemental Headlease Agreement, the Master Sub-Lease Agreement and each Supplemental Sub-Lease Agreement, the Purchase Undertaking (which contains the form of related Sale Agreement), the Redemption Undertaking, the Sale Undertaking (which contains the form of related Sale Agreement), the Change of Control Undertaking, the Substitution Undertaking, the Agency Agreement, the Master Declaration of Trust and each Supplemental Declaration of Trust and the forms of the Global Certificate and Definitive Certificates;
- (g) any Supplemental Declaration of Trust in relation to Sukuk which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;

- (h) a copy of this Offering Circular; and
- (i) any future supplements to this Offering Circular including Pricing Supplement and any other documents incorporated herein or therein by reference.

#### **CLEARING SYSTEMS**

The Sukuk have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Sukuk of each Series will be specified in the applicable Pricing Supplement. The applicable Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Sukuk for clearance together with any further appropriate information.

#### **DEALERS TRANSACTING WITH AXIATA**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to Axiata and its subsidiaries in the ordinary course of business.

## ANNEX A — KEY LICENCES

The table below sets forth details of material licences held by the Group as of the date of this Offering Circular:

### MALAYSIA

No.	Licensee	Description of Licences	Date of Grant/Latest Date of Renewal	Expiry Date
1.	Celcom Axiata Berhad	<p>Network Facilities Provider</p> <p>Earth stations, fixed links and cables, radio communications, transmitters and links, satellite hubs, tower, poles ducts and pits used in conjunction with other network facilities, submarine cable landing centre</p> <p>NFP/I/2000/108 NFP/I/2000/211</p>	30 August 2015	29 August 2025
2.	Celcom Mobile Sdn Bhd	<p>Network Facilities Provider (Individual)</p> <p>a) radiocommunications, transmitters and links; and</p> <p>b) tower, poles, ducts and pits used in conjunction with other network facilities</p> <p>NFP/I/2000/110 NFP/I/2000/212</p>	30 August 2015	29 August 2025
3.	Celcom Networks Sdn Bhd	<p>Network Facilities Provider (Individual)</p> <p>a) earth station;</p> <p>b) fixed links and cables;</p> <p>c) radiocommunications, transmitters and links; and</p> <p>d) tower, poles, ducts and pits used in conjunction with other network facilities</p> <p>NFP/I/2000/109 NFP/I/2000/213</p>	30 August 2015	29 August 2025
4.	Celcom Timur (Sabah) Sdn Bhd	<p>Network Facilities Provider (Individual)</p> <p>a) fixed links and cables;</p> <p>b) submarine cable landing centre; and</p> <p>c) towers, poles, ducts and pits used in conjunction with other network facilities</p> <p>NFP/I/2000/46 NFP/I/2000/239</p> <p>Note: Licence area is limited to Sabah and Labuan.</p>	28 December 2015	27 December 2025



No.	Licensee	Description of Licences	Date of Grant/Latest Date of Renewal	Expiry Date
5.	Celcom Axiata Berhad	Network Services Provider Bandwidth services, broadcasting distribution services, cellular mobile services, access application services and space service  NSP/I/2000/121 NSP/I/2000/215	30 August 2015	29 August 2025
6.	Celcom Mobile Sdn Bhd	Network Services Provider (Individual)  Bandwidth services, broadcasting distribution services, cellular mobile services, access application services and space service  NSP/I/2000/123 NSP/I/2000/216	30 August 2015	29 August 2025
7.	Celcom Networks Sdn Bhd	Network Services Provider (Individual)  Bandwidth services, broadcasting distribution services, cellular mobile services, access application services and space service  NSP/I/2000/122 NSP/I/2000/217	30 August 2015	29 August 2025
8.	Celcom Timur (Sabah) Sdn Bhd	Network Service Provider (Individual)  Bandwidth services, broadcasting distribution services, cellular mobile services, access application services and space service  NSP/I/2000/52 NSP/I/2000/234  Note: The licensed area shall be limited to the state of Sabah and Wilayah Persekutuan Labuan	28 December 2015	27 December 2025
9.	Celcom Axiata Berhad	Applications Services Provider (Class)  PSTN, Public Cellular Services, IP Telephony, Public Switched Data Service, Internet Access Services and Messaging Services  Note: Renewable annually	2 April 2020	1 April 2021
10.	Celcom Mobile Sdn Bhd	Applications Services Provider (Class)  a) public cellular services; b) IP telephony; c) public switched data service; d) internet access services; and e) messaging services  (Registration No.: 101/2020)  Note: Renewable annually	5 April 2020	4 April 2021

