

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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**AXIATA GROUP BERHAD**

(Company No. 242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO:**

**PART A**

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**PART B**

**PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN FOR THE ELIGIBLE  
EMPLOYEES AND EXECUTIVE DIRECTORS OF AXIATA GROUP BERHAD ("AXIATA") AND ITS  
SUBSIDIARIES AND PROPOSED AWARD TO BE GRANTED TO THE EXECUTIVE DIRECTOR  
OF AXIATA**

*Adviser for Part B*



CIMB Investment Bank Berhad (18417-M)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Scheme Adviser for the Proposed RSP*



MAKE TOMORROW, TODAY  
Mercer (Singapore) Pte Ltd (197802499E)

The ordinary resolution for the proposal will be tabled at the Twenty-Fourth Annual General Meeting ("24th AGM") of Axiata. This circular is despatched together with the notice of the 24th AGM of Axiata and the proxy form as enclosed in our Annual Report 2015. The date, time and venue of the 24th AGM are as follows:

Date and time of the 24th AGM : Wednesday, 25 May 2016 at 2.00 p.m. or at any adjournment thereof.

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

The proxy form for the 24th AGM should be completed and deposited at the office of Axiata's share registrar, Tricor Investor & Issuing House Services Sdn Bhd (11324-H) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South. No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on or before the following time and date:

Last day and time for deposit of proxy form : Monday, 23 May 2016 at 2.00 p.m.

This circular is dated 26 April 2016

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## DEFINITIONS

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

“Act”	:	Companies Act, 1965, as amended from time to time and includes any re-enactment thereof.
“ADS”	:	Axiata Digital Services Sdn. Bhd., a wholly-owned subsidiary of Axiata.
“ADS Division”	:	ADS and the digital services business division of any company within the Axiata Group, collectively.
“ADS LTIP Award”	:	An award of Pay-Out under the Proposed ADS LTIP made in writing by the Board to an Eligible Employee under the Proposed ADS LTIP.
“Adviser”	:	A corporate finance adviser that may act as a principal adviser under the Securities Commission Malaysia’s Principal Adviser Guidelines.
“AGM”	:	An annual general meeting of the Company.
“Award”	:	The RSP Award and the ADS LTIP Award, collectively, and “Award” shall be construed accordingly.
“Axiata” or “Company”	:	Axiata Group Berhad.
“Axiata ESOS”	:	Performance-based employee share option scheme for Eligible Employees which was established on 16 April 2009 and has a scheme period of 10 years.
“Axiata Group” or “Group”	:	Axiata and its subsidiaries, collectively.
“Axiata Shares” or “Shares”	:	Ordinary shares of nominal value RM1.00 each in the capital of the Company, and “Axiata Share” and “Share” shall be construed accordingly.
“Axiata Share Scheme”	:	Axiata’s performance-based share option and share scheme comprising the Axiata ESOS and the Axiata restricted share plan.
“BDT”	:	Bangladeshi Taka.
“Board”	:	The board of directors of Axiata for the time being.
“Board Audit Committee”	:	The audit committee of the Board, as detailed in Section 2.6 of Part A of this Circular.
“BRC”	:	The Board Remuneration Committee of the Company.
“Bursa Depository”	:	Bursa Malaysia Depository Sdn. Bhd.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad.
“Bye-Laws”	:	Bye-laws governing the Proposed LTIP, as amended, modified and supplemented from time to time.

“CDS Account”	:	The account established by Bursa Depository for the recording of deposit and withdrawal of securities and for dealing in such securities by the depositor.
“Celcom”	:	Celcom Axiata Berhad, a wholly-owned subsidiary of Axiata.
“Celcom Group”	:	Celcom and its subsidiaries, collectively.
“CIMB”	:	CIMB Investment Bank Berhad.
“CMSA”	:	Capital Markets and Services Act, 2007, as amended from time to time and includes any re-enactment thereof.
“Connected Person” or “Person Connected”	:	<p>In relation to a Director or Major Shareholder, means such person who falls under any one of the following categories:</p> <ul style="list-style-type: none"> <li>(a) a family member of the Director or Major Shareholder;</li> <li>(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder, or a family member of the Director or Major Shareholder, is the sole beneficiary;</li> <li>(c) a partner of the Director or Major Shareholder, or a partner of a Connected Person to that Director or Major Shareholder;</li> <li>(d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;</li> <li>(e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;</li> <li>(f) a body corporate which is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; or the directors of such body corporate who are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;</li> <li>(g) a body corporate the directions, instructions or wishes of which the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act; or the directors of such body corporate the directions, instructions or wishes of which the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;</li> </ul>

“Connected Person” or “Person Connected” ( <i>cont’d</i> )	:	<ul style="list-style-type: none"> <li>(h) a body corporate in which the Director or Major Shareholder, and Connected Persons of such Director or Major Shareholder, are entitled to exercise, or control the exercise of, not less than fifteen percent (15%) of the votes attached to voting shares in the body corporate; or</li> <li>(i) a body corporate which is a related corporation of the Director or Major Shareholder.</li> </ul>
“Director”	:	<p>A director of our Company or our subsidiary (as the case may be) within the meaning given in section 2(1) of the CMSA, and for the purposes of the Proposed Shareholders’ Mandate, and in respect of any particular transaction includes any person who is or was, within the six-month period preceding the date on which the terms of that transaction were agreed upon:</p> <ul style="list-style-type: none"> <li>(a) a director of our Company or our subsidiary or holding company; or</li> <li>(b) a chief executive officer of our Company or our subsidiary or holding company,</li> </ul> <p>and “Directors” shall be construed accordingly.</p>
“Effective Date”	:	<p>The date on which the Proposed LTIP takes effect which shall be the last day on which full compliance with the relevant requirements under the Bye-Laws and Main LR have been obtained or met.</p>
“Eligible Employee”	:	<p>Executive Directors and employees of our Group (excluding subsidiaries which are dormant) who meet the criteria of eligibility for participation in the Proposed LTIP as set out in Section 2.2.1, Part B of this Circular.</p>
“EPS”	:	<p>Earnings per Share.</p>
“Executive Director”	:	<p>A natural person who is a director in a full-time executive capacity who is involved in the day-to-day management and on the payroll of any company within our Group (excluding subsidiaries which are dormant).</p>
“Grantee”	:	<p>An Eligible Employee who has accepted an Award (including, where applicable, the executor or personal representative of such Eligible Employee).</p>
“Interested Director”	:	<p>Shall have the meaning as ascribed to it in Section 9, Part B of this Circular.</p>
“Khazanah”	:	<p>Khazanah Nasional Berhad, a Major Shareholder of Axiata.</p>
“LOA”	:	<p>Limits of authority, as described in Section 2.6 of Part A of this Circular.</p>
“LKR”	:	<p>Sri Lankan Rupee.</p>
“LPD”	:	<p>31 March 2016, being the latest practicable date prior to the printing of this Circular.</p>

“LTIP Period”	:	Duration of the Proposed LTIP as set out in Section 2.2.4, Part B of this Circular.
“Main LR”	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time.
“Major Shareholder”	:	<p>A person who has an interest or interests in one or more voting shares in a corporation, and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:</p> <p>(i) ten percent (10%) or more of the aggregate of the nominal amounts of all voting shares in the corporation; or</p> <p>(ii) where such person is the largest shareholder of the corporation, five percent (5%) or more of the aggregate of the nominal amounts of all voting shares in the corporation,</p> <p>and for the purposes of the Proposed Shareholders’ Mandate, and in respect of any particular transaction, includes any person who is or was, within the six-month period preceding the date on which the terms of that transaction were agreed upon, a Major Shareholder of Axiata or its subsidiary or holding company. For the purposes hereof, an interest in a share shall be determined by reference to section 6A of the Act. “Major Shareholders” shall be construed accordingly.</p>
“Maximum Shares”	:	Shall have the meaning as ascribed to it in Section 2.2.3, Part B of this Circular.
“MFRS 2”	:	Malaysian Financial Reporting Standards 2 Share-based Payment.
“Pay-Out”	:	The pay-out under an ADS LTIP Award payable to the relevant Grantee on the terms and conditions of these Bye-Laws and “Pay-Outs” shall be construed accordingly.
“PKR”	:	Pakistani Rupee.
“PN 12”	:	Practice Note 12 of the Main LR.
“Proposed ADS LTIP”	:	The Company’s proposed long term incentive plan for employees of the ADS Division.
“Proposed Award”	:	The Award proposed to be granted to the Executive Director of Axiata, Dato’ Sri Jamaludin Ibrahim, of up to 13,032,600 Axiata Shares.
“Proposed LTIP”	:	The Company’s proposed long term incentive plan comprising the Proposed RSP and the Proposed ADS LTIP.
“Proposed RSP”	:	The Company’s proposed restricted share plan for employees of the Group (excluding subsidiaries which are dormant and the ADS Division).

“Proposed Shareholders’ Mandate”	:	Proposed shareholders’ mandate for RRPTs to be entered into by the Axiata Group as described in Section 2.4 of Part A and Appendix I of this Circular.
“Related Party”	:	A Director, Major Shareholder, or Person Connected with such Director or Major Shareholder, and “Related Parties” shall be construed accordingly.
“Related Party Transaction”	:	A transaction entered into by Axiata or a subsidiary of Axiata which involves the interest, direct or indirect, of a Related Party.
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively.
“RRPT”	:	A Related Party Transaction which is recurrent, of a revenue or trading nature, and which is necessary for the day-to-day operations of a listed issuer and its subsidiaries, and “RRPTs” shall be construed accordingly.
“RSP Award”	:	An award of Shares under the Proposed RSP made in writing by the Board to an Eligible Employee under the Proposed RSP.
“TM”	:	Telekom Malaysia Berhad.
“TM Group”	:	Telekom Malaysia and its subsidiaries, collectively.
“Unvested Shares”	:	Axiata Shares under an Award which have not been vested in the Grantee at the relevant time stipulated in the Award.
“USD”	:	United States Dollar.
“VAT”	:	Value added tax.

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

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

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

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



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**PART A**

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED SHAREHOLDERS'  
MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING  
NATURE**



**AXIATA GROUP BERHAD**  
(242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered office:**

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

26 April 2016

**Board of Directors:**

Tan Sri Dato' Azman Hj Mokhtar (*Chairman, Non-Independent Non-Executive Director*)  
Dato' Sri Jamaludin Ibrahim (*Managing Director/President & Group Chief Executive Officer*)  
Tan Sri Ghazzali Sheikh Abdul Khalid (*Independent Non-Executive Director*)  
Datuk Azzat Kamaludin (*Senior Independent Non-Executive Director*)  
Dato' Abdul Rahman Ahmad (*Independent Non-Executive Director*)  
David Lau Nai Pek (*Independent Non-Executive Director*)  
Juan Villalonga Navarro (*Independent Non-Executive Director*)  
Bella Ann Almeida (*Independent Non-Executive Director*)  
Dr Muhamad Chatib Basri (*Independent Non-Executive Director*)  
Kenneth Shen (*Non-Independent Non-Executive Director*)

**To: Our Shareholders**

Dear Sir/Madam,

**Proposed Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature**

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**1. INTRODUCTION**

At the last AGM held on 20 May 2015, we had obtained a mandate from our shareholders for us to enter into RRPTs with our Related Parties as set out in the circular to shareholders dated 28 April 2015. This shareholders' mandate shall, in accordance with the provisions of the Main LR, lapse at the conclusion of the forthcoming 24th AGM unless we, at that same 24th AGM, again procure a mandate from you for us to enter into RRPTs with our Related Parties. Our Board had, on 17 February 2016, announced that we will be seeking your approval for the Proposed Shareholders' Mandate, at the forthcoming 24th AGM.

The purpose of Part A of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and in relation thereto, to seek your approval for ordinary resolution 8 which is to be tabled as special business at the forthcoming 24th AGM. This Circular is despatched together with the notice of the 24th AGM of Axiata and the proxy form as enclosed in our Annual Report 2015.

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

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Provisions of the Main LR

- (a) Paragraph 10.09(1), Part E, Chapter 10 of the Main LR provides, among others, that a listed issuer must immediately announce a RRPT in relation to a listed issuer with an issued and paid-up capital of RM60.0 million and above:
- (i) the consideration, value of the assets, capital outlay or cost of the RRPT is RM1.0 million or more; or
  - (ii) the percentage ratios of such RRPT is one percent (1%) or more;
- whichever is the higher.
- (b) Under paragraph 10.09(2) of the Main LR, a listed issuer may seek a mandate from its shareholders for RRPTs subject to the following:
- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public.
  - (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Main LR.
  - (iii) the listed issuer's circular to shareholders for the shareholders' mandate includes such information as may be prescribed by the Bursa Securities. The draft circular must be submitted to the Bursa Securities together with a checklist showing compliance with such information.
  - (iv) in a meeting to obtain the shareholders' mandate:
    - (I) a Related Party with any interest, direct or indirect, in a RRPT that is subject to such mandate ("**Interested Related Party**") must not vote on the resolution to approve the shareholders' mandate and the RRPT;
    - (II) an Interested Related Party who is a Director or Major Shareholder must ensure that Persons Connected with it abstain from voting on the resolution to approve the shareholders' mandate and the RRPT; and
    - (III) where the Interested Related Party is a Person Connected with a Director or Major Shareholder and with any interest, direct or indirect, in a RRPT that is subject to such mandate, such person must not vote on the resolution to approve the shareholders' mandate and the RRPT.
  - (v) the listed issuer must immediately announce to the Bursa Securities when the actual value of a RRPT entered into by the listed issuer exceeds the estimated value of the RRPT as disclosed in Part A of this Circular by ten percent (10%) or more and must include such information as may be prescribed by the Bursa Securities in its announcement.

- (c) In accordance with paragraph 3.1.4 of PN 12, any authority conferred by the Proposed Shareholders' Mandate, if approved by you at the 24th AGM, is subject to annual renewal and shall only continue to be in force until:
- (i) the conclusion of our next AGM following the 24th AGM at which the Proposed Shareholders' Mandate is passed, at which time the authority will lapse, unless the authority is renewed by a resolution passed at the next AGM;
  - (ii) the expiration of the period within which our next AGM is required to be held under section 143(1) of the Act (but must not extend to such extension as may be allowed under section 143(2) of the Act); or
  - (iii) revoked or varied by resolution passed by you at a general meeting;
- whichever is the earlier.
- (d) Pursuant to paragraph 3.1.5 of PN 12, disclosure of the aggregate value of RRPTs conducted pursuant to the Proposed Shareholders' Mandate will be made in our next annual report, together with the breakdown of the aggregate value of the RRPTs made during the financial year, based on (among other things) the following information:
- (i) the type of RRPTs made; and
  - (ii) the names of the Related Parties involved in each type of RRPTs made and their relationship with us.

## **2.2 Our Principal Activities**

The principal activities of our Group are the provision of mobile communication services and network transmission related services. The principal activities of our Company are investment holding and provision of technical and management services on an international scale where we have investments in subsidiaries, joint ventures and associates. The principal activities of our subsidiaries are mainly the provision of mobile communication services and network transmission related services.

## **2.3 Related Parties**

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

- (a) our Major Shareholders and Connected Persons of our Major Shareholders; and
- (b) our Directors and Connected Persons of our Directors.

