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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 DIVIDEND REINVESTMENT SCHEME**

**PART C
PROPOSED EXTENSION OF THE DURATION OF AXIATA GROUP BERHAD'S PERFORMANCE-
BASED SHARE OPTION AND SHARE SCHEME**

Adviser For Parts B and C



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

Scheme Adviser For Part C



Towers Watson (Malaysia) Sdn Bhd (26746-T)

The ordinary resolutions for all the proposals will be tabled at the Twenty Second Annual General Meeting ("**22nd AGM**") of Axiata Group Berhad ("**Axiata**"). This circular is despatched together with the notice of the 22nd AGM of Axiata and the proxy form as enclosed in our Annual Report 2013. The date, time and venue of the 22nd AGM are as follows:

Date and time of the 22nd AGM : Wednesday, 28 May 2014 at 10.00 a.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 22nd AGM should be completed and deposited at the office of Axiata's share registrar, Tricor Investor Services Sdn. Bhd. at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on or before the following time and date:

Last day and time for deposit of proxy form : Monday, 26 May 2014 at 10.00 a.m.

This circular is dated 6 May 2014

DEFINITIONS

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.
AGM	:	Annual General Meeting.
Allotment Date	:	Date of allotment and issuance of New Shares in accordance with the requirements of Paragraph 6.09 of the Main LR.
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 scheme period of 8 years.
Axiata Group or Group	:	Axiata and its subsidiaries, collectively.
Axiata RSP Shares	:	Axiata Shares to be issued to Eligible Employees under the Axiata Share Scheme where grants are made under the restricted share plan, and "Axiata RSP Share" shall be construed accordingly.
Axiata Shares	:	Ordinary shares of nominal value RM1.00 each in the capital of the Company, and "Axiata Share" shall be construed accordingly.
Axiata Share Scheme	:	Axiata's Performance-Based Share Option And Share Scheme comprising Axiata ESOS and the Axiata restricted share scheme.
BDT	:	Bangladeshi Taka.
Board	:	Board of Directors.
Board Audit Committee	:	The audit committee of the Board, as detailed in section 2.6 of Part A of this circular.
Books Closure Date	:	Books closure date in relation to a Dividend to which the Proposed DRS applies.
Bursa Securities	:	Bursa Malaysia Securities Berhad.
Bye-Laws	:	Collectively, the terms and conditions governing the Axiata Share Scheme as amended, modified or supplemented from time to time.
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.

DEFINITIONS (cont'd)

- Code : Malaysian Code On Take-Overs And Mergers, 2010, as amended from time to time.
- Connected Person, Person Connected or equivalent : In relation to a Director or Major Shareholder, means such person who falls under any one of the following categories:
- (i) a family member of the Director or Major Shareholder;
 - (ii) 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;
 - (iii) a partner of the Director, Major Shareholder, or a partner of a Connected Person to that Director or Major Shareholder;
 - (iv) 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;
 - (v) 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;
 - (vi) 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;
 - (vii) 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;
 - (viii) 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 15% of the votes attached to voting shares in the body corporate; or
 - (ix) a body corporate which is a related corporation of the Director or Major Shareholder.