No.	Licensee	Description of Licences	Date of Grant/Latest Date of Renewal	Expiry Date
11.	Celcom Timur (Sabah) Sdn Bhd	Applications Service Provider (Class) IP Telephony and Internet Access Services  (Registration No.: 396/2019)  Note: Renewable annually	23 December 2019	22 December 2020
12.	Celcom Axiata Berhad	Spectrum assignment for frequency band 890MHz to 900MHz paired with 935MHz to 945MHz  Spectrum Assignment No.: SA/05/2016	1 July 2017	30 June 2032
13.	Celcom Mobile Sdn Bhd	Spectrum assignment for frequency band 1745MHz to 1765MHz paired with 1840MHz to 1860MHz  Spectrum Assignment No.: SA/06/2016	1 July 2017	30 June 2032
14.	Celcom Axiata Berhad	Spectrum assignment for frequency band 1950MHz to 1965MHz paired with 2140 MHz to 2155MHz and 2020MHz to 2025MHz  Spectrum Assignment No.: SA/01/2018	2 April 2018	1 April 2034
15.	Celcom Axiata Berhad	Apparatus assignment for use of the frequency bands 2X10 MHz within the 2600 MHz Band and use of the 2530 MHz to 2540MHz paired with 2650 MHz to MH2660 in the 2600 MHz band	1 January 2013	31 December 2021

**INDONESIA**

No.	Licensee	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date
1.	PT XL Axiata Tbk	<p>Licence to operate Cellular Mobile Network (including 2G, IMT-2000/3G, 4G)</p> <p>Ministry of Communication and Information's Decree No. 618 YEAR 2014 dated 20 June 2014 as amended by Ministry of Communication and Information's Decree No. 1021 YEAR 2014 dated 10 December 2014 and latest amended number 1734 Year 2017 dated 20 November 2017</p>	10 December 2014	<p>Valid for an unlimited period as long as XL complies with prevailing laws, regulation as well as commitments under the licence</p> <p>Reviewed every 5 years</p> <p>Note: While the review of the licence has been completed, the renewed licence which is effective from 10 December 2019 has not been issued by Ministry of Communication and Information of Indonesia as at the date of this Offering Circular. In the interim, the current licence remains valid.</p>
2.	PT XL Axiata Tbk	<p>Licence to operate Content Providing Service</p> <p>Directorate General of Post and Information Operation's Decision No. 234 Year 2014 dated 7 August 2014 and latest amended number 1940 Year 2017 dated 31 October 2017</p>	7 August 2014	<p>Valid for unlimited period as long as XL complies with prevailing laws, regulation as well as commitments under the licence</p> <p>Note: While the review of the licence has been completed, the renewed licence which is effective from 7 August 2019 has not been issued by Ministry of Communication and Information of Indonesia as at the date of this Offering Circular. In the interim, the current licence remains valid.</p> <p>Reviewed every 5 years</p>
3.	PT XL Axiata Tbk	<p>Licence to operate Internet Telephony Services (VoIP)</p> <p>Directorate General of Post and Information Operation's Decision No. 172 Year 2016 dated 21 October 2016 amended by Ministry of Communication and Information's Decree No 1939 Year 2017 dated 31 October 2017</p>	21 October 2016	<p>Valid for unlimited period as long as XL complies with prevailing laws, regulation as well as commitments under the licence</p> <p>Reviewed every 5 years</p>