## **2.4 RRPTs**

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

## 2.5 Details of Overdue Trade Receivables

The details of our Company's and our subsidiaries' trade receivables pursuant to RRPTs which exceeded the credit term for the following periods as at the end of the financial year ended 31 December 2015 are as set forth below:

Amount in RM('000)	Aging of the Outstanding Amount			
	< 1 year	1 < 3 years	3 < 5 years	> 5 years
<b>Revenue to Axiata Group</b>				
Interconnect payment from TM Group	15,751	0	0	0
Transmission revenue on the services by Axiata Group to TM	6,019	0	0	0
Leased-line costs to TM Group	38	0	0	0
<b>GRAND TOTAL</b>	<b>21,808</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 2.6 Review Procedures for the RRPTs

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

Our Board Audit Committee currently comprises of Mr. David Lau Nai Pek (Chairman), Datuk Azzat Kamaludin, Mr. Juan Villalonga Navarro and Mr. Kenneth Shen.

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

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

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

then, they shall have the discretion to discharge, vary, modify existing guidelines and procedures, or implement new or additional guidelines and procedures, without management's prior approval, provided that such amended, varied, modified, new or additional guidelines and procedures are no less stringent than the existing guidelines and procedures.

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

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

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

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

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

## **2.7 Statement by our Board Audit Committee**

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

## **2.8 Rationale for and benefits of the Proposed Shareholders' Mandate**

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

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

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

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

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## 2.9 Interests of Directors, Major Shareholders and Their Connected Persons

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

Interested parties	Direct		Indirect	
	Number of Axiata Shares	%	Number of Axiata Shares	%
<b><u>Major Shareholders</u></b>				
Khazanah <sup>(1)</sup>	3,285,606,277	37.24	85,632,340 <sup>(2)</sup>	0.97

**Notes:**

<sup>(1)</sup> *Khazanah is deemed to have interest in the Axiata Shares pursuant to section 6A of the Act.*

<sup>(2)</sup> *Held by CIMSEC Nominees (Tempatan) Sdn. Bhd. to facilitate the sale of Axiata Shares by Axiata's employees who have exercised their Axiata ESOS options pursuant to the Axiata Share Scheme. Includes 183,800 Axiata Shares, being the number of shares outstanding to be returned to Khazanah under the selling flexibility arrangement to facilitate the sale of Axiata Shares by Axiata Group's employees who have exercised their Axiata ESOS options.*

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

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

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

### 3. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any effect on our issued and paid-up capital or the shareholdings of our substantial shareholders. However, the Proposed Shareholders' Mandate may have a material effect on our consolidated net assets and consolidated earnings for the financial year ending 31 December 2016.

### 4. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is subject to your approval at our forthcoming 24th AGM.

## **5. DIRECTORS' RECOMMENDATION**

Our Board (save for Tan Sri Dato' Azman Hj. Mokhtar and Mr. Kenneth Shen, who have abstained from deliberation and voting in respect of the Proposed Shareholders' Mandate), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of our Company and recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate at our forthcoming AGM.

## **6. AGM**

The resolution in respect of the Proposed Shareholders' Mandate will be tabled at the forthcoming AGM. This Circular is despatched together with the notice of the 24th AGM of Axiata and the proxy form as enclosed in our Annual Report 2015.

The 24th AGM will be held on Wednesday, 25 May 2016 at 2.00 p.m., or at any adjournment, at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia.

If you are unable to attend and vote in person at the 24th AGM, please complete, execute and return the proxy form, in accordance with the instructions therein, to our share registrar Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia as soon as possible and in any event not less than forty-eight (48) hours before the time of the 24th AGM. You may attend and vote in person at our forthcoming AGM if you wish to do so even after you have completed and returned the proxy form so long as you revoke the appointment of your proxy prior to the 24th AGM.

## **7. FURTHER INFORMATION**

Please refer to the attached appendices for further information.

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

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

**PART B**

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED LTIP AND PROPOSED  
AWARD**



**AXIATA GROUP BERHAD**

*(Company No. 242188-H)*

*(Incorporated in Malaysia under the Companies Act 1965)*

**Registered office:**

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

26 April 2016

**Board of Directors:**

Tan Sri Dato' Azman Hj Mokhtar *(Chairman, Non-Independent Non-Executive Director)*  
Dato' Sri Jamaludin Ibrahim *(Managing Director/President & Group Chief Executive Officer)*  
Tan Sri Ghazzali Sheikh Abdul Khalid *(Independent Non-Executive Director)*  
Datuk Azzat Kamaludin *(Senior Independent Non-Executive Director)*  
Dato' Abdul Rahman Ahmad *(Independent Non-Executive Director)*  
David Lau Nai Pek *(Independent Non-Executive Director)*  
Juan Villalonga Navarro *(Independent Non-Executive Director)*  
Bella Ann Almeida *(Independent Non-Executive Director)*  
Dr Muhamad Chatib Basri *(Independent Non-Executive Director)*  
Kenneth Shen *(Non-Independent Non-Executive Director)*

**To: Our Shareholders**

Dear Sir/Madam,

**PROPOSED LTIP AND PROPOSED AWARD**

---

**1. INTRODUCTION**

- 1.1 On 18 March 2016, CIMB announced on behalf of our Board that we propose to establish a long term incentive plan involving the issuance of Axiata Shares to the Eligible Employees including Executive Directors of our Group who fulfil the eligibility criteria set out in Section 2.2.1, Part B of this Circular. The total number of Axiata Shares which may be made available under the Proposed LTIP shall not at any point in aggregate exceed seven percent (7%) of the issued and paid-up ordinary share capital of our Company (excluding treasury shares, if any) over the LTIP Period.
- 1.2 Our Company currently has the Axiata Share Scheme in existence which is expiring on 15 April 2019. The details of the Axiata Share Scheme are set out in Section 2.3, Part B of this Circular. Given that the grants made under the Axiata Share Scheme have a vesting period of up to three (3) years, our Company would be making the final grants under such scheme in 2016. In this regard, the Proposed LTIP is intended to allow our Company to continue incentivising our employees.

- 1.3 The purpose of Part B of this Circular is to provide you with the details of the Proposed LTIP and to seek your approval for the resolutions pertaining to the Proposed LTIP and the Proposed Award to be tabled at our forthcoming AGM. This Circular is despatched together with the notice of the 24th AGM of Axiata and the proxy form as enclosed in our Annual Report 2015.

**Please read and consider carefully the contents of Part B of this Circular before voting on the resolutions pertaining to the Proposed LTIP and the Proposed Award.**

## **2. DETAILS OF THE PROPOSED LTIP**

### **2.1 Overview of the Proposed LTIP**

The Proposed LTIP will comprise:

#### **2.1.1 the Proposed RSP**

The Proposed RSP serves to retain, motivate and reward employees of our Group (excluding subsidiaries which are dormant and the ADS Division) through the RSP Awards comprising Axiata Shares, as determined by the BRC in accordance with the Bye-Laws.

Upon acceptance of the RSP Awards by the Grantees, the RSP Awards are expected to vest to the Grantees over the duration of the LTIP Period as may be determined by the BRC at no consideration to the Grantees, and on such terms and conditions as the Board may decide from time to time.

#### **2.1.2 the Proposed ADS LTIP**

The Proposed ADS LTIP serves to incentivise, retain, motivate and reward employees of the ADS Division through the ADS LTIP Awards comprising the Pay-Outs satisfied by cash, Axiata Shares or a combination of cash and Axiata Shares as determined by the BRC, in accordance with the Bye-Laws.

Upon acceptance of the ADS LTIP Awards by the Grantees, the Pay-Outs are expected to become payable to the Grantees over such period as the BRC may decide in its sole discretion and on such terms and conditions as may be determined by the BRC.

For clarification purposes, the main differences in the features of the Proposed RSP and the Proposed ADS LTIP are:

- (i) the eligibility of the Eligible Employees in terms of the business division of our Group where such employees are working in;
- (ii) the performance metrics to be met under the Proposed RSP and the Proposed ADS LTIP which will be stipulated in the offer made for the Award; and
- (iii) the vesting periods of the Awards to the Eligible Employees.

The actual terms and conditions, vesting of the RSP Awards and timing of payment of the Pay-Outs under the ADS LTIP Awards are determined by our BRC, including, but without limitation to, the performance metrics to be met prior to the making of the offer for an Award and vesting of the Awards and the vesting period(s) and the number of Axiata Shares to be allocated for each RSP Award, while in respect of the ADS LTIP Award, the amount of and when the Pay-Out becomes payable and the number of Axiata Shares, cash or a combination of Axiata Shares and cash for settlement of the Pay-Out under each ADS LTIP Award.

Upon acceptance of the offer for an Award by the Grantees, the RSP Award will be vested in and the Pay-Outs will become payable to, the Grantees over the duration of the LTIP Period as may be determined by our BRC at no consideration to the Grantees, which may be subject to satisfaction of such criteria and conditions as may be approved by our Board in respect of the Proposed RSP and by the BRC in respect of the Proposed ADS LTIP in their sole and absolute discretion.

In implementing the Proposed LTIP:

- (i) in respect of the Proposed RSP, the vesting of the RSP Awards shall be satisfied by the allotment and issuance of Axiata Shares by our Company to the Grantees; and
- (ii) in respect of the Proposed ADS LTIP, our BRC may, in its sole and absolute discretion, decide that any Pay-Out which becomes payable be satisfied by any of the following methods:
  - (a) cash payment by our Group to the Grantees; or
  - (b) allotment and issuance of Axiata Shares by our Company to the Grantees; or
  - (c) a combination of allotment and issuance of Axiata Shares and cash payment pursuant to the Bye-Laws.

In considering the settlement mode of the Awards as detailed in (a) to (c) above, our BRC will take into consideration factors including but not limited to, the issue price of the new Axiata Shares, the prevailing market price of the Axiata Shares at the relevant time and the dilutive effects of such issuance on the capital base, future returns and cash requirements of our Group.

## **2.2 Salient Terms and Conditions of the Proposed LTIP**

### **2.2.1 Eligibility**

Employees and Executive Directors of our Group (excluding subsidiaries which are dormant) who fulfil the following criteria as at any date of the offer for an Award shall be eligible to be considered an Eligible Employee to participate in the Proposed LTIP:

- (a) has attained the age of eighteen (18) years;
- (b) for the Proposed RSP, has entered into a full-time or fixed-term contract of employment with any company within our Group (excluding subsidiaries which are dormant and the ADS Division) and whose service has been confirmed;
- (c) for the Proposed ADS LTIP, has entered into a full-time or fixed-term contract of employment with any company within the ADS Division and whose service has been confirmed;
- (d) is not a non-executive or independent director of our Company; and
- (e) has fulfilled any other eligibility criteria which has been determined by our BRC at its absolute discretion from time to time.

For the avoidance of doubt, our Board and/or the BRC, may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in Section 2.2.1, Part B of this Circular.

## 2.2.2 Basis of allocation and maximum allowable allotment

The total number of Axiata Shares that may be granted and/or vested to any one Eligible Employee under the Proposed LTIP at any time shall be determined at the sole and absolute discretion of our Board, taking into consideration, amongst other factors, the performance, the years of service of the Eligible Employee and such other criteria as our Board may deem relevant (subject always to the Bye-Laws and any applicable law).

The aggregate allocation of Axiata Shares which may be granted under the Proposed LTIP which is at the BRC's discretion to the Executive Directors and senior management of our Group is not expected to be more than twenty percent (20%) of the total number of Axiata Shares to be made available under the Proposed LTIP from time to time. In addition, the aggregate allocation of Axiata Shares to the Executive Directors and senior management of our Group which may be granted pursuant to the Proposed RSP and the Proposed ADS LTIP under the Proposed LTIP which is at the BRC's discretion is not expected to be more than seventy seven percent (77%) and twenty three percent (23%) respectively. The aggregate maximum allocations set out above were arrived at after taking into consideration the number of Executive Directors and senior management of our Group who are eligible to participate in the Proposed LTIP, their contribution to the growth and performance of our Group as well as our Group's intention to reward and retain such directors and senior management who are key to the strategic direction and the management of operations of our Group. Notwithstanding the above, the aggregate maximum allocations set out above may change if, amongst others, any of the above mentioned factors changes during the LTIP Period.

In addition, the total number of Axiata Shares which may be allocated to an Eligible Employee who, either singly or collectively through Persons Connected with such Eligible Employee, holds twenty percent (20%) or more of our issued and paid-up ordinary share capital (excluding treasury shares, if any), shall not exceed ten percent (10%) of the total number of Axiata Shares to be made available under the Proposed LTIP and/or any other schemes involving new issuance of Axiata Shares to Eligible Employees to be implemented from time to time.

The BRC, in respect of the Proposed LTIP, shall have sole and absolute discretion in determining whether the Axiata Shares available for vesting under the Proposed LTIP are to be granted to the Eligible Employees or any group or groups of Eligible Employees via:

- (a) one single Award at a time determined by the BRC; or
- (b) several Awards (as the case may be) where the vesting of Axiata Shares comprised in those Awards are staggered or made in several tranches at such times and on terms determined by the BRC.

In the event the BRC decides that the Award or vesting of any number of Axiata Shares is to be staggered, the number of Axiata Shares to be granted in each Award and the timing for the vesting of the same shall be decided by the BRC at its sole and absolute discretion. Each Award shall be separate and independent from the others.

In addition, no Eligible Employees shall participate in any deliberation or discussion on their own respective allocations.

### **2.2.3 Size of the Proposed LTIP**

The total number of Axiata Shares which may be delivered pursuant to Awards under the Proposed LTIP on any date, shall not exceed in aggregate seven percent (7%) of the total issued and paid-up ordinary share capital of our Company (excluding treasury shares, if any) ("**Maximum Shares**") at any point in time over the LTIP Period.

### **2.2.4 Duration of the Proposed LTIP**

The Proposed LTIP shall continue to be in force for a period of ten (10) years commencing from the Effective Date ("**LTIP Period**").

On the expiry of the Proposed LTIP, any Award which has yet to be vested (whether fully or partially) shall be deemed terminated and be null and void.

Notwithstanding anything set out in the Bye-Laws and subject to compliance with the Main LR in relation to the Proposed LTIP, our Company may terminate the Proposed LTIP at any time during the LTIP Period as our Company deems appropriate.

### **2.2.5 Ranking of the new Axiata Shares**

The new Axiata Shares to be made available pursuant to the Proposed LTIP shall be subject to the provisions of the memorandum and articles of association of our Company.

The new Axiata Shares to be allotted and issued to the Grantees pursuant to the Proposed LTIP, shall, upon allotment and issuance, rank equally in all respects with the then existing Axiata Shares, except that they shall not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date on which the new Axiata Shares are allotted to the Grantees pursuant to the Proposed LTIP.

### **2.2.6 Restrictions on transfer**

The new Axiata Shares to be allotted and issued pursuant to vesting of Awards under the Proposed LTIP are not subject to any restriction on transfer.