DEFINITIONS *(cont'd)*

Director	:	<p>A director of Axiata or its 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> <p>(i) a director of Axiata or its subsidiary or holding company; or</p> <p>(ii) a chief executive officer of Axiata or its subsidiary or holding company;</p> <p>and "Directors" shall be construed accordingly.</p>
Dividend	:	<p>Cash dividend declared by us, whether interim, final, special or any other cash dividend, and "Dividends" shall be construed accordingly.</p>
Electable Portion	:	<p>The whole or a portion of a Dividend that may be declared by us to which our Board, at its absolute discretion, determines that the Option to Reinvest applies.</p>
Eligible Employees	:	<p>Eligible employees and executive directors of Axiata Group (other than subsidiaries that are dormant) who meet the criteria of eligibility to be selected for participation in the Axiata Share Scheme, and "Eligible Employee" shall be construed accordingly.</p>
EPS	:	<p>Earnings per share.</p>
Executive Director	:	<p>An executive director of Axiata and its subsidiaries, and "Executive Directors" shall be construed accordingly.</p>
Extended Expiry Date	:	<p>The extended expiry date of the Axiata Share Scheme of 15 April 2019 if the Proposed Extension as described in Part C of this circular is approved by the Shareholders.</p>
Expiry Date	:	<p>In relation to the Proposed DRS, the last day (which will be a date to be fixed and announced by our Board) by which an election made by the Shareholders in relation to the Electable Portion must be received by Axiata.</p>
Issue Price	:	<p>The issue price of the New Shares to be issued pursuant to the Proposed DRS in accordance with the provisions set out in section 2.4 of Part B of this circular.</p>
Khazanah Nasional	:	<p>Khazanah Nasional Berhad, a Major Shareholder of Axiata.</p>
LOA	:	<p>Limits of authority, as defined in section 2.6 of Part A of this circular.</p>
LKR	:	<p>Sri Lankan Rupee.</p>
LPD	:	<p>7 April 2014, being the latest practicable date prior to the printing of this circular.</p>
Main LR	:	<p>Main Market Listing Requirements of Bursa Securities, as amended from time to time.</p>

DEFINITIONS *(cont'd)*

Major Shareholder	:	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: <ul style="list-style-type: none">(i) 10% or more of the aggregate of the nominal amounts of all voting shares in the corporation; or(ii) where such person is the largest shareholder of the corporation, 5% or more of the aggregate of the nominal amounts of all voting shares in the corporation; and for the purposes of the Proposed Shareholders' Mandate, and in respect of any particular transaction, includes any person who is or was, within the six-month period preceding the date on which the terms of that transaction were agreed upon, a Major Shareholder of Axiata or its subsidiary or holding company. For the purposes hereof, an interest in a share shall be determined by reference to section 6A of the Act. "Major Shareholders" shall be construed accordingly.
Market Day	:	Any day on which Bursa Securities is open for the trading of securities. "Market Days" shall be construed accordingly.
NA	:	Net assets.
New Shares	:	New Axiata Shares to be issued pursuant to the Proposed DRS.
Non-Selectable Portion	:	The remaining portion of the Dividend (where the Selectable Portion is not for the entire amount of Dividend declared) which the Option to Reinvest does not apply, as determined by our Board.
Notice of Election	:	The notice of election (in such form as our Board may approve) in relation to the Option to Reinvest by which the Shareholders confirm the exercise or non-exercise thereof.
Options	:	Share options granted under the Axiata Share Scheme to subscribe for Axiata Shares.
Option to Reinvest	:	The option given to Shareholders pursuant to the Proposed DRS, to reinvest the Selectable Portion in New Shares.
PKR	:	Pakistani Rupee.
PN 12	:	Practice Note 12 of the Main LR as defined in section 2.1 of Part A of this circular.
Proposed DRS	:	Proposed dividend reinvestment scheme that provides the Shareholders the Option to Reinvest in accordance with the terms set out in Appendix II of this circular.
Proposed Extension	:	Proposed extension of the duration of the Axiata Share Scheme for another 2 years from 15 April 2017 to 15 April 2019.

DEFINITIONS *(cont'd)*

Proposed Shareholders' Mandate	:	Proposed shareholders' mandate for RRPTs to be entered into by Axiata Group as described in section 2.4 of Part A of this circular and Appendix I.
Proposed Supplemental Deed	:	Proposed supplemental deed to be executed by the Company for the purpose of facilitating the implementation of the Proposed Extension.
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	:	Ringgit Malaysia.
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.
Shareholders	:	Shareholders of Axiata, and "Shareholder" shall be construed accordingly.
TM	:	Telekom Malaysia Berhad.
TM Group	:	Telekom Malaysia and its subsidiaries, collectively.
USD	:	United States Dollar.
VWAMP	:	Volume weighted average market price.