No.	Licensee	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date
4.	PT XL Axiata Tbk	<p>Licence to operate Closed Fixed Network</p> <p>Directorate General of Post and Information Operation's Decision No 920 Year 2015 amended by Ministry of Communication and Information's Decree No 1957 Year 2017 dated 6 November 2017</p>	14 December 2015	<p>Valid for an unlimited period as long as XL complies with prevailing laws, regulation as well as commitments under the licence</p> <p>Reviewed every 5 years</p>
5.	PT XL Axiata Tbk	<p>Licence to Operate Internet Interconnection Services (Network Access Point)</p> <p>MOCIT Decree No. 1039 of 2017</p>	16 May 2017	<p>Valid for an unlimited period as long as XL complies with prevailing laws, regulation as well as commitments under the licence</p> <p>Reviewed every 5 years</p>
6.	PT XL Axiata Tbk	<p>Licence to operate Internet Access Services</p> <p>Directorate General of Post and Information Operation's Decision No. 395 YEAR 2013 dated 21 November 2013 amended by Ministry of Communication and Information's Decree No 1937 Year 2017 dated 31 October 2017</p>	21 November 2013	<p>Valid for an unlimited period as long as XL complies with prevailing laws, regulation as well as commitments under the licence</p> <p>Reviewed every 5 years While the review of the licence has been completed, the renewed licence which is effective from 21 November 2018 has not been issued by Ministry of Communication and Information of Indonesia at the date of this Offering Circular. In the interim, the current licence remains valid.</p>
7.	PT XL Axiata Tbk	Licence to Operate Money Remitter 14/96/DASP/40 issued by Bank of Indonesia	24 January 2012	Not applicable

No.	Licensee	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date
8.	PT XL Axiata Tbk	E-Money Issuer Licence  Bank of Indonesia's Letter No.12/816/DASP followed by Peraturan Bank Indonesia No.16/8/2014 dated 8 April 2014 issued by Bank of Indonesia  Under the new Peraturan Bank Indonesia Regulation on eMoney of 2018, the Licence is automatically extended until 4 May 2023	8 April 2014	4 May 2023

## SRI LANKA

No.	Licensee	Issuing Entity/Authority	Description of Licences	Date of Grant/Latest Date of Renewal	Expiry Date
1.	Dialog Axiata PLC	Issued under Section 17 of the Sri Lanka Telecommunications Act No 25 of 1991, as amended (System Licence)	Licence to provide Digital Mobile Service  Note: Issued for a period of 10 years	28 September 2013	27 September 2023
2.	Dialog Axiata PLC	Issued under Section 17 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (System Licence)	Licence granted to provide International Telecommunications Service between one or more points in Sri Lanka and one or more points outside Sri Lanka (EGO)  Note: Issued for a period of 10 years	28 February 2013	27 February 2023
3.	Dialog Axiata PLC	Issued under Section 21 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (Vendor Licence)	Licence to import, sale, offer for sale, deal in, demonstrate, transfer, install, maintain and repair of wired and wireless communication apparatus and accessories excluding satellite receivers at under mentioned premises — No. 475, Union Place, Colombo 02 and other specified outlets listed therein.  Note: Renewable every year	1 July 2020	30 June 2021
4.	Dialog Axiata PLC	Central Bank of Sri Lanka	The Monetary Board of the Central Bank of Sri Lanka issued a licence pursuant to the Payment Cards and Mobile Payment System Regulations No. 1 of 2013 permitting Dialog Axiata PLC to function as an "Operator of a 'Mobile Phone based E-Money System' and to issue only single purpose stored value transport cards as an 'Issuer of Payment Cards'.	17 December 2013	Valid until terminated

No.	Licensee	Issuing Entity/Authority	Description of Licences	Date of Grant/Latest Date of Renewal	Expiry Date
5.	Dialog Broadband Networks (Private) Limited	Issued under Section 17 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (System Licence)	Licence to operate a telecommunications system for the purpose of providing domestic and international fixed telecommunication services in Sri Lanka, using Wireless Local Loop Technology operating in 450 MHz frequency band and any other band allocated to licensee.  Note: Issued for a period of 10 years	10 November 2015	9 November 2025
6.	Dialog Broadband Networks (Private) Limited	Issued under Section 17 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (System Licence)	Licence system consists of an integrated Transmission Network of Digital Microwave Radio Links and Optical Fibre Cables.  Note: Issued for a period of 10 years	8 May 2015	7 May 2025
7.	Dialog Broadband Networks (Private) Limited	Issued under Section 17 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (System Licence)	Licence to operate a telecommunication system which provides internet services  Note: Issued for a period of 5 years.	5 December 2013	4 December 2018  Note: An application has been made to the Telecommunications Regulatory Commission of Sri Lanka for the licence to be renewed on 11 October 2018. As at the date of this Offering Circular, the application is pending approval of the Telecommunications Regulatory Commission of Sri Lanka. In the interim, the current licence remains valid.
8.	Dialog Broadband Networks (Private) Limited	Issued under Section 21 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (Vendor Licence)	Licence to import, sale, offer for sale, deal in, demonstrate, transfer, install, maintain and repair of wired and wireless communication apparatus and accessories excluding cellular phones, satellite receivers, GPS vehicle tracking devices at under mentioned premises — No. 475, Union Place, Colombo 02 and other specified outlets listed therein.  Note: Renewable every year	21 November 2019	20 November 2020
9.	Dialog Television (Private) Limited	Issued under Section 17 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (System Licence)	Licence to operate a telecommunication system to provide Direct to Home Satellite Broadcasting Service (DTH System Licence)	1 February 2017	31 January 2022