### **2.2.7 Termination of the Proposed LTIP**

Notwithstanding anything set out in the Bye-Laws and subject always to compliance with the Securities Commission Malaysia's, the Bursa Securities' and/or any other regulatory authorities' guidelines or directives, our Company may, by notice in writing to all Grantees whose Axiata Shares have not been vested in them ("**Said Selected Grantees**"), terminate the Proposed LTIP at any time during the LTIP Period, whereupon all Awards shall be deemed revoked and be null and void and any Unvested Shares shall be deemed to cease to be capable of vesting on the date specified in the notice which shall be after approvals or consents aforementioned have been obtained ("**LTIP Termination Date**") provided that the Board may in its discretion, permit the vesting of Unvested Shares (or any part thereof) in the Said Selected Grantees at any time prior to the LTIP Termination Date subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the vesting date of the Axiata Shares is not due or has not occurred; and/or
- (b) other terms and conditions set out in the Award have not been fulfilled or satisfied.



### **2.2.8 Adjustment events**

If the BRC so decides (but not otherwise), in the event of any alteration in the capital structure of our Company during the LTIP Period, whether by way of a capitalisation of profits or reserves, rights issues, bonus issues, capital reduction, capital repayment, sub-division or consolidation of capital, or any other variation of capital or otherwise howsoever taking place, such corresponding alterations (if any) may be made to the Proposed LTIP.

The alterations as set out in this Section 2.2.8, Part B of the Circular may be made in:

- (a) the number of Unvested Shares comprised in an Award; and/or
- (b) the method and/or manner in the vesting of the Axiata Shares comprised in an Award.

The alterations as set out above shall be in such a manner as to give the Grantees a fair and reasonable Award entitlement as certified in writing (other than for adjustments made pursuant to a bonus issue) by the external auditor or Adviser of the Company (acting as an expert and not as an arbitrator) as being in its opinion fair and reasonable and such certification shall be final and binding in all respects, provided that:

- (a) upon any adjustment being made as set out above, the BRC shall notify the Grantee (or his representatives, where applicable) in writing of the adjusted number of Axiata Shares comprised in the Award, and/or the revised maximum number of Axiata Shares and/or percentage of the total Axiata Shares comprised in the Award, that may vest at any time or in any period which supersedes the earlier Award(s); and
- (b) in the event that a fraction of an Axiata Share arising from the adjustments referred to above would otherwise be required to be transferred to the Grantee upon the vesting of Axiata Shares comprised in an Award, the Grantee's entitlement shall be rounded down to the nearest whole number.

Unless otherwise determined by the BRC, the adjustments pursuant to the above shall be effective on the day immediately following the book closure date for the event giving rise to that adjustment.

### **2.2.9 Modifications to the Proposed LTIP**

The terms and conditions of the Bye-Laws and the Proposed LTIP may from time to time be modified, altered, amended and/or deleted by a resolution of our Board, except that (unless expressly provided in the Bye-Laws) no such modification, alteration, amendment and/or deletion shall be made which would either prejudice the rights then accrued to any Grantee without his prior written consent or which would alter the advantage of the Grantees in respect of any provision of the Bye-Laws without prior approval of our shareholders in a general meeting and subject to any applicable laws.

### 2.3 Details of the Axiata Share Scheme

Our Company had, on 16 April 2009, established the Axiata ESOS. Effective from 15 July 2011, the bye-laws governing the Axiata ESOS was amended to include a restricted share plan which offers the eligible employees the entitlement to receive restricted share awards ("RSA"), and the Axiata ESOS was thereafter renamed the Axiata Share Scheme which expires on 15 April 2019 pursuant to a two-year extension approved by our shareholders. The maximum number of new Axiata Shares available under the Axiata Share Scheme shall not be more than seven percent (7%) of the issued and paid up share capital of Axiata (excluding treasury shares, if any) over the duration of the Axiata Share Scheme.

Pursuant to the Axiata Share Scheme, our Company granted a total of 186,908,000 Axiata ESOS options and 58,810,300 Axiata Shares pursuant to the RSA from commencement up to the LPD, as detailed in the table below:

	Axiata ESOS options						RSA						
	Aggregate maximum allocation (%) <sup>(1)</sup>	Actual percentage granted (%)	Total ESOS options granted	Total ESOS options exercised	Adjusted	Total number lapsed/ forfeited/ cancelled	Aggregate maximum allocation (%)	Actual percentage granted (%)	Total RSA granted	Adjusted <sup>(2)</sup>	Total RSA Vested	Total number lapsed/ forfeited/ cancelled	Total number Outstanding <sup>(2)</sup>
Directors		2.30	4,301,700	(1,146,900)	-	-	3,154,800	2.05	1,206,400	489,200	(827,700)	-	867,900
Senior Management		17.11	31,983,800	(19,819,560)	-	(1,964,600)	10,199,640	28.37	16,686,900	5,239,800	(8,909,000)	(1,182,900)	11,834,800
Sub-total		19.41	36,285,500	(20,966,460)	-	(1,964,600)	13,354,440	30.42	17,893,300	5,729,000	(9,736,700)	(1,182,900)	12,702,700
Other employees	50.00	80.59	150,622,500	(118,540,986)	122,200	(21,489,511)	10,714,203	69.58	40,917,000	-	(24,621,650)	(2,272,900)	14,022,450
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>186,908,000</b>	<b>(139,507,446)</b>	<b>122,200</b>	<b>(23,454,111)</b>	<b>24,068,643</b>	<b>100.00</b>	<b>58,810,300</b>	<b>5,729,000</b>	<b>(34,358,350)</b>	<b>(3,455,800)</b>	<b>26,725,150</b>

**Notes:**

<sup>(1)</sup> In accordance to the bye-laws for the Axiata Share Scheme, not more than fifty percent (50%) of the Axiata Shares available under the Axiata Share Scheme shall be allocated, in aggregate, to eligible employees who are Directors of our Company or any Axiata Group company or who are in senior management. In addition, not more than ten percent (10%) of the Axiata Shares available under the Axiata Share Scheme shall be allocated to any individual eligible employee who, either singly or collectively through Persons Connected to them, holds twenty (20%) or more of the issued and paid-up ordinary share capital of the Company.

<sup>(2)</sup> Excludes the additional number of Axiata Shares potentially vested to directors and senior management due to multiplier effects to be offered upon fulfillment of certain performance conditions on vesting date.

### 3. RATIONALE OF THE PROPOSED LTIP

3.1 The rationale of the Proposed LTIP is as follows:

- (a) to steer the focus of Axiata's employees towards achieving our Company's goals of exceptional performance and integrity across our Group, and rewarding such employees accordingly;
- (b) to retain and reward Eligible Employees whose services are vital to the continued growth and business aspirations of our Group, and to attract employees with relevant and complementary skills to join our Group;
- (c) a potential tool to assist in developing capabilities and promoting employee commitment by motivating each Eligible Employee to raise his/her performance standards and to sustain high levels of contributions over a long term;
- (d) to align the interest of the Eligible Employees with our shareholders. It is anticipated that the Eligible Employees' direct equity participation in our Group via the Proposed LTIP would encourage contributions toward long term shareholder value enhancement and in turn, ensure the continued success of the our Group; and
- (e) the Proposed ADS LTIP is targeted at the Eligible Employees of the ADS Division to incentivise them to build and grow our Group's digital services business which is a new business area for the Group and has recently become our strategic focus.

3.2 ADS is a wholly-owned subsidiary of our Company incorporated under the Act on 29 January 2014. As at the LPD, ADS has an authorised share capital of RM5,000,000.00 comprising 5,000,000 ordinary shares of RM1.00 each of which 2,600,000 ordinary shares of RM1.00 each have been issued and fully paid-up. It is an investment holding company and manages and operates telecommunications related business and provides management, consultancy, technical and engineering services in the telecommunications and related industries in local and/or international markets.

As at the LPD, the following subsidiaries of our Company have digital services business division:

- (a) Celcom Axiata Berhad;
- (b) PT XL Axiata TBK;
- (c) Dialog Axiata PLC;
- (d) Robi Axiata Limited; and
- (e) Smart Axiata Co., Ltd.

The evolution of the communications industry and the shift in consumer behaviour from offline to online led to the establishment of Axiata's digital services business unit in late 2012. Further growth in the over-the-top (OTT) world and encouraging trend in data usage made the Axiata's digital services a new area of a strategic focus across the Group. The new entity was set up to focus on driving new sources of value and further enhances Axiata Group's revenues from digital services such as in commerce, advertising, entertainment, money and platform enablement. This further enables the Group to expand its portfolio of services to cater to online customers on smartphones, tablets and fixed Internet. The move opens up new opportunities to capture increased share of customer wallet and reach beyond Axiata's traditional mobile services and own subscriber base of over 240.0 million.

As at 31 December 2015, the contribution from ADS to our Group in terms of revenue was RM457,178.00. Nevertheless, Axiata's strategic and measured investments in digital services is important, providing synergies, complementing and evolving the existing business, paving the way for Axiata's transition into a new generation telecommunications company.

#### 4. UTILISATION OF PROCEEDS

No proceeds will be raised pursuant to the Proposed LTIP given that the Axiata Shares to be allotted and issued and/or cash payment to be paid by our Group to the Grantees would not require any payment by the said Grantees.

The expenses relating to the establishment of the Proposed LTIP (excluding MFRS 2 charges as explained in Section 5.4, Part B of this Circular) are estimated at approximately RM2.0 million.

#### 5. EFFECTS OF THE PROPOSED LTIP

##### 5.1 Issued and paid-up share capital

The Proposed LTIP will not have an immediate effect on the existing issued and paid-up ordinary share capital of our Company. However, the issued and paid-up ordinary share capital of our Company will increase progressively as and when the new Axiata Shares are allotted and issued pursuant to the vesting of the Awards under the Proposed LTIP.

For illustration purposes only, assuming that the balance of the Maximum Shares are made available under the Proposed LTIP and are fully granted and vested by the issuance of new Axiata Shares to the Grantees and that there is no other increase in the issued and paid-up capital of Axiata during the LTIP Period, the proforma effects of the Proposed LTIP on our Company's issued and paid-up ordinary share capital are as follows:

	<u>No. of Axiata Shares</u>	<u>RM'000</u>
Issued and paid-up ordinary share capital as at the LPD (excluding treasury shares, if any)	8,822,474,343	8,822,474
Axiata Shares to be issued pursuant to the exercise of all outstanding Axiata ESOS options and vesting of all RSA <sup>(1)</sup> granted as at the LPD under the Axiata Share Scheme	50,793,793	50,794
Maximum Shares to be issued pursuant to the Proposed LTIP (being seven percent (7%) of the issued and paid-up ordinary share capital of Axiata as at the LPD)	617,573,204	617,573
<b>Enlarged issued and paid-up ordinary share capital</b>	<u>9,490,841,340</u>	<u>9,490,841</u>

**Note:**

<sup>(1)</sup> Excludes the additional number of Axiata Shares potentially vested to directors and senior management due to multiplier effects to be offered upon fulfilment of certain performance conditions on vesting date.

It should be noted that even if the Maximum Shares stipulated above are allocated to the Grantees, the actual number of Axiata Shares to be issued may be less in view of the following:

- (a) only Grantees who meet the grant and vesting conditions would be entitled to the full vesting of the Axiata Shares allocated under their Awards; and
- (b) our Company may, in respect of the Proposed ADS LTIP, opt to satisfy the Pay-Out, either wholly or partially in cash instead of allotting and issuing Axiata Shares in satisfaction of ADS LTIP Award vested pursuant to the Proposed ADS LTIP.

Conversely, the actual number of Axiata Shares to be issued under the Proposed LTIP may be more than the Maximum Shares stipulated above to be allocated to the Grantees due to bigger share base arising from the Axiata Shares issued under the Proposed LTIP over the LTIP Period.

Nonetheless, in the event there is a need to increase the authorised share capital of Axiata in order to facilitate the Maximum Shares to be allotted and issued to the Grantees ("**Increase in Authorised Share Capital**") in the future, we will seek your approval to carry out the Increase in Authorised Share Capital accordingly.

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## 5.2 Substantial shareholders' shareholdings

The Proposed LTIP will not have an immediate effect on the shareholdings of our substantial shareholders. The dilution to the shareholdings of our substantial shareholders will depend on the number of new Axiata Shares issued for delivery to the Grantees at the relevant point in time pursuant to the Proposed LTIP.

For illustrative purposes only, the proforma effects on the Proposed LTIP on our substantial shareholders' shareholdings as at the LPD are set out in the table below:

	As at the LPD				After the Proposed LTIP			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Khazannah <sup>(1)</sup>	3,285,606,277	37.24	85,632,340 <sup>(2)</sup>	0.97	3,285,606,277	34.62	85,632,340 <sup>(2)</sup>	0.90
Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	1,269,923,216	14.39	-	-	1,312,488,016	13.83	-	-
Amanahraya Trustees Berhad Amanah Saham Bumiputera	1,008,886,913	11.44	-	-	1,008,886,913	10.63	-	-
Total number of Axiata Share in issue	8,822,474,343				9,490,841,340 <sup>(3)</sup>			

### Notes:

- <sup>(1)</sup> Khazannah is deemed to have an interest in the Axiata Shares pursuant to section 6A of the Act.
- <sup>(2)</sup> Held by CIMSEC Nominees (Tempatan) Sdn. Bhd. to facilitate the sale of Axiata Shares by Axiata's employees who have exercised their Axiata ESOS options pursuant to the Axiata Share Scheme. Includes 183,800 Axiata Shares, being the number of shares outstanding to be returned to Khazannah under the selling flexibility arrangement to facilitate the sale of Axiata Shares by Axiata Group's employees who have exercised their Axiata ESOS options.
- <sup>(3)</sup> For illustrative purposes, including (i) Axiata Shares to be issued pursuant to the exercise of all outstanding Axiata ESOS options and vesting of all RSA as at the LPD under the Axiata Share Scheme and (ii) Maximum Shares to be issued pursuant to the Proposed LTIP, as illustrated in Section 5.1, Part B of this Circular.

### **5.3 Net assets (“NA”) per share and gearing**

The Proposed LTIP will not have an immediate effect on the consolidated NA, NA per share and gearing of our Group until such time that new Axiata Shares are issued and/or cash paid in lieu of the Axiata Shares in satisfaction of the Awards vested pursuant to the Proposed LTIP. Any potential effect on the NA per Share will depend on the number of Axiata Shares to be issued and/or cash paid in lieu of the Axiata Shares which can only be determined at the point of the vesting of the RSP Award or the Pay-Out becoming payable and the mode of settlement of the Award at the date of vesting or pay-out.

Nonetheless, assuming the effects of the Proposed LTIP only, the consolidated NA per share of our Company is expected to be diluted following the allotment and issuance of new Axiata Shares to satisfy any Awards pursuant to the Proposed LTIP.

Notwithstanding the above, the Proposed LTIP is not expected to have a material impact on our Group’s consolidated NA per share and consolidated gearing for the financial year ending 31 December 2016.

### **5.4 Earnings and EPS**

With the adoption of MFRS 2, the potential cost of the Awards under the Proposed LTIP will need to be measured at fair value on the date of Award and recognised as an expense in the earnings over the vesting period of such Awards.

The extent of the effect of the Proposed LTIP on our Group’s consolidated earnings and EPS cannot be determined at this juncture as it would depend on the fair value of the new Axiata Shares to be issued as at the respective dates of the Awards.