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 and Appendices are to the relevant sections and appendices of and to this circular.

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Part A

**Letter To Our Shareholders In Relation To The Proposed Shareholders' Mandate In Respect Of
Recurrent Related Party Transactions**



AXIATA GROUP BERHAD
(242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered office:

Level 5, Axiata Centre,
9, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50470 Kuala Lumpur,
Malaysia.

6 May 2014

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*)
Ann Almeida (*Independent Non-Executive Director*)
Kenneth Shen (*Non-Independent Non-Executive Director*)

Dear shareholder:

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

1. Introduction

At the last AGM held on 23 May 2013, we had obtained a mandate from the Shareholders for us to enter into RRPTs with our Related Parties as set out in the circular to Shareholders dated 2 May 2013. This shareholders' mandate shall, in accordance with the provisions of the Main LR, lapse at the conclusion of the forthcoming 22nd AGM unless we, at that same 22nd AGM, again procure a mandate from you for us to enter into RRPTs with our Related Parties. Your Board of Directors had, on 20 February 2014, announced that we will be seeking your approval for the Proposed Shareholders' Mandate, at the forthcoming 22nd AGM.

The purpose of this circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and in relation thereto, to seek your approval for ordinary resolution 9 which is to be tabled as special business at the forthcoming 22nd AGM. This circular is despatched together with the notice of the 22nd AGM of Axiata and the proxy form as enclosed in our Annual Report 2013.

Please read and consider carefully the contents of this 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 the event that:
- (i) the consideration, value of the assets, capital outlay or cost, of the RRPT is RM1 million or more; or
 - (ii) the percentage ratios of such RRPT is 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 to be entered into by the listed issuer, 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 exceeds the applicable prescribed threshold 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 Bursa Securities.
 - (iv) In a meeting to obtain the shareholders' mandate:
 - (I) any director or major shareholder who has an interest, direct or indirect, in an RRPT that is subject to such mandate; and
 - (II) where a person connected with such director or major shareholder has an interest, direct or indirect, in an RRPT which is subject to such mandate, such director or major shareholder;

must not vote on the resolution to approve the shareholders' mandate and the RRPTs. The interested director or interested major shareholder must also ensure that persons connected with it abstain from voting on the resolution approving the shareholders' mandate and the RRPTs.
 - (v) The listed issuer must immediately announce to Bursa Securities when the actual value of a RRPT entered into by the listed issuer exceeds the estimated value of the RRPT as disclosed in this circular by 10% or more, and must include such information as may be prescribed by Bursa Securities in its announcement.
- (c) In accordance with paragraph 3.1.4 of PN 12 of the Main LR, our Proposed Shareholders' Mandate, if approved by you at the 22nd AGM, is subject to annual renewal and shall only continue to be in force until:
- (i) the conclusion of our next AGM following the 22nd AGM at which the Proposed Shareholders' Mandate was passed, at which time the authority will lapse, unless the authority is renewed by a resolution passed at this 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:

(i) the type of RRPTs entered into; and

(ii) the identities of the Related Parties involved in each type of RRPTs entered into, and their relationship with us.

2.2 Our Principal Activities

The principal activities of the Group are the provision of mobile communication services and network transmission related services. The principal activities of the Company are investment holding and provision of technical and management services on an international scale, where it has investments in subsidiaries, jointly controlled entities and associates. The principal activities of the 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.