<b>No.</b>	<b>Licensee</b>	<b>Issuing Entity/Authority</b>	<b>Description of Licences</b>	<b>Date of Grant/Latest Date of Renewal</b>	<b>Expiry Date</b>
10.	Dialog Television (Private) Limited	Issued under Section 21 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (Vendor Licence)	Licence to import, sale, offer for sale, deal in, demonstrate, transfer, install, maintain and repair of wired and wireless communication apparatus and accessories excluding cellular phones, GPS vehicle tracking devices at under mentioned premises — No. 475, Union Place, Colombo 2 and other specified outlets listed therein.  Note: Renewable every year.	1 March 2020	29 February 2021
11.	Dialog Television (Private) Limited	Issued under Sri Lanka Rupavahini Corporation (SLRC) Act No. 6 of 1982.	Licence to establish, operate and maintain a Terrestrial Television Broadcasting Network	6 January 2012	Valid until terminated
12.	Dialog Television (Private) Limited	Issued under Sri Lanka Rupavahini Corporation (SLRC) Act No. 6 of 1982.	Licence to establish, operate and maintain an Internet Protocol Television Service	6 January 2017	5 January 2022
13.	Dialog Television (Private) Limited	Issued under Sri Lanka Rupavahini Corporation (SLRC) Act No. 6 of 1982.	Licence to establish, operate and maintain a Satellite Television Network	6 January 2012	Valid until terminated
14.	Dialog Television (Private) Limited	Issued under Sri Lanka Rupavahini Corporation (SLRC) Act No. 6 of 1982.	Licence to establish, operate and maintain a subscription based pay Cable Television Network	6 January 2012	Valid until terminated
15.	Dialog Device Trading (Private) Limited	Issued under Section 21 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (Vendor Licence)	Licence to import, sale, offer for sale, deal in, demonstrate, transfer, install, maintain and repair of wired and wireless communication apparatus and accessories excluding GPS vehicle tracking devices at under mentioned premises — No. 475, Union Place, Colombo 02 and other specified outlets listed therein.  Note: Renewable every year.	2 October 2019	1 October 2020

No.	Licensee	Issuing Entity/Authority	Description of Licences	Date of Grant/Latest Date of Renewal	Expiry Date
16.	Communique Broadband Network (Private) Limited	Issued under Section 21 of the Sri Lanka Telecommunications Act No. 25 of 1991, as amended (Vendor Licence)	Licence to import, sale, offer for sale, deal in, demonstrate, transfer, install, maintain and repair of wired and wireless communication apparatus and accessories excluding cellular phones, satellite receivers, GPS vehicle tracking devices at under mentioned premises — No. 475, Union Place, Colombo 02.  Note: Renewable every year	12 October 2019	11 October 2020
17.	Dialog Finance PLC	Issued under the Finance Companies Act, No. 78 of 1988 and will continue under the new Finance Business Act, No. 42 of 2011.	Licence to carry on Finance Business	6 March 1987	Valid until terminated
18.	Dialog Finance PLC	Issued under the Finance Leasing Act, No. 56 of 2000.	Licence for Registered Finance Leasing Establishments	1 August 2002	Valid until terminated
19.	Dialog Finance PLC	Securities and Exchange Commission	Certificate issued by the Securities and Exchange Commission to function as a margin provider.	15 August 2019	14 August 2020  Note: The certificate is in the process of being renewed as at the date of this Offering Circular.