For clarification purposes, there will only be a cash outflow pursuant to the Awards under the Proposed ADS LTIP in the event our Group pays the Pay-Outs wholly or partially in cash. Except for the aforesaid potential cash outflow under the Proposed ADS LTIP, the potential cost of the Awards (at the date of the Award) to be satisfied by allotment and issuance of Axiata Shares does not represent a cash outflow.

The Proposed LTIP is expected to have a dilutive effect on our Group’s EPS due to an increase in the number of Axiata Shares should there be any allotment and issuance of new Axiata Shares to satisfy any Awards pursuant to the Proposed LTIP.

In view of this, our Board has taken note of the potential effect of MFRS 2 on the Group’s earnings and will take reasonable measures to manage the effect on the consolidated EPS of our Group in the granting of the Awards to the Eligible Employees.

### **5.5 Convertible securities**

As at the LPD, save for the outstanding Axiata ESOS options as detailed in Section 2.3, Part B of this Circular, Axiata does not have any other convertible securities. The Proposed LTIP will not have any effect on the terms and conditions of such outstanding Axiata ESOS options and all such outstanding Axiata ESOS options will remain valid until the expiry of the Axiata Share Scheme.

## 6. APPROVALS REQUIRED

The Proposed LTIP is subject to approvals being obtained from the following:

- (a) Bursa Securities for the listing of and quotation for the new Axiata Shares to be issued under the Proposed LTIP on the Main Market of the Bursa Securities which has been obtained vide its letter dated 6 April 2016;

The approval from the Bursa Securities for the Proposed LTIP is subject to the following:

<b>No.</b>	<b>Conditions imposed</b>	<b>Status of compliance</b>
(i)	Axiata and its adviser must fully comply with the relevant provisions under the Main LR pertaining to the implementations of the Proposed LTIP.	Noted
(ii)	Axiata and its adviser to inform Bursa Securities upon completion of the Proposed LTIP.	To be complied
(iii)	Axiata to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed LTIP is completed.	To be complied
(iv)	Axiata to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders at the general meeting for the Proposed LTIP.	To be complied
(v)	CIMB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIP pursuant to Paragraph 6.43(1) of the Main LR and stating the effective date of implementation.	To be complied
(vi)	Payment of additional listing fees pertaining to the exercise of Proposed LTIP options, if relevant. In this respect, Axiata is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Proposed LTIP options respectively as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

- (b) our shareholders for the Proposed LTIP and the Proposed Award at the forthcoming 24th AGM;

For clarification, your approval on the Proposed LTIP will allow Axiata to grant the Awards in accordance with the Bye-Laws throughout the existence of the Proposed LTIP.



## 7. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, we expect to implement the Proposed LTIP by the second (2nd) half of 2016.

## 8. HISTORICAL SHARE PRICES

The monthly high and low prices of the Axiata Shares as traded on the Main Market of the Bursa Securities for the past 12 months from April 2015 up to March 2016 are as follows:

<b>Month</b>	<b>High (RM)</b>	<b>Low (RM)</b>
<b>2015</b>		
April	7.12	6.74
May	6.83	6.39
June	6.61	6.27
July	6.48	6.20
August	6.85	5.59
September	6.40	5.67
October	6.53	5.72
November	6.26	6.02
December	6.48	5.91
<b>2016</b>		
January	6.41	5.27
February	6.08	5.57
March	6.03	5.83
		<b>RM</b>
Last traded market price on 17 March 2016, being the last market day prior to the announcement on the Proposed LTIP on 18 March 2016		5.90
Last traded market price on the LPD		5.89

*(Source: Bloomberg)*

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## 9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

The Executive Director of our Company, namely Dato' Sri Jamaludin Ibrahim (“**Interested Director**”), is entitled to participate in the Proposed LTIP and is therefore deemed interested in the Proposed LTIP to the extent of the Proposed Award. As such, the Interested Director has abstained and will continue to abstain from deliberating and voting on the resolution pertaining to the Proposed Award at the relevant Board meetings.

The Interested Director will also abstain from voting in respect of his direct and/or indirect shareholdings in our Company (if any) on the resolution pertaining to the Proposed Award at the forthcoming AGM. The Interested Director has also undertaken to ensure that the Persons Connected with him (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Award to be tabled at the forthcoming AGM. The shareholdings of the Interest Director in our Company as at the LPD are:

Name	No. of Axiata Shares held			
	Direct	%	Indirect	%
Dato' Sri Jamaludin Ibrahim	-	-	2,489,391 <sup>(1)</sup>	0.03

**Note:**

<sup>(1)</sup> A total of 883,973 and 1,605,418 Axiata Shares held under CIMSEC Nominees (Tempatan) Sdn. Bhd. and CIMSEC Nominees (Tempatan) Sdn. Bhd. for CIMB Commerce Trustee Berhad respectively.

Save as disclosed above, none of our Directors, major shareholders and/or Persons Connected with them have any direct and/or indirect interest in the Proposed LTIP.

## 10. DIRECTORS' RECOMMENDATION

Our Board, having considered and deliberated on all aspects of the Proposed LTIP as a whole, is of the view that the Proposed LTIP is in the best interests of our Group. Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposed LTIP at our forthcoming AGM.

Our Board (other than the Interested Director), having considered and deliberated on all aspects of the Proposed Award, is of the view that the Proposed Award is in the best interest of our Group. Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Award at our forthcoming AGM.

## 11. AGM

The resolution in respect of the Proposed LTIP and the Proposed Award will be tabled at the forthcoming AGM. This Circular is despatched together with the notice of the 24th AGM of Axiata and the proxy form as enclosed in our Annual Report 2015.

The 24th AGM will be held on Wednesday, 25 May 2016 at 2.00 p.m., or at any adjournment, at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia.

If you are unable to attend and vote in person at the 24th AGM, please complete, execute and return the proxy form, in accordance with the instructions therein, to our share registrar Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia as soon as possible and in any event not less than forty-eight (48) hours before the time of the 24th AGM. You may attend and vote in person at our forthcoming AGM if you wish to do so even after you have completed and returned the proxy form so long as you revoke the appointment of your proxy prior to the 24th AGM.

**12. FURTHER INFORMATION**

Please refer to the attached appendices for further information.

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

**TAN SRI DATO' AZMAN HJ MOKHTAR**  
**Chairman/ Non-Independent Non-Executive Director**

## DETAILS OF RRPTS TO BE ENTERED INTO WITH OUR RELATED PARTIES

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2015 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) <sup>(2)</sup>
					Estimated Value (RM'000)	Actual Value (RM'000) <sup>(1)</sup>	
Axiata Group	TM Group	Khazanah, Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen	In addition to Khazanah's shareholdings in our Company, Khazanah is also the Major Shareholder of TM Group. Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen are Khazanah's representatives on our Board.	<b>Revenue</b> <b>Telecommunication and related services</b>			
				Interconnect payment from TM Group	52,000	33,837	41,000
				Leased-line payment from TM Group	6,000	9,994 <sup>(3)</sup>	3,000
				Voice over internet protocol related services revenue from TM Group	26,000	6,947	11,000
				Dark fibre and leased-line from Celcom Group to Fibrecomm Network (M) Sdn. Bhd.	1,000	1,115 <sup>(3)</sup>	1,500
				Leased-line from Celcom Group to Fiberrail Sdn. Bhd.	1,000	771	1,000
				Transmission revenue on the services by Axiata Group to TM	4,000	4,594 <sup>(3)</sup>	4,000
				Site rental payable for telecommunication infrastructure, equipment and related charges by TM Group to Axiata Group	8,000	5,302	8,000

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2015 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) <sup>(2)</sup>
					Estimated Value (RM'000)	Actual Value (RM'000) <sup>(1)</sup>	
				Domestic roaming revenue <sup>(4)</sup>	0	0	22,000 <sup>(5)</sup>
Axiata Group	TM Group	Khazanah, Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen	In addition to Khazanah's shareholdings in our Company, Khazanah is also the Major Shareholder of TM Group.	<b>Costs</b> <b>Telecommunication and related services</b> Interconnect cost to TM Group Voice over internet protocol related services by TM Group to our Group Leased-line related costs to TM Group Provision of data and bandwidth related services by TM Group to our Group Internet access and broadband charges by TM Group to Celcom Group Provision of contact centre and business process outsourcing services by VADS Berhad to our Group	52,000 38,000 30,000 45,000 500 98,000	27,555 20,861 12,911 42,745 0 54,143	40,000 27,000 18,000 158,000 <sup>(6)</sup> 500 70,000

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2015 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM'000) <sup>(2)</sup>
					Estimated Value (RM'000)	Actual Value (RM'000) <sup>(1)</sup>	
Axiata Group	TM Group	Khazanah, Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen	In addition to Khazanah's shareholdings in our Company, Khazanah is also the Major Shareholder of TM Group.	Leasing of fibre optic core and provision of bandwidth services from Fiberail Sdn. Bhd. to Celcom Group	2,500	3,235 <sup>(7)</sup>	4,000
		Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen are Khazanah's representatives on our Board.		Purchase of dark fibre, bandwidth, space & facility from Fibrecomm Network (M) Sdn. Bhd. to Celcom Group	20,000	3,495	5,000
				<b>Non-telecommunication services</b>	38,000	91,132 <sup>(8)</sup>	58,000
				Site rental payable for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group			
				Rental of office premises payable monthly by Axiata Group to TM <sup>(9)</sup>	16,000	15,453	23,000
				<b>TOTAL</b>	<b>438,000</b>	<b>334,080</b>	<b>495,000</b>

**Notes:**

<sup>(1)</sup> The actual value represents RRPT transacted from 20 May 2015 on which the 2015 Shareholders' Mandate was granted up to 31 March 2016.

<sup>(2)</sup> The estimated transactions from 25 May 2016 (date of our forthcoming AGM) for an estimated validity period of one (1) year are based on best estimates by our management using historical trends and projected business transaction growth. The actual value may vary, exceed or be lower than, the estimates shown above.

<sup>(3)</sup> These transactions have exceeded mandated amount due to the increase in the leased-line number and charges rate in 2015.

<sup>(4)</sup> This is a new RRPT.

- <sup>(5)</sup> Domestic roaming revenue is projected to be generated as a result of domestic roaming services agreement signed between Celcom Axiata Berhad and Packet One Networks (Malaysia) Sdn. Bhd. ("P1") on 28 January 2016.
- <sup>(6)</sup> Provision of data and bandwidth related services by TM Group to the Group is expected to increase by RM92.0 million as a result of landmark infrastructure collaboration for back-haul, high speed broadband access and domestic roaming services between Celcom Axiata Berhad, TM Group and P1.
- <sup>(7)</sup> Leasing of fibre optic core and provision of bandwidth services from Fiberail Sdn Bhd by Celcom Group has exceeded mandated amount due to the increase in charges rate in 2015.
- <sup>(8)</sup> Site rental for telecommunication infrastructure, equipment and related charges by TM Group to Celcom Group has exceeded mandated amount due to backdated invoices amounting RM20.0 million and RM36.0 million received in the second (2<sup>nd</sup>) quarter and the third (3<sup>rd</sup>) quarter of 2015.
- <sup>(9)</sup> The total area of the office premises rented is 313,583 square feet and the location of the office premises rented to Axiata Group is at Menara Celcom, No. 82 Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur.

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## DRAFT BYE-LAWS FOR THE PROPOSED LTIP

**AXIATA GROUP BERHAD**  
**BYE- LAWS FOR THE AXIATA GROUP PERFORMANCE BASED LONG TERM INCENTIVE PLAN**

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**1. DEFINITIONS AND INTERPRETATION**

1.1 In these Bye-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires.

“Act”	Companies Act 1965 as amended from time to time and any re-enactment thereof
“ADS”	Axiata Digital Services Sdn. Bhd. (1079391-H), a Subsidiary
“ADS Division”	ADS and the digital services business division of any Group Companies, collectively
“ADS LTIP”	the plan referred to in <b>Section 2</b> of these Bye-Laws
“ADS LTIP Award”	the entitlement to receive the Pay Outs under the ADS LTIP pursuant to a contract constituted by an acceptance by the relevant Eligible Employee of the ADS LTIP Offer (pursuant to <b>Bye-Law 34</b> ) in relation to that ADS LTIP Award, and “ <b>ADS LTIP Awards</b> ” shall be construed accordingly
“ADS LTIP Award Commencement Date”	in respect of an ADS LTIP Award, the date fixed by the BRC as the date on which the ADS LTIP Award Period commences and as stipulated in an ADS LTIP Offer made to an Eligible Employee
“ADS LTIP Award Period”	in respect of an ADS LTIP Award made to a Grantee, the period of five (5) years commencing from the ADS LTIP Award Commencement Date and terminating on the date which falls on the later of five (5) years after the ADS LTIP Award Commencement Date or such other shorter period as the BRC may decide and set out in the ADS LTIP Offer, and the last day of the Scheme tenure
“ADS LTIP Offer”	the offer made in writing by the Board to an Eligible Employee in the manner indicated in <b>Bye-Law 33</b> and “ <b>ADS LTIP Offers</b> ” shall be construed accordingly
“ADS LTIP Award Termination Date”	in relation to an ADS LTIP Award, the date on which the ADS LTIP Award terminates, expires, lapses and/or otherwise ceases to be of any force and effect in accordance with these Bye-Laws
“Adviser”	a principal adviser under the SC’s Guidelines on Principal Advisers for corporate proposals
“Affected Employee”	shall have the meaning ascribed to it in <b>Bye-Law 18.1</b>



“Articles”	the articles of association of the Company as amended from time to time
“Auditor”	any firm of approved company auditors, as defined under the Act
“Awards”	the RSP Award and the ADS LTIP Award, collectively, and “ <b>Award</b> ” shall be construed accordingly
“Board”	the board of directors of the Company for the time being
“BRC”	the Board Remuneration Committee of the Company
“Bursa Depository”	Bursa Malaysia Depository Sdn. Bhd. (165570-W)
“Bursa Securities”	Bursa Malaysia Securities Berhad (635998-W)
“Bye-Laws”	collectively, the terms and conditions of the Scheme as set forth in these Bye-Laws as amended, modified and/or supplemented from time to time
“CDS”	the Central Depository System established, administered and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
“CDS Account”	the account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
“Company”	Axiata Group Berhad (242188-H), a public company limited by shares and incorporated in Malaysia
“Date of Offer”	in respect of an Offer, the date of the letter containing an Offer to be made to a selected Eligible Employee to participate in the Scheme
“Disciplinary Proceedings”	proceedings instituted by a Group Company against a Grantee employed by that Group Company for any alleged misbehaviour, misconduct and/or any other act of the Grantee’s deemed to be unacceptable by that Group Company in the course of that Grantee’s employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Grantee
“Eligible Employee”	an employee of a Group Company who is selected to be eligible for participation in the Scheme as set forth in <b>Bye-Law 2.2</b> , and “ <b>Eligible Employees</b> ” means any two or more of them
“Ex-Group Company”	shall have the meaning ascribed to in <b>Bye-Law 2.4(c)(i)</b>
“FYE”	Financial year ended or ending 31 December, as the case may be