2.5 Details Of Overdue Trade Receivables

The details of our Company's and our subsidiaries' trade receivables pursuant to RRPT which exceeded the credit term for the following periods as at the end of the financial year ended 31 December 2013 are as set forth below:

Amount in RM(000)	Aging of the Outstanding Amount			
	< 1 year	1 < 3 years	3 < 5 years	> 5 years
Revenue to Axiata Group				
Interconnect payment from TMB Group	4,890	0	0	0
Transmission revenue on the services by Axiata Group to TM	122	0	0	0
Leased-line costs to TMB Group	578	0	0	0
GRAND TOTAL	5,590	0	0	0

There are no late payment charges on the overdue trade receivables as the Group has decided not to impose any late payment charges. The management of the Company has and will continue to meet and discuss with the relevant Related Parties to pursue for early settlement of the outstanding amounts due. The Board Audit Committee and the Board have reviewed the outstanding amounts, and are of the opinion that the outstanding amounts were part of normal business operations of the Group and are recoverable. In addition, the 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 David Lau Nai Pek (Chairman), Datuk Azzat Kamaludin, Juan Villalonga Navarro and 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 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 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 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 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 Board Audit Committee on the said RRPT.

All transactions (including RRPTs) are subject to approvals based on our Group's LOA. The 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 Axiata Group. The threshold for the utilisation of the approved mandate is also subject to the 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 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 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 The Board Audit Committee

Our Board Audit Committee has seen and reviewed the procedures described in section 2.6 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.

2.9 Interests Of Directors, Major Shareholders And Persons Connected To Them

Save for those disclosed below, none of our Major Shareholders and their Connected Persons, and Directors and their Connected Persons, has 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	%
Major Shareholders				
Khazanah Nasional	3,238,919,155	37.89	84,415,540 [±]	0.99

[±] Includes 1,174,650 Axiata Shares being the outstanding number of Axiata Shares to be returned to Khazanah Nasional under the Selling Flexibility Arrangement to facilitate the sale of Axiata Shares by Axiata's employees who have exercised their Axiata ESOS options. Khazanah Nasional is deemed to have an interest in the Axiata Shares pursuant to section 6A of the Companies Act, 1965

Khazanah Nasional, 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 Nasional) and Kenneth Shen (Executive Director of Investment of Khazanah Nasional) (collectively referred to as the "Representative Directors"), are Khazanah Nasional'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 Nasional 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:

- (a) to have any effect on our issued and paid-up capital, on the shareholdings of our substantial shareholders; or
- (b) to have any material effect on our consolidated net assets or our consolidated earnings for the financial year ending 31 December 2014.

4. Approvals Required

The Proposed Shareholders' Mandate is subject to your approval at our forthcoming 22nd AGM.

5. Directors' Recommendation

Our Board (save for Tan Sri Dato' Azman Hj. Mokhtar and 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 22nd AGM of Axiata and the proxy form as enclosed in our Annual Report 2013.

The 22nd AGM will be held on Wednesday, 28 May 2014, at 10.00 a.m. or at any adjournment, at 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 AGM, please complete, execute and return the proxy form, in accordance with the instructions therein, to our share registrar Tricor Investor Services Sdn. Bhd. at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia as soon as possible and in any event not less than forty-eight hours before the time of the 22nd 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 AGM.

7. Further Information

Please refer to Appendix I and Appendix III for further information.

Yours faithfully,
For and on behalf of the Board of Directors 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 Dividend Reinvestment Scheme



AXIATA GROUP BERHAD
(242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered office:

Level 5, Axiata Centre,
9, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50470 Kuala Lumpur,
Malaysia.

6 May 2014

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*)
Ann Almeida (*Independent Non-Executive Director*)
Kenneth Shen (*Non-Independent Non-Executive Director*)

Dear shareholder:

Proposed Dividend Reinvestment Scheme

1. Introduction

On 21 March 2014, CIMB announced on behalf of the Board that the Board had approved the Proposed DRS that will provide Shareholders the Option to Reinvest, in whole or in part, their Dividends in New Shares.

The purpose of Part B of this circular is to provide you with the details of the Proposed DRS and to seek your approval for the ordinary resolution 11 pertaining to the same to be tabled as special business at our forthcoming AGM. This circular is despatched together with the notice of the 22nd AGM of Axiata and the proxy form as enclosed in our Annual Report 2013.

Please read and consider carefully the contents of Part B of this circular before voting on the resolution pertaining to the Proposed DRS.