## BANGLADESH

No.	Licensee	Description of Licences/Approval/Order	Date of Grant/ Latest Date of Renewal	Expiry Date
1.	Robi Axiata Ltd	Cellular Mobile Phone Operator Licence  BTRC/LL/Mobile/Licence Renewal/Robi (3)/2011-03	7 August 2012 (Effective date: 11 November 2011)	10 November 2026
2.	Robi Axiata Ltd	Radio Communications Equipment Licence  SM/3-2/1997 (Pt -28)/1656	7 August 2012 (Effective date: 11 November 2011)	10 November 2026
3.	Robi Axiata Ltd	3G Cellular Mobile Phone Services Operator Licence  BTRC/LL/3G (2) Robi/2013-2	12 September 2013	11 September 2028
4.	Robi Axiata Ltd	3G Radio Communications Apparatus Licence  BTRC/SM/3-2/1997 (pt-32)/ 2155	12 September 2013	11 September 2028
5.	Robi Axiata Ltd	4G/LTE Cellular Mobile Phone Services Operator Licence  Licence no: 14.32.0000.007.51.085.15.4	19 February 2018	18 February 2033



No.	Licensee	Description of Licences/Approval/Order	Date of Grant/ Latest Date of Renewal	Expiry Date
6.	Robi Axiata Ltd	Radio Communications Apparatus Licence for existing spectrum converted into technology neutral spectrum (for existing spectrum converted into technology neutral spectrum)  Licence no: 14.32.0000.005.32.004.97.053358612	18 February 2018	Up to licensing period of 2G & 3G radio communication apparatus licence in relation to:  <ul style="list-style-type: none"> <li>• Robi <ul style="list-style-type: none"> <li>• 900 &amp; 1800 MHz: 10 November 2026</li> <li>• 2100 MHz: 11 September 2028</li> </ul> </li> <li>• Airtel: <ul style="list-style-type: none"> <li>• 900 &amp; 1800 MHz: 19 December 2020</li> <li>• 2100 MHz: 11 September 2028</li> </ul> </li> </ul>
7.	Robi Axiata Ltd	Radio Communications Apparatus Licence for technology neutral spectrum  Licence no: 14.32.0000.500.32.004.97.053392616	19 February 2018	Not applicable
8.	No Objection Certificate (“NOC”) issued in favour of Trust Bank (Axiata Digital Service JV)	NOC reference: PSD-30/2019/1683 dated 28 August 2019	28 August 2019	27 August 2020  Note: The NOC will be converted to an operating permit once Bank (Axiata Digital Service JV) is operationally ready .

## CAMBODIA

No.	Licensee	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date
1.	Smart Axiata Co., Ltd.	Licence for the Provision and Operation of Cellular Mobile and Telecommunications Network and Services using 2G, 3G and 4G (LTE) within the Kingdom of Cambodia No. 12 TRC/RDU	26 September 2013	25 September 2043
2.	Smart Axiata Co., Ltd.	Licence for the Provision of Internet Services in Kingdom of Cambodia No. 13 TRC/RDU	26 September 2013	25 September 2043
3.	Smart Axiata Co., Ltd.	Licence for the Provision and Operation of Voice of Internet Protocol Services (VoIP) within the Kingdom of Cambodia No. 14 TRC/RDU	26 September 2013	25 September 2043
4.	Smart Axiata Co., Ltd.	Licence to Carry Out Operations as Insurance Agent issued by Ministry of Economy and Finance of Cambodia	3 July 2017	2 July 2020  Note: Application has been made to the Ministry of Economy and Finance of Cambodia to renew the licence for a period of three years. As at the date of the Offering Circular, the application is pending the approval of the Ministry of Economy and Finance of Cambodia.

## NEPAL

No.	Licensee/Country	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date
1.	Ncell Pvt. Ltd.	Cellular Mobile Telephone Service based upon GSM-900 Technology NTA/Mo.I.02/01.09.2004	1 September 2004	1 September 2024
2.	Ncell Pvt. Ltd.	Internet / Email NTA/ FI. JA. 1-37/ 18.01.2006	18 January 2006	17 January 2021
3.	Ncell Pvt. Ltd.	International Trunk Telephone(ITT) NTA/ITT-01/04.01.2008	20 January 2008	3 January 2023
4.	Ncell Pvt. Ltd.	Network Service Provider(NSP) NTA/V.J. 6-21/23.12.2016	23 Dec 2016	22 December 2021