“Grantee”	an Eligible Employee who has accepted an Offer in the manner indicated in <b>Bye-Law 28.1</b> or <b>Bye-Law 34.1</b> , and “ <b>Grantees</b> ” means any two or more of them
“Group”	collectively, all Group Companies
“Group Company”	any one of the Company and the Subsidiaries, and “ <b>Group Companies</b> ” means any two or more of them
“Individual Pay Out”	Pay Out payable under an ADS LTIP Award to a Grantee
“Market Day”	any day between Monday and Friday (both days inclusive) which is not a public holiday, and on which Bursa Securities is open for the trading of securities
“Maximum Shares”	shall have the meaning ascribed to it in <b>Bye-Law 3.1</b>
“Notice of Vesting”	the notice that is given by the Company to the Grantees stipulating the vesting date of any RSP Award
“Notice of Pay Out”	the notice that is given by the BRC to the Grantees stipulating the Pay Out Date under any ADS LTIP Award
“Offers”	the RSP Offer and/or the ADS LTIP Offer collectively and “ <b>Offers</b> ” shall be construed accordingly
“Pay Out”	the pay out under an ADS LTIP Award payable to the relevant Grantee on the terms and conditions of these Bye-Laws which will be wholly in cash unless decided otherwise by the BRC in accordance with <b>Bye-Law 36.8</b> and “ <b>Pay Outs</b> ” shall be construed accordingly
“Pay Out Date”	shall have the meaning ascribed to it in <b>Bye-Law 36.1</b>
“Previous Company”	shall have the meaning ascribed to it in <b>Bye-Law 2.4(a)</b>
“Record Date”	for the purposes of <b>Bye-Law 7</b> , the date as of the close of business on which shareholders must be registered as members of the Company in order to participate in any dividend, right, allotment or other distribution
“RM”	the Ringgit, the legal currency of Malaysia
“RSP”	the plan referred to in <b>Section 1</b> of these Bye-Laws
“RSP Award”	the entitlement to receive new Shares under the RSP pursuant to a contract constituted by an acceptance by the relevant Eligible Employee of the RSP Offer (pursuant to <b>Bye-Law 28.1</b> ) in relation to that RSP Award, and “ <b>RSP Awards</b> ” shall be construed accordingly
“RSP Award Commencement Date”	in respect of a RSP Award, the date fixed by the Board as the date on which the RSP Award Period commences

“RSP Award Period”	in relation to a RSP Award, the period commencing from that RSP Award Commencement Date and expiring on the Market Day immediately preceding that RSP Award Termination Date (both dates inclusive)
“RSP Offer”	the offer made in writing by the Board to an Eligible Employee in the manner indicated in <b>Bye-Law 27</b> , and “ <b>RSP Offers</b> ” shall be construed accordingly
“RSP Award Termination Date”	in relation to a RSP Award, the date of which the RSP Award terminates, expires, lapses and/or otherwise ceases to be of any force and effect in accordance with these Bye-Laws
“SC”	Securities Commission Malaysia
“Scheme”	the Axiata Group Berhad Long Term Incentive Plan comprising the RSP and the ADS LTIP on the terms of these Bye-Laws
“Shares”	the ordinary shares of nominal value RM1.00 each in the capital of the Company (unless otherwise adjusted), and “ <b>Share</b> ” means any one of them
“Subsidiary”	subject to <b>Bye-Law 2.3</b> , a subsidiary (as defined in the Act) of the Company which is not dormant, and “ <b>Subsidiaries</b> ” shall be construed accordingly
“Unvested Shares”	Axiata Shares under an Award which have not been vested in the Grantee at the relevant time stipulated in the Award

1.2 In these Bye-Laws, unless the context otherwise requires:

- (a) any reference to a statutory provision or an applicable law shall include a reference to:
  - (i) any and all subsidiary legislations made from time to time under that provision or law;
  - (ii) any and all listing requirements, policies and/or guidelines of Bursa Securities (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities);
  - (iii) that provision as from time to time modified or re-enacted, whether before or after the date of these Bye-Laws, so far as such modification or re-enactment applies or is capable of applying to any Award offered and accepted within the duration of the Scheme; and
  - (iv) any past statutory provisions (as from time to time modified or re-enacted) which has directly or indirectly been replaced;
- (b) any reference to a bye-law is a reference to a Bye-Law of these Bye-Laws;
- (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these Bye-Laws;

- (d) any word importing:
  - (i) the singular meaning includes the plural meaning and vice versa; and
  - (ii) the masculine gender includes the feminine gender and vice versa;
- (e) any liberty or power which may be exercised, and/or any determination which may be made, under these Bye-Laws:
  - (i) by the Board may be exercised in the Board's sole discretion pursuant to **Bye-Law 8.1**; and
  - (ii) by the BRC may be exercised in the BRC's sole discretion, but subject always to the Board's power to overrule any decision of the BRC; and
  - (iii) by any other committee(s), established pursuant to **Bye-Law 8.2**, may be exercised in that committee's sole discretion, but subject always to the BRC's power to overrule any decision of that committee;
- (f) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of the Scheme then the stipulated day shall be taken to be the last Market Day of the Scheme's tenure;
- (g) any reference to a corporation being associated with another corporation shall be construed to mean that the first corporation beneficially owns at least twenty percent (20%) of the equity capital of the other corporation, or vice versa;
- (h) in the event of any change in the name of the Company from its present name, all references to "Axiata Group Berhad" in these Bye-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name; and
- (i) a day, month or year shall be construed by reference to the Gregorian calendar.

1.3 This Scheme shall be known as the "Axiata Group Performance Based Long Term Incentive Plan".

## 2. ELIGIBILITY AND OFFER

2.1 Subject to **Bye-Law 2.2**, Eligible Employees may be selected from time to time and at any time for the purposes of this Scheme by the Board. Each selection of Eligible Employees made by the Board shall be separate and independent from any other selection previously or later made by the Board.

2.2 No person shall be selected to be an Eligible Employee unless that person, as of any Date of Offer:

- (a) has attained the age of eighteen (18) years;
- (b) for the RSP, has entered into a full-time or fixed-term contract of employment with any Group Company (excluding the ADS Division) and whose service has been confirmed;
- (c) for the ADS LTIP, has entered into a full-time or fixed-term contract of employment with any Group Company within the ADS Division and whose services has been confirmed;
- (d) is not a non-executive or independent director of the Company; and

- (e) has fulfilled any other eligibility criteria which has been determined by the BRC at its absolute discretion, as the case may be.

For the avoidance of doubt, the Board and/or the BRC may, at its sole discretion, determine any other eligibility criteria and/or waive any of the eligibility criteria set out above for the purposes of selecting an Eligible Employee at any time and from time to time.

- 2.3 Subject to these Bye-Laws and to any applicable law, the Board shall have the absolute discretion, at any time and from time to time, to extend the benefit of this Scheme to any employee of any company which is not a Group Company but which is a subsidiary of or is associated with a Group Company, and deem such an employee to be an Eligible Employee and such a company to be a Group Company, in the situation where such an employee had at any time (whether before or after the coming into force of these Bye-Laws) been seconded from any Group Company to that company.
- 2.4 The Board shall have the absolute discretion to extend (or not) the benefit of this Scheme to an employee in any of the following circumstances:
  - (a) an employee who is in the employment of a corporation which is not a Group Company ("**Previous Company**") but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a disposal, a divestment or other exercise involving the Company and/or any Group Company;
  - (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
  - (c) where:
    - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
    - (ii) an employee of that Ex-Group Company is re-employed by another Group Company.
- 2.5 In the case where an employee is transferred, from a Group Company to a corporation which is not a Group Company, that employee may, at the absolute discretion of the Board, continue to be entitled to all of his rights in respect of his Award, subject to these Bye-Laws.
- 2.6 Eligibility under this Scheme does not confer on any Eligible Employee any claim, right to participate in, or any other right whatsoever under, this Scheme, and an Eligible Employee does not acquire or have any right over, or in connection with, any Award under this Scheme unless an Offer has been made by the Board to that Eligible Employee and that Eligible Employee has accepted the Offer in accordance with the terms of the Offer and these Bye-Laws.
- 2.7 Notwithstanding anything to the contrary, an Eligible Employee or Grantee may participate at any time in another employee share scheme or share option scheme of any other corporation, whether or not a Group Company, unless the Board otherwise determines in its absolute discretion.
- 2.8 Without prejudice to the generality of **Bye-Laws 27.3 and 33.3** (as may be applicable), any Offer made by the Board that has not been accepted yet, shall become void, of no effect and incapable of acceptance upon any of the following events occurring:
  - (a) the offeree's death;
  - (b) the offeree ceasing to be an employee of any Group Company, otherwise than pursuant to his resignation from employment;
  - (c) the offeree giving notice of his resignation from employment;

- (d) the offeree being adjudged a bankrupt; or
  - (e) the corporation which employs the offeree ceasing to be a Group Company.
- 2.10 For the avoidance of doubt, no Award may be granted to any person who is a director of the Company or a person connected to a major shareholder or director of the Company (within the meaning of the Main Market Listing Requirements of Bursa Securities), unless the specific grant of that Award, and the related allotment of new Shares pursuant to that Award, to that person shall have previously been approved by the Company in general meeting.
- 2.11 The Board may in its absolute discretion revoke or suspend the nomination of any Group Company at any time and from time to time, whereupon the employees of such corporation shall henceforth cease to be eligible for any Offer or grant of Award under this Scheme, provided that any Award already granted shall not be affected by such revocation or suspension and shall continue to be exercisable or may vest in accordance with the provisions of these Bye-Laws.

### **3. MAXIMUM AMOUNT OF SHARES AVAILABLE UNDER THIS SCHEME**

- 3.1 The total number of Shares which may be delivered pursuant to Awards under this Scheme shall not exceed in aggregate seven percent (7%) of the total issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) (“**Maximum Shares**”) at any point in time during the duration of this Scheme as provided in **Bye-Law 11**.
- 3.2 In the event the Maximum Shares exceed the seven percent (7%) limit referred to in **Bye-Law 3.1** as a result of the Company purchasing its own Shares in accordance with the provisions of the Act and/or reducing its issued and paid-up ordinary share capital, all Offers made and Awards granted prior to the said variation of the issued and paid-up ordinary share capital of the Company shall remain valid and exercisable and may vest in accordance with the provisions of this Scheme as if that purchase and/or reduction had not occurred. If, after such purchase, cancellation or reduction, the Maximum Shares as at the date of purchase, cancellation or reduction of Shares exceeds the seven percent (7%) limit referred to in **Bye-Law 3.1**, no further Offers and Awards shall be made by the Board until such aggregate number of Shares in respect of the Offers and Awards granted falls below the seven percent (7%) limit.
- 3.3 The Company shall, during the duration of this Scheme as provided in **Bye-Law 11**, keep available sufficient unissued Shares in the authorised share capital of the Company to satisfy all outstanding Awards.

### **4. BASIS OF ALLOTMENT**

- 4.1 The aggregate number of Shares that may be offered and allotted to any one of the Eligible Employees under this Scheme at any time shall be determined at the sole and absolute discretion of the Board, after taking into consideration, amongst other factors, the performance, the years of service of the Eligible Employee and such other criteria as the Board may deem relevant (subject always to these Bye-Laws and any applicable law). Notwithstanding the foregoing, not more than ten percent (10%) of the Shares available under this Scheme and/or any other schemes involving new issuance of Axiata Shares to Eligible Employees to be implemented from time to time shall be allocated to any individual Eligible Employee who, either singly or collectively through persons connected (as defined under the relevant applicable law), holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares, if any).

4.2 For the avoidance of doubt, the BRC shall have sole and absolute discretion in determining whether the new Shares available for vesting under this Scheme are to be offered to the Eligible Employees or any group or groups of Eligible Employees via:

- (a) one single Award (as the case may be) at a time determined by the BRC; or
- (b) several Awards (as the case may be) where the vesting of the number of new Shares comprised in those Awards are staggered or made in several tranches at such times and on terms determined by the BRC.

4.3 In the event the BRC decides that the Award or vesting of any number of new Shares is to be staggered the number of new Shares to be offered in each Award and the timing for the vesting of the same shall be decided by the BRC at its sole and absolute discretion. Each Award shall be separate and independent from the others.

## 5. ALTERATION IN SHARE CAPITAL

5.1 If the BRC so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the duration of the Scheme, whether by way of capitalisation of profits or reserves, rights issues, bonus issues, capital reduction, capital repayment, sub-division or consolidation of capital, or otherwise howsoever taking place, such corresponding alterations (if any) may be made to the Scheme.

5.2 Alterations may be made in:

- (a) the number of Unvested Shares comprised in an Award; and/or
- (b) the method and/or manner in the vesting of the Shares under an Award.

5.3 The alterations as set out in **Bye-Law 5.2** shall be in such a manner as to give the Grantee a fair and reasonable Award entitlement, as certified in writing (other than for adjustments made pursuant to a bonus issue) by the Auditor or Adviser of the Company (acting as an expert and not as an arbitrator) as being in its opinion fair and reasonable and such certification shall be final and binding in all respects, provided that:

- (a) upon any adjustment being made pursuant to this **Bye-Law 5**, the BRC shall notify the Grantee (or his personal representatives, where applicable) in writing of the adjusted number of Shares comprised in the Award, and/or the revised maximum number of Shares and/or percentage of the total Shares comprised in the Awards, that may vest at any time or in any period which supersedes the earlier Awards; and
- (b) in the event that a fraction of a Share arising from the adjustments referred to in this **Bye-Law 5** would otherwise be required to be issued upon the vesting of Shares under an Award, the Grantee's entitlement shall be rounded down to the nearest whole number.

Unless otherwise determined by the BRC, the adjustments pursuant to this **Bye-Law 5** shall be effective on the day immediately following the book closure date for the event giving rise to that adjustment.

5.4 Notwithstanding anything to the contrary, the provisions of this **Bye-Law 5** shall not apply where the alteration in the capital structure of the Company arises from:

- (a) any issue of new Shares or other securities as consideration (or part consideration) for an acquisition of any other securities, assets or business;
- (b) any special issue of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation;

- (c) any private placement or restricted issue of new Shares or other securities by the Company;
- (d) any implementation of a Share buy-back arrangement by the Company under the Act;
- (e) any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into Shares or other securities, and any issue of new Shares or other securities arising from the exercise of any conversion rights attached to such convertible securities; or
- (f) any issue of new Shares upon the vesting of Shares under an Award.

## 6. DISCIPLINARY PROCEEDINGS

6.1 For the avoidance of doubt, in the event that a Grantee is subject to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of service), the Board may in its discretion suspend any one or more of the Grantee's rights in respect of any Award then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:

- (a) for the avoidance of doubt, in the event that such Grantee shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Grantee's rights in respect of any Award then held by him shall remain unaffected (and where that Award had been suspended, the suspension shall be lifted);
- (b) in the event the Disciplinary Proceedings result in a dismissal or termination of service of such Grantee, the Award held by that Grantee shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of service of such Grantee, notwithstanding that such dismissal or termination of service may be subsequently challenged by the Grantee in any other forum; and
- (c) in the event that the Disciplinary Proceedings result in a demotion of the Grantee to a lower category of employment, the Board shall have the sole right to decide, at its discretion, whether or not the numbers of Shares comprised in the Award held by that Grantee which are unvested at that time may continue to vest and, if so, to impose such limits, terms and conditions as it deems appropriate, in respect of such Award (regardless of anything previously determined in respect of his Award),

but in any case and notwithstanding anything to the contrary, in the event such Grantee is found guilty of some or all of the charges but no dismissal or termination of service is recommended, the Board shall have the sole right to determine, at its discretion, whether or not the Shares under the Award may continue to vest and, if so, to impose such limits, terms and conditions as it deems appropriate, in respect of such exercise or vesting (regardless of anything previously determined in respect of his Award).