2. Details Of The Proposed DRS

2.1 Overview

The Proposed DRS will provide Shareholders with an opportunity to reinvest their Dividends in New Shares in lieu of receiving cash.

The Board may, at its absolute discretion, determine whether to offer Shareholders the Option to Reinvest and where applicable, the size of the Electable Portion. You should note that we are not obliged to make available the Proposed DRS for every Dividend declared.

In this regard, the Electable Portion may encompass the whole Dividend declared or only a portion of the Dividend. In the event the Electable Portion is not applicable for the whole Dividend declared, the Non-Electable Portion will be paid in cash.

Unless the Board has determined that the Option to Reinvest will apply to a particular Dividend declared (whether in whole or in part), all Dividends as may be declared by the Company will be paid wholly in cash to Shareholders in the usual manner.

2.2 Election To Reinvest Dividends In New Shares

Shareholders shall have the following options in respect of the Option to Reinvest:

- (a) To elect to participate by reinvesting in whole or in part the Electable Portion at the Issue Price.

In the event that only part of the Electable Portion is reinvested, the Shareholders shall receive the remaining portion of the Dividend entitlement wholly in cash; or

- (b) To elect not to participate in the Option to Reinvest and thereby receive the entire Dividend entitlement wholly in cash.

The election to reinvest Dividends in New Shares can be made via the Notice of Election which will be despatched to Shareholders after the Books Closure Date. For further information on the administration of the Proposed DRS, please refer to section 2.11 of Part B of this circular.

Shareholders will receive the Electable Portion in cash if they do not expressly elect in writing to exercise the Option to Reinvest in accordance with the instructions set out in the Notice of Election. As such, Shareholders who wish to receive their Dividends wholly in cash need not take any action with regards to the Notice of Election.

The percentage shareholding of a Shareholder in the Company will be diluted should he/she not exercise his/her Option to Reinvest. However, the extent of the dilution will depend on the number of New Shares issued by the Company pursuant to the exercise level of the Option to Reinvest by the other Shareholders.

2.3 Taxation

Irrespective of whether an election is made by Shareholders, a tax voucher will be despatched to all Shareholders. For income tax purposes, Shareholders will have received a cash distribution equivalent to the amount of the Dividends declared, which or part of which, may be reinvested in New Shares depending on whether they elect to exercise the Option to Reinvest, if applicable. Hence, the election for the Option to Reinvest does not relieve the Shareholder of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Option to Reinvest or otherwise.

2.4 Issue Price Of New Shares

Axiata will issue New Shares to Shareholders who elect to exercise the Option to Reinvest under the Proposed DRS. The Issue Price, which will be determined by the Board on a price fixing date to be announced later, shall be the higher of the following based on the Main LR:

- (a) at an issue price of not more than a 10% discount to the 5-day VWAMP of the Axiata Shares immediately prior to the price fixing date. The VWAMP shall be adjusted ex-dividend before applying the said discount in fixing the Issue Price; or
- (b) the par value of the Axiata Shares at the material time.

The New Shares will be issued free of any brokerage or fees to the Shareholders unless otherwise provided by any statute, law or regulation.

2.5 Utilisation Of Proceeds

The total cash reinvested into the Company from the Proposed DRS cannot be ascertained at this juncture. Therefore, the time frame for utilisation of such cash proceeds cannot be determined. Nonetheless, the net cash proceeds from the Proposed DRS (after the deduction of estimated expenses in respect of the Proposed DRS) will be utilised for working capital and general corporate purposes of Axiata Group.

2.6 Eligibility

The right to participate in the Proposed DRS will be granted to all Shareholders, including the Directors, Major Shareholders and other interested persons (including Persons Connected with a Director or Major Shareholder) of the Company who hold Axiata Shares. All Shareholders are eligible to participate in the Proposed DRS provided that such participation will not result in a breach of any restrictions on such Shareholder's holding of the Axiata Shares which may be imposed by any contractual obligation of the Shareholders, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, as the case may be (unless the requisite approvals under the relevant law, statute or regulation are first obtained).