## EDOTCO GROUP

No.	Licensee/Country	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date
<b>edotco Bangladesh</b>				
1.	edotco Bangladesh Co. Ltd.	Tower Sharing Licence to (i) develop, build, acquire, own, rent , lease, operate and maintain towers; and (ii) lease out/rent out licensees towers and/or infrastructure including its associate services to the Licenced Telecommunication Operators and other authorised users.	1 November 2018	15 years from 1 November 2018
<b>edotco Cambodia</b>				
2.	Edotco (Cambodia) Co., Ltd.	Construction and provision of telecommunication tower and related infrastructure services within Kingdom of Cambodia  No. 35 TRC/RDU	6 February 2015	28 June 2042
<b>edotco Malaysia</b>				
3.	edoctco Malaysia Sdn Bhd	Network Facilities Provider (Individual)  a) earth stations b) fixed links and cables c) radiocommunications transmitters and links; d) satellite hubs; and e) towers, poles, ducts and pits used in conjunction with other network facilities  NFP/I/2000/334	7 December 2017	6 December 2027

No.	Licensee/Country	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date
4.	edotco Malaysia Sdn Bhd	Network Services Provider (Individual) NSP/I/2000/189	6 March 2014	5 March 2024
<b>edotco Myanmar</b>				
5.	edotco Myanmar Ltd	Network Facilities Service (Class) Licence	3 Feb 2015	2 Feb 2030
<b>edotco Pakistan</b>				
6.	edotco Pakistan (Pvt) Ltd	Two Telecommunications Infrastructure (Tower) Provider for Pakistan licenses under :  a) EDOTCO Pakistan (Private) Limited PTA/ TTP-009-2015  b) Tanzanite Tower (Pvt.) (Ltd.)  PTA/TTP-015-2017	8 July 2015 14 June 2017	7 July 2030 15 years from 8 July 2017 15 years from 14 June 2017
<b>edotco Laos</b>				
7.	Mekong Tower Company Limited	Letter of Authorization on Telecommunication Business	24 June 2019	30 December 2029

#### AXIATA DIGITAL SERVICES

No.	Licensee/Country	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date
<b>Malaysia</b>				
1.	Axiata Digital eCode Sdn. Bhd.	Approval from Bank Negara Malaysia under section 11 of the Financial Services Act 2013 issue e-money Approval letter dated 9 June 2017 (Ref no. JDSP/POL/4200/2/3/DZHH/NAA/SS)	13 June 2017	None
2.	Apigate Sdn. Bhd.	Registered Business under section 17 of the Financial Services Act 2013 to provide merchant acquiring services	5 November 2019	None
		Data User Registration under section 15 of the Personal Data Protection Act 2010	27 May 2019	28 May 2021
3.	Axiata Digital Capital Sdn. Bhd.	Moneylender's licence under section 5B of the Moneylenders Act 1951 Licence WL7206/14/01-1/040921	5 September 2019	4 September 2021
		Data User Registration under section 15 of the Personal Data Protection Act 2010	20 November 2019	21 November 2021

No.	Licensee/Country	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date	
<b>Indonesia</b>					
4.	PT Axiata Digital Services Indonesia	Licences from the Indonesian Investment Coordinating Board/ OSS	1) Data Processing (KBLI 63111)	27 May 2019	None
			2) Management Consultancy (KBLI 70209)	27 May 2019	None
			3) Web Portal for commercial purposes (KBLI 63122)	27 May 2019	None
5.	PT Axiata Digital Analytics Indonesia	Licence from the Indonesian Investment Coordinating Board/ OSS Data Processing (KBLI 63111)	21 March 2019	None	
6.	PT ADA Asia Indonesia	Licence from the Indonesian Investment Coordinating Board/ OSS Web Portal for commercial purposes (KBLI 63122)	16 October 2018	None	

#### **AXIATA BUSINESS SERVICES / XPAND**

No.	Licensee/Country	Description of Licences	Date of Grant/ Latest Date of Renewal	Expiry Date
<b>SINGAPORE</b>				
1.	Axiata Global Services Pte Ltd	Service Based Operations (Individual) Licence to establish, install, maintain and operate telecommunication system for the provision of telecommunication services (ie. International Simple Resale, Internet Exchange Services, Resale of Leased Circuit Services and Virtual Private Network Services)	20 December 2018	20 December 2023

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**AXIATA SPV2 BERHAD**

*(Registration No. 201201020126 (1004618-V))*

*(deemed incorporated in Malaysia with limited liability under the Companies Act, 2016 of Malaysia)*