6.2 Once the Shares are vested or the Pay Out becomes payable, such vested Shares (together with any dividend, rights, allotment and/or other distribution received in respect of such vested Shares and/or any realisation proceeds from the sale of such vested Shares) or Pay Out (as the case may be) ("**Assets**") are held by the Grantee on trust for the Company in the event the Board discovers and determines in its sole discretion that the Award, under which the Shares were vested or the Pay Out became payable, had been granted to that Grantee as a result (whether wholly or partly) of fraud, criminal actions and/or deliberate financial misstatement(s) on the part of that Grantee and the Assets shall be immediately transferred to the Company.



## **7. RANKING OF SHARES**

- 7.1 The new Shares to be made available pursuant to this Scheme shall be subject to the provisions of the memorandum of association and Articles of the Company.
- 7.2 The new Shares to be allotted and issued to the Grantees pursuant to this Scheme, shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, except that they shall not participate in dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date on which the new Shares are allotted to the Grantees pursuant to this Scheme.

## **8. ADMINISTRATION**

- 8.1 This Scheme shall be administered by the Board. Subject to these Bye-Laws, the Board may, for the purpose of administering this Scheme, do all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make such rules and regulations, impose such terms and conditions, appoint any adviser, agent, trustee or nominee to facilitate the implementation and operation of this Scheme, and/or delegate all or any part of its powers or duties relating to this Scheme which the Board may in its discretion consider to be necessary or desirable for giving full effect to this Scheme. Unless otherwise expressly provided, where these Bye-Laws provide that any discretion is to be exercised by the Board, that discretion may be exercised by the Board in its absolute discretion.
- 8.2 Without prejudice to **Bye-Law 8.1**, the Board may:
- (a) delegate its powers to the BRC for the purposes of managing the Scheme, including (without limitation), doing all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make such rules and regulations, and impose such terms and conditions, which are to be done by the Board under these Bye-Laws; and/or
  - (b) establish a committee for the purposes of administering the Scheme, including (without limitation), doing all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make such rules and regulations, and impose such terms and conditions, which are to be done by the Board under these Bye-Laws, and to this end the Board may determine all matters pertaining to this committee, including (without limitation) its composition, duties, powers and limitations. For the avoidance of doubt, the Board is entitled to delegate to such committee any right, discretion, power and/or authority which the Board has under and for the purposes of these Bye-Laws.

## **9. MODIFICATION AND/OR AMENDMENT OF THESE BYE-LAWS**

- 9.1 The terms and conditions of these Bye-Laws and this Scheme may from time to time be modified, altered, amended and/or deleted by resolution of the Board, except that (unless expressly provided in these Bye-Laws) no such modification, alteration, amendment and/or deletion shall be made which would either prejudice the rights then accrued to any Grantee without his prior written consent or which would alter to the advantage of the Grantee in respect of any provision of these Bye-Laws without the prior approval of the Company's members in a general meeting and subject to any applicable laws.

## **10. LIQUIDATION OF COMPANY**

- 10.1 Upon the receipt of a court order of the winding-up of the Company, all Unvested Shares or unpaid Pay Out (as the case may be) under an Award shall lapse and be null and void and of no further force and effect, and this Scheme shall terminate.

## **11. DURATION OF THIS SCHEME**

- 11.1 This Scheme shall be in force for a period of ten (10) years commencing from the effective date, being the date upon which the Company has fully complied with the provisions of the Listing Requirements of Bursa Securities in relation to the Scheme ("**Scheme Period**"). All unvested Shares under the Awards which are not vested (whether fully or partially) shall forthwith lapse upon the expiry of the Scheme.
- 11.2 Notwithstanding anything set out in these Bye-Laws and subject to compliance with the Listing Requirements in relation to this Scheme, the Company may terminate this Scheme at any time during the Scheme Period as the Company deems appropriate.

## **12. RETENTION PERIOD AND RESTRICTION ON TRANSFER**

- 12.1 The new Shares to be allotted and issued upon the vesting of an Award under this Scheme are not subject to any retention period or restriction on transfer.

## **13. COSTS AND EXPENSES OF SCHEME**

- 13.1 All administrative costs and expenses incurred in relation to this Scheme, including but not limited to the costs and expenses relating to the allotment and issuance of the new Shares upon vesting of Shares under an Award, shall be borne by the Company.
- 13.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including, without limitation, income taxes) that are incurred by an allottee of new Shares pursuant or relating to the vesting of Shares under an Award, and any holding or dealing of such new Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that allottee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

## **14. COMPENSATION**

- 14.1 An Eligible Employee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under this Scheme which he might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.
- 14.2 No Eligible Employee or Grantee, or legal or personal representative therefore, shall bring any claim, action or proceeding against the Company, the Board or any other party for any compensation, loss or damages whatsoever and howsoever arising from the suspension of the vesting of Shares or his rights to the Pay Out (as the case may be) under an Award, his Shares or Pay Out (as the case may be) under an Award not vesting or being paid (as the case may be) for any reason whatsoever, and/or his Award ceasing to be valid pursuant to the provisions of these Bye-Laws.

## **15. DISPUTES**

- 15.1 In the event of a dispute between the Board and/or the BRC, and an Eligible Employee or a Grantee, as to any matter or thing of any nature arising hereunder, the Board shall determine such dispute or difference by a written decision (without the obligation to give any reason for the same) given to the Eligible Employee or Grantee, as the case may be. The said decision of the Board shall be final and binding on the parties.

## **16. INSPECTION OF AUDITED ACCOUNTS**

- 16.1 All Grantees shall be entitled to inspect a copy of the latest audited accounts of the Company, which shall be made available at the registered office of the Company during normal business hours on any working day of the Company.

## **17. DIVESTMENTS OF SUBSIDIARIES**

- 17.1 If a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group resulting in a subsequent holding of fifty percent (50%) or less of the equity of that company by another Group Company, then such Grantee will remain entitled to receive those Shares or Pay Out which have vested or become payable (as the case may be) under the Awards granted to him under this Scheme on or before such disposal or divestment, but shall not be entitled to receive all or any part of the Shares or Pay Out (as the case may be) under an Award that remain unvested or unpaid (as the case may be) nor shall he be eligible to any grant of further Awards under this Scheme.

## **18. ACQUISITIONS OF SUBSIDIARIES**

- 18.1 Notwithstanding anything to the contrary, but subject to **Bye-Law 2.4**, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**"):
- (a) will be entitled to continue to exercise all such unexercised rights or options that were granted to him under the Previous Company's employee share scheme or employee share option scheme in accordance with the bye-laws of that Previous Company's employee share scheme or employee share option scheme, but he shall not, upon that Previous Company becoming a Group Company, be eligible to participate for further rights or options under such Previous Company's employee share scheme or employee share option scheme unless permitted by the Board; and
  - (b) (subject to the approval of the Board) may be eligible to participate in this Scheme only for remaining duration of this Scheme;

provided that, notwithstanding anything to the contrary, the number of new Shares or amount of Pay Out (as the case may be) that may be offered to such an Affected Employee under **Bye-Law 18.1(b)** will always be subject to the discretion of the Board.

## **19. SCHEMES OF ARRANGEMENT**

- 19.1 Notwithstanding **Bye-Law 31** or **Bye-Law 36.8** (as may be applicable), in the event of any application being made to the court for approval of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 176 of the Act, or its amalgamation with any other company or companies under section 178 of the Act, the Board may at its discretion determine that a Grantee may be entitled to receive all or any part of the Shares or Pay Out (as the case may be) under an Award that remain unvested or unpaid (as the case may be) in accordance with **Bye-Law 31.6** or **Bye-Law 36.5** (as may be applicable) commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme is approved (or on any other date specified by the Board in its sole discretion) after which all Unvested Shares or unpaid Pay Out (as the case may be) under the Awards shall forthwith lapse.

**20. THE ARTICLES**

- 20.1 Notwithstanding the terms and conditions contained in these Bye-Laws, if a situation of conflict should arise between these Bye-Laws and the Articles, the provisions of the Articles shall prevail at all times.

**21. SCHEME NOT A TERM OF EMPLOYMENT**

- 21.1 This Scheme shall not form part of, constitute or in any way be construed as any term or condition of employment of any Eligible Employee or Grantee. This Scheme shall not confer or be construed to confer on any Eligible Employee or Grantee any special right or privilege over and above the Eligible Employee's or Grantee's terms and conditions of employment under which that Eligible Employee or Grantee is employed.

**22. DISCLAIMER OF LIABILITY**

- 22.1 Notwithstanding any provision contained herein, and subject to all applicable laws, the Board, the Company, the BRC and/or any committee(s) established pursuant to **Bye-Law 8.2**, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising in any event, including but not limited to the Company's delay in allotting and issuing the Shares or in applying for or procuring the listing of the Shares on Bursa Securities.

**23. NOTICE**

- 23.1 Any notice under the Scheme required to be given to or served upon an Eligible Employee or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by electronic mail, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Employee or Grantee at his place of employment, to his electronic mail address, at his last facsimile transmission number known to the Company, or to his last-known address. Any notice served by hand, by facsimile, by electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, (if by electronic mail) the dispatch of the electronic mail, and (if by post) three days after postage.
- 23.2 Any notice under the Scheme required to be given to or served upon the Board or the BRC by an Eligible Employee or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company in respect of the Board or the BRC (or such other office or place which the Board may have stipulated for this purpose).

**24. MULTIPLE JURISDICTIONS**

- 24.1 In order to facilitate the making of any Offer and/or grant of Awards (and/or the benefit thereof) under this Scheme, the Board may provide for such special terms to apply to Offers and/or Awards to Grantees who are employed by a Group Company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the Board may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. Moreover, the Board may approve such supplements to or amendments, restatements or alternative versions of, the Scheme as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Scheme as they are in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Scheme. No such special terms, supplements, amendments or restatement, however, shall include any provision that is inconsistent with the terms of this Scheme under these Bye-Laws as then in effect unless this Scheme and these Bye-Laws could have been amended to eliminate such inconsistency.

**25. SEVERABILITY**

- 25.1 Any term, condition, stipulation, and/or provision in these Bye-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, vividness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation, provision contained in these Bye-Laws.

**26. GOVERNING LAW**

- 26.1 The Scheme, these Bye-Laws, and all Offers and Awards made and granted and actions taken under the Scheme shall be governed by and construed in accordance with the Malaysian law.

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## SECTION 1

### RSP

#### 27. RSP OFFER

27.1 The Board may, during the duration of the Scheme as provided in **Bye-Law 11**, make one or more RSP Offers during a year to any Eligible Employee, whom the Board may in its absolute discretion select, to be allotted during the RSP Award Period new Shares in accordance with the terms of this RSP. Each RSP Offer made to any Eligible Employee by the Board shall be separate and independent from any previous or later RSP Offer made by the Board to that Eligible Employee.

27.2 Subject always to these Bye-Laws:

- (a) nothing shall prevent the Board from making more than one (1) RSP Offer to any Eligible Employee; and
- (b) the number of new Shares which an Eligible Employee may be entitled pursuant to a RSP Offer shall be at the discretion of the Board and, subject to any adjustment that may be made under these Bye-Laws, shall be not be less than 100 Shares and shall always be in multiples of 100 Shares.

The numbers of Shares so offered for allotment pursuant to the Scheme shall be verified by the Company's Auditors as part of its audit exercise, which shall be disclosed in the Company's annual report.

27.3 A RSP Offer may be made upon such terms and conditions (including timing) as the Board may decide from time to time. Each RSP Offer shall be made in writing and is personal to the Eligible Employee and cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever, except that in the case where an Eligible Employee is not a resident in Malaysia, the RSP Offer for the benefit of that non-resident Eligible Employee may be in favor of (and be accepted by) any person who represents, is a nominee of, is an agent of, and/or is a trustee of, that Eligible Employee. For the avoidance of doubt, the restriction in this **Bye-Law 27.3** shall apply to any person who represents, is a nominee of, is an agent of and/or is a trustee of that Eligible Employee, to the extent where any assignment, transfer or disposal thereby is in favor of any person other than the Eligible Employee.

#### 28. ACCEPTANCE OF OFFER

28.1 A RSP Offer shall be valid for a period of one month (or such other period as may be determined by the Board) from the date of that RSP Offer. Any acceptance of that RSP Offer must be made by the person to whom that RSP Offer is made within that period by written notice to the Board (in such form as may be prescribed by the Board), accompanied by a payment to the Company of the sum of RM1.00 as a consideration for acceptance of that RSP Offer and his CDS Account number. If that RSP Offer is not accepted in this manner, that RSP Offer shall, upon the expiry of the prescribed period, automatically lapse and shall be null and void and of no effect and the new Shares that would have been allotted in such RSP Offer may, at the discretion of the Board, be offered to other Eligible Employees in accordance with these Bye-Laws.

## 29. NON-TRANSFERABILITY OF AWARD

- 29.1 Subject to **Bye-Law 32.3**, an Award is personal to the Grantee thereof, and cannot be assigned, encumbered, transferred to otherwise disposed of in any manner whatsoever, except that in the case where an Eligible Employee is not a resident in Malaysia, the Award that is for the benefit of that non-resident Eligible Employee may then be held and its rights exercised by or in favor of any person who represents, is a nominee of, is an agent of, and/or is a trustee of, that Eligible Employee. For the avoidance of doubt, this **Bye-Law 29.1** shall apply to any person who represents, is a nominee of, is an agent of and/or is a trustee of that Eligible Employee, to the extent where any assignment, transfer or disposal thereby is in favor of any person other than the Eligible Employee.

## 30. AWARD PRICE

- 30.1 The reference price at which the Grantees shall be allotted new Shares pursuant to an RSP Award will be based on the fair value of the Shares on the Date of Offer, but shall not in any event be lower than the nominal value of the Shares.

## 31. ALLOTMENT OF SHARES

- 31.1 The Shares to be allotted under a RSP Award shall vest to the Grantee in accordance with the terms of the Award (as set out in the RSP Offer) and these Bye-Laws:

- (a) during his employment with a Group Company (unless otherwise expressly provided under these Bye-Laws); and
- (b) within the RSP Award Period,

and not otherwise, during the normal business hours of the Company on such days and/or during such periods as the Board or the BRC may decide for the purposes of vesting of the Awards, provided that no Shares under a RSP Award shall vest beyond the expiry of the duration of this Scheme as provided for in **Bye-Law 11**. The Shares under a RSP Award shall vest in multiples of and no less than 100 Shares.

- 31.2 Every Notice of Vesting must be in the form prescribed by the Board from time to time and will stipulate the vesting date for the RSP Award. Within eight (8) Market Days from the vesting date stipulated in the Notice of Vesting, the Company shall:

- (a) allot and issue such number of new Shares to the Grantee (subject to and in accordance with the provisions of the Articles and all applicable laws); and
- (b) dispatch notices of allotment to the Grantee accordingly.