Notices of Election will not be sent to Shareholders who do not have an address in Malaysia to avoid any violation on the part of Axiata of any securities laws applicable outside Malaysia.

2.7 Odd Lots And Fractional Shares

Under the Proposed DRS, Shareholders who exercise the Option to Reinvest may be allotted such New Shares in odd lots. Shareholders who receive New Shares in odd lots and who wish to trade in such odd lots may do so on the Odd Lots Market of Bursa Securities, which allows the trading of odd lots (with a minimum of 1 Axiata Share).

2.8 Maximum Number Of New Shares

The maximum number of New Shares to be issued under the Proposed DRS will depend on, amongst others, the quantum of the Dividend, the Board's decision on the proportion or size of the Electable Portion, the extent to which Shareholders elect to exercise the Option to Reinvest and the Issue Price.

The New Shares to be issued pursuant to the Proposed DRS will not be underwritten.

2.9 Ranking Of The New Shares

The New Shares to be issued pursuant to the Proposed DRS will rank *pari passu* in all respects with the existing Axiata Shares, except that the holders of New Shares shall not be entitled to any Dividends, rights, allotments and other distributions in respect of which the entitlement date is before the allotment date.

As the New Shares to be issued pursuant to the Proposed DRS are prescribed securities, the New Shares will be credited directly into the respective Central Depository System accounts of the Shareholders who have elected to reinvest the Electable Portion. No physical share certificates will be issued.

2.10 Modification, Suspension And Termination

Subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be, the Proposed DRS may be modified, suspended (in whole or in part) or terminated at any time by the Board as it deems fit or expedient by giving notice in writing to all Shareholders in such manner as the Board deems fit, notwithstanding any other provision or the terms and conditions of the Proposed DRS and irrespective of whether an election to exercise the Option to Reinvest has been made by a Shareholder.

2.11 General

Subject to all the relevant approvals for the Proposed DRS (as detailed in section 6 of Part B of this circular) being obtained, the Issue Price shall be announced on or before the announcement of the Books Closure Date.

Subsequent to the Books Closure Date, the Notice of Election will be despatched to Shareholders. Should Shareholders wish to exercise the Option to Reinvest, there will be instructions provided in the Notice of Election in respect of the action to be taken by Shareholders. The Notice of Election will specify, amongst others, the Expiry Date.

After the Expiry Date, the Company shall transfer funds amounting to the total net Dividends (i.e. after the deduction of any applicable tax) from its account to a non-interest bearing account opened to facilitate the payment of Dividends held in trust for the Shareholders.

An announcement in respect of the day on which the New Shares will be listed and quoted on the Main Market of Bursa Securities will also be released by the Company accordingly.

In accordance with Paragraph 6.09 of the Main LR, Axiata will within eight Market Days from the Expiry Date or such date as may be prescribed by Bursa Securities, allot and issue the New Shares and despatch notices of allotment to Shareholders (who exercise the Option to Reinvest). Concurrently, on the Allotment Date, the cash payment in respect of the Non-Electable Portion and any remaining portion of the Electable Portion not reinvested will be paid to the Shareholders in the usual manner.

There is nothing in the Memorandum and Articles of Association of the Company which prohibits us from implementing the Proposed DRS.

3. Implication Of The Code

The attention of Shareholders is drawn to section 9(1) of Part III of the Code and section 217 of the CMSA. In particular, a Shareholder should note that he may be under an obligation to extend a take-over offer for the remaining Axiata Shares in the Company not already owned by him and persons acting in concert with him (collectively, the “**Affected Parties**”), if:

- (a) by participating in the Proposed DRS in relation to the reinvestment of the Electable Portion, the Affected Parties have obtained control via the acquisition or holding of, or entitlement to exercise or control the exercise of voting shares or voting rights of 33% or more in the Company or such other amount as may be prescribed in the Code, howsoever effected; or
- (b) the Affected Parties hold more than 33% but not more than 50% of the voting shares or voting rights of the Company and acquire, including by participating in the Proposed DRS in relation to any Electable Portion, more than 2% of the voting shares or voting rights of the Company in any six-month period.