In any case, the Company will apply to Bursa Securities for the listing of and quotation for all the new Shares to be allotted pursuant to this Scheme and will use its best endeavors to obtain permission for such listing and quotation.

- 31.3 The new Shares to be issued pursuant to the vesting of a RSP Award under the RSP shall be credited directly into the CDS Account of the Grantee and no physical share certificates will be issued and delivered to the Grantee. The Grantee shall provide the Board with his CDS Account number or the CDS Account number when accepting any RSP Offer in accordance to **Bye-Law 28.1**. Any change to his CDS Account number will need to be made in writing to the Board or the BRC.

- 31.4 To the extent Shares under a RSP Award have not vested upon expiry of the RSP Award Period or vest at all under the RSP for any reason whatsoever (including, without limitation, by reason of the Board determining that a RSP Award shall not vest at all, pursuant to **Bye-Law 31.6** the RSP Award shall lapse and become null and void (unless extended at any time and from time to time by the Board in its sole discretion).

- 31.5 Notwithstanding anything to the contrary, in the event of any take-over offer being made for the issued share capital of the Company or any other corporate proposal (including but not limited to a selective capital reduction exercise), being undertaken whereby all of the issued share capital of the Company is to be acquired (or all of the issued share capital of the Company ends up in the hands of one or more sponsor of such proposal), whether by way of a general offer or otherwise, the Board may in its sole discretion unilaterally decide:
- (a) to alter any RSP Award Period applicable in respect of a RSP Award, whether by shortening or lengthening the same;
  - (b) to alter any RSP Award Commencement Date and/or RSP Award Termination Date;
  - (c) to fix any RSP Award Commencement Date and/or RSP Award Termination Date; and/or
  - (d) to alter the terms of any RSP Award;

but in the absence of any such decision by the Board, upon any such take-over offer or corporate proposal becoming or being declared unconditional, all shares under the RSP Award which have not vested in accordance to **Bye-Law 31.6** shall vest in full, provided that if during such period a party becomes entitled or bound to exercise the rights of compulsory acquisition under the provision of any applicable law, and gives notice to the Company and/or any member of the Company that it intends to exercise such rights on a specific date, the Shares vested under the RSP Award will be issued and allotted prior to the specific date.

- 31.6 Notwithstanding **Bye-Law 31.1**, all Shares under RSP Awards that are granted under this RSP shall vest only if the Board determines that Shares under the RSP Awards are able to vest (and if so, determines the extent to which Shares under RSP Awards will vest) in accordance with such criteria as the Board may fix at any time and from time to time in its sole discretion, and (as the case may be) subject to such limits in numbers of Shares and times of vesting as may be determined by the Board also in its sole discretion. For the avoidance of doubt, no Shares under RSP Awards shall vest unless the same shall have been determined by the Board to be able to vest pursuant to this **Bye-Law 31.6**. In this regard, the Board may (without prejudice to the generality of the foregoing) impose such conditions precedent as the Board thinks fit in respect of the vesting of any Share under a RSP Award. In respect of any year during the duration of the Scheme, the Board shall make the relevant determinations for the purposes of this **Bye-Law 31.6** that are applicable to that year and notify Grantees of the same.

## 32. TERMINATION OF AWARD

- 32.1 In the event of the cessation of employment of a Grantee with a Group Company for whatever reason, prior to the vesting of Shares under a RSP Award, such Award or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company, provided always that if such cessation occurs by reason of:
- (a) retirement on attaining the normal retirement age under the Group's retirement policy;
  - (b) retirement before attaining that normal retirement age;
  - (c) ill-health, injury, physical or mental disability;
  - (d) acceptance by that Grantee of a voluntary separate scheme offered by the relevant Group Company and the last day of that Grantee's employment with such Group Company falls on or before the RSP Award Termination Date; or
  - (e) any other circumstance which is acceptable to the Board;



that Grantee's rights in respect of such Award shall remain unaffected, subject to these Bye-Laws. In any of the cases of this **Bye-Law 32.1**, the Board may at its sole discretion determine that all or any part of the Unvested Shares under the RSP Award, can vest in accordance with the provisions of these Bye-Laws, and the times or periods at or within which such Shares under the RSP Awards may vest (provided that no Shares under RSP Awards shall vest after the expiry of the RSP Award Period).

- 32.2 Subject to **Bye-Law 32.1**, upon the resignation of the Grantee from his employment with the relevant Group Company, a RSP Award shall lapse forthwith on the date the Grantee tenders his resignation.
- 32.3 Where a Grantee dies before the expiry of the RSP Award Period, the Board may at its discretion determine that all or any part of the Unvested Shares under the RSP Awards held by the Grantee, can vest to the legal or personal representative of that Grantee, and the times or periods at or within which such Shares under the RSP Awards may vest, provided always that no Shares under the Awards may vest after the expiry of the RSP Award Period. In this regard, the Board may require the said personal or legal representative to provide evidence satisfactory to the Board of his status as such legal or personal representative.

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## SECTION 2

### ADS LTIP

#### 33. OFFER

33.1 The Company may, during the duration of the Scheme as provided in **Bye-Law 11**, make on an annual basis, one (1) or more ADS LTIP Offers to an Eligible Employee selected by the Board in its absolute discretion, to receive the ADS LTIP Award. Each ADS LTIP Offer made by the Board to an Eligible Employee shall be separate and independent from any previous ADS LTIP Offer made by the Company to that Eligible Employee.

33.2 Subject to these Bye-Laws:

- (a) nothing shall prevent the Board from making more than one (1) ADS LTIP Offer to an Eligible Employee; and
- (b) the amount of the Pay Out under the ADS LTIP Award which an Eligible Employee may be entitled to pursuant to an ADS LTIP Offer shall be based on the computation, and shall not exceed the maximum amount of pay out, approved by the BRC in its sole discretion.

33.3 An ADS LTIP Offer made is subject to the terms and conditions set out under these Bye-Laws and may be made upon such additional terms and conditions as the BRC may decide from time to time. Each ADS LTIP Offer shall be made in writing and is personal to the Eligible Employee and cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever.

#### 34. ACCEPTANCE OF THE ADS LTIP OFFER

34.1 An ADS LTIP Offer shall be valid for a period of one (1) month (or such other period as may be approved by the BRC) from (and inclusive of) the date of that ADS LTIP Offer ("**ADS LTIP Offer Period**"). Any acceptance of the ADS LTIP Offer must be made by the Eligible Employee to whom the ADS LTIP Offer is made within the ADS LTIP Offer Period by written notice to the Board in such form as may be prescribed by the BRC, accompanied by a payment to the Company of the sum of RM1.00 as the consideration for acceptance of that ADS LTIP Offer. If the ADS LTIP Offer is not accepted in this manner, that ADS LTIP Offer shall, upon the expiry of the ADS LTIP Offer Period, automatically lapse and shall be null and void and of no effect and the Company may, at its discretion, make the ADS LTIP Offer to other Eligible Employees in accordance with these Bye-Laws.

#### 35. NON-TRANSFERABILITY OF THE AWARD

35.1 Subject to **Clause 37.3**, an ADS LTIP Award is personal to the Grantee, and cannot be assigned, encumbered, transferred to or otherwise disposed of in any manner whatsoever.

#### 36. THE AWARD

36.1 The Pay Out under an ADS LTIP Award shall become payable to a Grantee in accordance with the terms of the ADS LTIP Award and these Bye-Laws and subject to satisfaction of the criteria and conditions as may be approved by the BRC in its sole discretion pursuant to **Clause 36.6** on the ADS LTIP Award Termination Date ("**Pay Out Date**").

- 36.2 Every Notice of Pay Out must be in the form prescribed by the Board from time to time and will stipulate the Pay Out Date for the ADS LTIP Award. Subject to **Bye-Law 36.9**, within thirty (30) days from the Pay Out Date stipulated in the Notice of Pay Out, the Company shall:
- (a) effect the Pay Out under the ADS LTIP Award into the bank account provided by the Grantee; and
  - (b) despatch a notice to the Grantee accordingly informing that the Pay Out under the ADS LTIP Award has been effected to that Grantee.
- 36.3 For purposes of **Clause 36.2(a)**, the bank account of the Grantee shall be the one used by the relevant Group Company within the ADS Division for monthly pay roll purposes.
- 36.4 To the extent the Pay Out has not become payable on the Pay Out Date or become payable at all under the ADS LTIP for any reason whatsoever (including without limitation by reason of the BRC approving that an ADS LTIP Award shall not become payable at all, pursuant to **Clause 36.6**, the ADS LTIP Award shall lapse and become null and void (unless extended at any time and from time to time by the BRC in its sole discretion).
- 36.5 Notwithstanding anything stating to the contrary, in the event of any take-over offer being made for the issued share capital of ADS or any other corporate proposal being undertaken or affecting ADS whereby all of the issued share capital of ADS is to be acquired (or all of the issued share capital of ADS ends up in the hands of one (1) or more sponsors of such proposal), whether by way of a general offer or otherwise, the BRC may in its sole discretion unilaterally decide to:
- (a) alter any ADS LTIP Award Period applicable in respect of an ADS LTIP Award, whether by shortening or lengthening the same;
  - (b) fix or alter any ADS LTIP Award Commencement Date and/or ADS LTIP Award Termination Date; and/or
  - (c) alter the terms of any ADS LTIP Award,
- but in the absence of any such decision by the BRC, upon any such take-over offer or corporate proposal becoming or being declared unconditional, all Pay Outs under the Award which have not become payable in accordance to **Clause 36.6** shall not become payable and the ADS LTIP Award shall immediately lapse and be null and void.
- 36.6 Notwithstanding **Clause 36.1**, all Pay Outs under the ADS LTIP Awards that are to be paid under the ADS LTIP shall become payable only on the Pay Out Date if the BRC decides that the criteria and conditions set out in the ADS LTIP Offer and such other criteria and/or conditions as the BRC may take into consideration at any time and from time to time in its sole discretion, have been met (and if so, decides the extent to which the Pay Outs under the ADS LTIP Award will become payable). For the avoidance of doubt, no Pay Out under the ADS LTIP Award shall become payable unless the same shall have been approved by the BRC pursuant to this **Clause 36.6**.
- 36.7 The ADS LTIP Offer made to an Eligible Employees in accordance with **Bye-Law 33** may, at the sole discretion of the BRC, provide that at the time of acceptance of the ADS LTIP Offer, such Eligible Employee will have to elect whether to be paid:
- (a) bonus (if any) of a lower amount than what such Eligible Employee would have otherwise been entitled and paid during the ADS LTIP Award Period in exchange for an Individual Pay Out (if any) calculated at a rate higher than what would have been applicable; or

- (b) bonus of an amount such Eligible Employee would have been entitled and paid during the ADS LTIP Award Period in exchange for an Individual Pay Out (if any) calculated at a rate lower than what would have been applicable,

details of which would be set out in the ADS LTIP Offer.

Once elected, the election shall apply for the duration of the ADS LTIP Award Period in respect of the ADS LTIP Award under that ADS LTIP Offer and shall be irrevocable.

36.8 The BRC may, in its sole and absolute discretion, decide that the Pay Outs under the ADS LTIP Awards, be satisfied by the following instead of wholly as cash payment by the Group to the Grantees:

- (a) allotment and issuance of Shares by the Company to the Grantees; or
- (b) a combination of allotment and issuance of Shares and cash payment,

pursuant to these Bye-Laws.

36.9 Notwithstanding **Bye-Law 36.2**, in the event the Pay Outs comprise the allotment and issuance of Shares, within eight (8) Market Days from the Pay Out Date stipulated in the Notice of Pay Out, the Company shall:

- (a) allot and issue such number of new Shares to the Grantee based on the fair value of the Shares on or prior to the Pay Out Date (subject to and in accordance with the provisions of the Articles and all applicable laws); and
- (b) dispatch notices of allotment to the Grantee accordingly.

In any case, the Company will apply to Bursa Securities for the listing of and quotation for all the new Shares to be allotted pursuant to this Scheme and will use its best endeavors to obtain permission for such listing and quotation.

36.10 The new Shares to be issued pursuant to the Pay Out under an ADS LTIP Award under the ADS LTIP shall be credited directly into the CDS Account of the Grantee and no physical share certificates will be issued and delivered to the Grantee. The Grantee shall provide the Board with his CDS Account number or the CDS Account number when accepting any ADS LTIP Offer in accordance to **Bye-Law 34.1**. Any change to his CDS Account number will need to be made in writing to the Board or the BRC.

### **37. TERMINATION OF ADS LTIP AWARD**

37.1 In the event of the cessation of employment of a Grantee with the Group Company within the ADS Division for whatever reason prior to the Pay Out under an ADS LTIP Award becoming payable, such ADS LTIP Award shall forthwith cease to be valid without any claim against the Company and/or ADS, provided always that if such cessation occurs by reason of:

- (a) retirement on attaining the normal retirement age under the relevant Group Company's retirement policy;
- (b) retirement before attaining that normal retirement age;
- (c) ill-health, injury, physical or mental disability;

- (d) acceptance by that Grantee of a voluntary separation scheme offered by the relevant Group Company and the last day of that Grantee's employment with such Group Company falls on or before the ADS LTIP Award Termination Date;
- (e) any other circumstances which is acceptable to the BRC,

that Grantee's rights in respect of such ADS LTIP Award shall remain unaffected save that the portion of any Pay Out which may become payable under the Awards shall be pro-rated for the portion of the ADS LTIP Award Period that that Grantee was an employee in the relevant Group Company; or

- (f) redundancy or retrenchment, the BRC shall have full discretion to decide whether the ADS LTIP Award shall:
  - (i) lapse forthwith on the date of the notice of termination of employment; or
  - (ii) continue save that the portion of any Pay Out which may be paid under the ADS LTIP Awards shall be pro-rated for the portion of the ADS LTIP Award Period that that Grantee was an employee in the relevant Group Company or the BRC may unilaterally decide to alter the terms of the ADS LTIP Award,

subject to these Bye-Laws. In any of the cases of this **Clause 37.1**, the BRC may at its sole discretion decide that all or any part of the Pay Out under the ADS LTIP Award which has not become payable, can become payable in accordance with the provisions of these Bye-Laws, and the times or periods at or within which such Pay Out under the Awards may be paid (provided that no Pay Out under the ADS LTIP Award shall be paid after the expiry of the ADS LTIP Award Period).

37.2 Subject to **Clause 37.1**, upon the resignation of the Grantee from his employment with the Group Company within the ADS Division, his ADS LTIP Award shall lapse forthwith on the date the Grantee tenders his resignation or in the case of a Grantee ceasing to hold office or employment by reason of lawful dismissal due to misconduct or for any other reason, his ADS LTIP Award shall lapse forthwith on the date of the notice of dismissal.

37.3 Where a Grantee dies before the expiry of the ADS LTIP Award Period, the BRC may at its discretion approve that all or any part of the Pay Outs under the ADS LTIP Award(s) held by the Grantee can be paid to the legal or personal representative of that Grantee, and the times or periods at or within which such Pay Outs under the Awards may become payable, provided always that no Pay Outs under the ADS LTIP Awards may become payable after the expiry of the ADS LTIP Award Period. In this regard, the BRC may require the said personal or legal representative to provide evidence satisfactory to the BRC of his status as such legal or personal representative.

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## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

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

### 2. WRITTEN CONSENT AND CONFLICT OF INTERESTS

#### 2.1 Adviser for the Proposed LTIP

CIMB, being our Adviser for the Proposed LTIP, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear.

CIMB, its related and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role as Adviser for the Proposed LTIP. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates and/or any other entity or person(s), hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of the CIMB Group generally acting independently of each other and accordingly, there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest in or take actions that may conflict with the interests of our Company and/or our affiliates. Nonetheless, CIMB is required to comply with applicable laws, rules and regulations, including policies and guidelines issued by the Securities Commission Malaysia, Bank Negara Malaysia and all relevant authorities governing its advisory business which require CIMB to, amongst others, have a clear segregation between its dealing and advisory activities, and maintain a Chinese wall between different business divisions.

CIMB confirms that as at the LPD, it is not aware of any circumstance that would give rise to a possible conflict of interest situation which exists or is likely to exist in its capacity as the Adviser to our Company for the Proposed LTIP.

#### 2.2 Scheme Adviser

Mercer (Singapore) Pte Ltd, our Scheme Adviser for the Proposed RSP, has given and has not subsequently withdrawn its written consent to include its name and all references thereto in this Circular in the form and context in which they appear.

Mercer (Singapore) Pte Ltd is not aware of possible conflict of interest which exists or is likely to exist in its capacity as our Scheme Adviser for the Proposed RSP.

### 3. MATERIAL CONTRACTS

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

- (a) An asset purchase agreement dated 30 September 2014 was entered into between PT XL Axiata Tbk (“**XL**”) and PT Solusi Tunas Pratama Tbk (“**STP**”) where XL agreed to sell, transfer and assign to STP, and STP agreed to purchase and accept the transfer and assignment from XL of all of XL's rights, title and interest in and to 3,500 telecommunication towers with all related equipment located on a leased property in Indonesia, at the cash consideration of Indonesian Rupiah 5.6 trillion. The sale and purchase transaction was completed on 23 December 2014.
- (b) An asset purchase agreement dated 1 March 2015 was entered into between Robi and edotco Bangladesh Co. Ltd (“**EBCL**”) (which was subsequently amended and restated vide the Amended and Restated Asset Purchase Agreement dated 29 July 2015), where EBCL agreed to purchase and accept the transfer and assignment from Robi of all of Robi's rights, title and interest in and to the telecommunication towers with all related equipment located at the site in Bangladesh, at the cash consideration of US\$161,081,633. The sale and purchase transaction was completed on 29 July 2015.
- (c) A share purchase agreement dated 21 December 2015 was entered into between TeliaSonera UTA Holding B.V., SEA Telecom Investments B.V., TeliaSonera AB, TeliaSonera Norway Nepal Holdings AS, Axiata Investments (UK) Limited (“**AIL**”) and Axiata for the acquisition of the entire issued and paid-up capital of Reynolds Holdings Limited (“**Reynolds**”) by AIL for a total cash consideration of approximately US\$1,365.1 million subject to closing adjustments. The sale and purchase transaction was completed on 11 April 2016.
- (d) A shareholders' agreement dated 21 December 2015 was entered into between Bhavana Singh Shrestha, Sunivera Capital Venture Pvt. Ltd. and Axiata for the purposes of regulating the operation and management of Ncell Pvt. Ltd. and the relationship between the parties thereto upon completion of the proposed acquisition of the entire issued and paid up capital of Reynolds.
- (e) A agreement dated 28 January 2016 was entered into between Robi, Airtel Bangladesh Limited (“**Airtel**”), Axiata Investment (Labuan) Limited (“**Axiata Investment**”), Bharti International (Singapore) Private Limited (“**Bharti**”) and Bharti Airtel Holdings (Singapore) Pte. Ltd. (“**Bharti Singapore**”) for the amalgamation of Airtel with Robi (a 91.59% owned subsidiary of the Company, held through its wholly-owned subsidiary Axiata Investments) on the terms set out in the agreement and the Companies Act 1994 of Bangladesh (“**Proposed Exercise**”), and the Proposed Exercise shall be satisfied fully via issuance of new ordinary shares of BDT10 each in Robi (“**Robi Share**”) by Robi to Bharti Singapore for shareholding of up to 25% plus 1 Robi Share on a fully diluted basis of the combined entity of Robi and Airtel Bangladesh. Pursuant to the Proposed Exercise, Robi shall be the surviving corporation.

#### 4. MATERIAL LITIGATION

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

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

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million as at 30 November 2004 pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR.

TSDTR filed its defence and instituted a counterclaim of RM100.0 million against Celcom Trading, Celcom Resources Berhad (“**Celcom Resources**”) and its directors to void and rescind the indemnity letter and claim for damages.

Celcom Trading, Celcom Resources and the directors filed their respective applications to strike out TSDTR’s counterclaim and such applications were dismissed by the Court. The directors appealed and the same was dismissed on 16 October 2012.

Subsequent to that, the Court allowed the parties’ application to amend the pleadings on 13 May 2013. The matter was partially heard on 3 to 6 November 2014 and was thereafter adjourned for continued trial on 13, 14, 15 and 17 April 2015. The trial proceeded on 13 April 2015 and thereafter adjourned to 26 June 2015 for continued trial. Celcom had closed its case on 28 September 2015 and TSDTR commenced his case on the same date. The hearing continued until 30 September 2015 and thereafter adjourned to 23 October 2015 for further continued hearing. The trial proceeded on 23 October 2015 whereby TSDTR had completed his evidence. During the case management on 5 November 2015, the Court fixed 27 and 28 January 2016 for continued hearing. On 28 January 2016, the Court fixed 30 March 2016 for parties to submit their respective submissions.

On 30 March 2016, the Court heard submissions from all parties and fixed the matter for clarification or decision on 26 April 2016.

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

On 24 October 2008, Celcom and Celcom Resources filed a Writ of Summons and Statement of Claim against the former directors of Celcom and Celcom Resources, namely (i) TSDTR, (ii) Bistaman Ramli (“**BR**”), (iii) Dato’ Lim Kheng Yew (“**DLKY**”), (iv) Axel Hass (“**AH**”), and (v) Oliver Tim Axmann (“**OTA**”). In the Writ of Summons, Celcom and Celcom Resources also named DeTeAsia Holding GmbH (“**DeTeAsia**”) and Beringin Murni Sdn. Bhd. (“**BM**”) as co-defendants (collectively with the former directors referred to as “**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 them to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 ("**Supplemental Agreement**") and the Amended and Restated Supplemental Agreement ("**ARSA**") dated 4 April 2002 with DeTeAsia in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and BR.

TSDTR and BR filed an application to strike out the Writ of Summons. On 17 July 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012. DeTeAsia, AH and OTA have filed their respective Memorandum of Conditional Appearance and application to strike out these proceedings. On 25 October 2010, the Court dismissed the said application respectively and on 28 October 2010 AH, OTA and DeTeAsia filed their respective appeals to Court of Appeal against the High Court decision. The appeals were heard on 25 June 2012 and 14 August 2012 and fixed for continued hearing on 28 November 2012.

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. The Court of Appeal had on 11 March 2014 dismissed with costs appeals filed by TSDTR, BR, AH, OTA and DeTeAsia. The Court of Appeal also ordered that the proceedings in the High Court be stayed pending disposal of the defendants' applications for leave to appeal to the Federal Court. On 8 and 9 April 2014, an application for leave to appeal to the Federal Court was filed by TSDTR, BR, AH, OTA and DeTeAsia respectively. The hearing of their application for leave to appeal to the Federal Court was fixed on 31 March 2016. Upon hearing the submission from all parties, the Federal Court dismissed the application for leave to appeal by TSDTR, BR, AH, OTA and DeTeAsia respectively on 31 March 2016 with costs. Since the Defendants had exhausted all avenues to appeal, the proceedings in the High Court shall resume.

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.

Celcom's and Celcom Resources' claim in the High Court is fixed for trial from 17 to 28 October 2016. Parties are directed to close the pleadings by the case management fixed on 23 May 2016.

**(c) Celcom & Another vs TSDTR & 8 Others**

Pursuant to an award granted by the arbitral tribunal to DeTeAsia's on 2 August 2005, Celcom and Celcom Resources instituted proceedings against 9 of its former directors alleging that they had breached their fiduciary duties in entering into a Subscription Agreement on its behalf on 25 June 1996 with Deutsche Telekom AG ("**Subscription Agreement**"), and the ARSA whilst they were directors of Celcom and Celcom Resources. In addition, Celcom and Celcom Resources have also made a claim against TSDTR for alleged unauthorised profits made by him in connection with the execution of the abovementioned agreements. Celcom and Celcom Resources are seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446.0 million, all monies received by the directors arising out of such breaches, losses and damages in connection with the entry of Celcom and Celcom Resources into the Subscription Agreement and the ARSA.

TSDTR and BR filed an application to strike out the proceedings. On 6 February 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and on 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012.

The German directors have respectively applied to set aside these proceedings on the basis that the issues had been litigated and decided on their merits based on the award. The said applications were respectively dismissed by the Court on 30 June 2010. The German directors filed their respective notices of appeal to the Court of Appeal. The appeals were heard on 25 June 2012 and 14 August 2012. The Court of Appeal then fixed 28 November 2012 for continued hearing. Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. The Court of Appeal had on 11 March 2014 dismissed with costs the appeals filed by (i) TSDTR and BR against the decision of the High Court dated 6 February 2009; and (ii) the German directors against the decision of the High Court dated 30 June 2010.

The Court of Appeal also ordered that the proceedings in the High Court be stayed pending the disposal of the defendants' applications for leave to appeal to the Federal Court. On 8 and 9 April 2014, an application for leave to appeal to the Federal Court was filed by TSDTR, BR and German directors respectively. The hearing of their application for leave to appeal was fixed on 31 March 2016. Upon hearing the submission from all parties, the Federal Court dismissed the application for leave to appeal by TSDTR, BR, AH, OTA and DeTeAsia respectively on 31 March 2016 with costs. Since the Defendants had exhausted all avenues to appeal, the proceedings in the High Court shall resume.

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.

Celcom's and Celcom Resources' claim in the High Court is fixed for trial from 17 to 28 October 2016. Parties are directed to close the pleadings by the case management fixed on 23 May 2016.

**(d) Claim on Robi Axiata Limited ("Robi") by National Board of Revenue ("NBR")**

The Large Tax Unit ("LTU") of the NBR of Bangladesh, had issued a show cause letter dated 23 February 2012 to Robi. The letter alleged that Robi had evaded payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi on the pretext that the issuance were for replacement purposes with regards to Robi's existing customers. The amount in question amounts to BDT6,549,944,826 (USD81,874,310.325). The show cause letter accompanied a demand to pay the amount, if the response to the show cause letter is not satisfactory.

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

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

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

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

In August 2013, a Review Committee was formed consisting of representatives from four mobile operators, BTRC (the telecoms regulator), NBR, LTU and a representative from Association of Mobile Telecom Operators of Bangladesh to produce a report with a view to resolve the matter amicably. The Review Committee is yet to finalise an agreed version of the final report. LTU filed a revised claim on 17 May 2015 claiming for BDT4,145,455,400 (USD51,818,192.50). A writ hearing is pending at the High Court of Bangladesh challenging the revised claim. Meanwhile, Robi has filed an appeal with the Customs, Excise and VAT Appellate Tribunal. The appeal is currently pending for hearing.

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

DBN is involved in a money recovery case in relation to an unpaid outstanding amount due on providing telecommunication facilities, which was initially filed on 20 November 2001 by Suntel Limited against Electroteks.

Electroteks in their answer dated 30 May 2002 made a cross-claim which amounted to LKR4.2 billion along with legal interest.

On 9 March 2012, the Court delivered judgment in favour of Electroteks and granted them the aforesaid cross-claim along with legal interest, on an alleged overpayment and consequential damages.

DBN has instituted appeal proceedings against the said judgment in the Supreme Court of Sri Lanka.

Pending such appeal, Electroteks filed a Writ Pending Appeal application in the Commercial High Court of the Western Province seeking to execute the judgment delivered in their favour pending the appeal to the Supreme Court. DBN filed objections to this application on 18 February 2013. On 3 March 2014, proceedings in relation to this application was terminated upon DBN keeping a guarantee to cover the judgment in the appeal made to the Supreme Court of Sri Lanka, through its parent company Dialog Axiata Plc. in the form of a bank guarantee for the value of LKR1.0 billion and a corporate guarantee for the value of LKR3.2 billion.

The appeal matter in the Supreme Court of Sri Lanka is currently fixed for hearing on 16 May 2016.

(f) **Access Promotion Contribution of Multinet Pakistan (Private) Limited (“Multinet”)**

Multinet has on 19 September 2011, initiated a legal suit against the Pakistan Telecommunication Authority (“PTA”), Federation of Pakistan, Ministry of Information Technology and Universal Service Fund (“USF”) Company to recover approximately PKR8.0 billion as actual damages for alleged illegal suspension of its license as well as the recovery of the past Access Promotion Charges made by Multinet and a further punitive damages of PKR10.0 billion. On the application of Multinet, the High Court of Sindh (“**Sindh High Court**”) has on 3 October 2011 granted a stay order in favour of Multinet refraining the respondents (i.e. the PTA, Federation of Pakistan, Ministry of Information Technology and USF Company) from taking any adverse action against Multinet.

On 5 May 2015, the Sindh High Court has ordered for the matter to be fixed for further hearing and the stay order originally granted to remain effective. No hearing date has been fixed by the Sindh High Court.

**5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

**5.1 Material commitments**

As at the LPD, save as disclosed below, our Board is not aware of any material commitments incurred or known to be incurred by our Group which may have a material impact on the profits or NA of our Group.

<b>Capital commitments (unaudited)</b>	<b>RM '000</b>
Approved and contracted for	1,594,079
Approved and not contracted for	2,979,701
<b>Total</b>	<b><u>4,573,780</u></b>

**5.2 Contingent liabilities**

Save as disclosed below, as at LPD, our Group is not aware of any contingent liability which upon becoming enforceable may have a material impact on the financial position of our Group.

- (a) There has been no significant change in contingent liabilities from that disclosed in Note 35(d) at pages 159 to 161 of our audited financial statements for the financial year ended on 31 December 2015 (“**2015 Audited Financial Statements**”).

**6. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed LTIP and the corporate proposal in relation to the material contract as disclosed in Section 3(e) of Appendix III of this Circular, we have not announced any other corporate proposals which have yet to be completed prior to the printing of this Circular.

In any event, the Proposed LTIP is not conditional upon any corporate proposal.

## **7. DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at our registered office at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia during office hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our 24th AGM:

- (a) our Company's Memorandum and Articles of Association;
- (b) our audited consolidated financial statements for the past two (2) financial years ended on 31 December 2013 and 2014 as well as the 2015 Audited Financial Statements;
- (c) letters of consent referred to in Section 2, Appendix III of this Circular;
- (d) draft Bye-Laws for the Proposed LTIP referred to in Appendix II of this Circular;
- (e) the relevant cause papers in respect of the material litigation referred to in Section 4, Appendix III of this Circular; and
- (f) the material contracts referred to in Section 3, Appendix III of this Circular.

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