Therefore, in the event an obligation to undertake a mandatory offer is expected to arise resulting from a participation in the Proposed DRS, the relevant parties may make an application to the Securities Commission Malaysia to obtain an approval for a waiver from the obligation to undertake a mandatory offer pursuant to the Code prior to exercising their Option to Reinvest.

4. Rationale For The Proposed DRS

The Proposed DRS has capital management benefits where the reinvestment of Dividends by Shareholders for New Shares is expected to enlarge Axiata’s share capital base as well as strengthen Axiata’s capital position. It is also expected to improve the liquidity of the Axiata Shares on the Main Market of Bursa Securities.

Under the Proposed DRS, any cash so reinvested into Axiata, which would otherwise be paid out by way of dividend, will be preserved to fund the working capital and general corporate requirements of the Axiata Group.

The implementation of the Proposed DRS will provide an avenue to Shareholders to elect to exercise the Option to Reinvest the Electable Portion in New Shares in lieu of receiving cash under the Proposed DRS.

Shareholders are expected to benefit from their participation in the Proposed DRS as the New Shares may be issued at a discount and their subscription of New Shares will be free from any brokerage, fees and other related transaction costs (unless otherwise provided by any statute, law or regulation). Shareholders will not be worse off as a result of the implementation of the Proposed DRS as Shareholders can still elect to receive their Dividends wholly in cash.

5. Effects Of The Proposed DRS

The effects of the Proposed DRS are dependent on several factors, which include, amongst others, the quantum of the Dividend, the Board’s decision on the proportion or size of the Electable Portion, the extent to which Shareholders elect to exercise the Option to Reinvest and the Issue Price.

5.1 Share Capital

Under the Proposed DRS, the issued and paid-up share capital of Axiata will increase due to the issuance of New Shares pursuant to any exercise by the Shareholders of the Option to Reinvest made available.

5.2 Substantial Shareholders' Shareholdings

The substantial shareholders' shareholdings percentage in Axiata will not be affected if all Shareholders fully exercise their respective Electable Portion.

However, where substantial shareholders elect to reinvest their Electable Portion and some or all of the other Shareholders do not elect to reinvest their Electable Portion or elect to reinvest only part of their Electable Portion, the substantial shareholders' shareholdings in the Company will increase; and vice versa.

5.3 NA

The NA of Axiata is expected to increase arising from the Proposed DRS, but the quantum of such increase will depend on the extent the Shareholders elect to exercise the Option to Reinvest.

The one-off estimated expenses in relation to the Proposed DRS amounts to approximately RM400,000.00.

5.4 Gearing

The Proposed DRS is expected to improve the consolidated gearing position of the Company. Such improvement however, will depend on the extent to which the Shareholders elect to exercise the Option to Reinvest.

5.5 EPS

The consolidated EPS of the Axiata Group will be diluted depending on the extent the Shareholders elect to reinvest the Electable Portion in New Shares. However, such reinvested amount will be retained to fund the working capital and general corporate requirements of the Axiata Group and is expected to contribute positively to the future earnings of the Axiata Group.

5.6 Convertible Securities

Save for the existing Options, Axiata does not have any convertible securities. The Proposed DRS will not have any impact on the number, exercise price and terms of the Options.

6. Approvals Required

The Proposed DRS is conditional upon the following approvals from the following parties, being obtained:

- (a) Bursa Securities for the listing of and quotation for the New Shares to be issued pursuant to the Proposed DRS, on the Main Market of Bursa Securities; and
- (b) Shareholders for the Proposed DRS at the Company's forthcoming AGM. The first Shareholders' approval for the issuance of New Shares pursuant to the exercise of the Option to Reinvest by the Shareholders will be sought at the said AGM. Subsequent approvals for future issuances of New Shares pursuant to the Proposed DRS will be sought at the Company's AGM on an annual basis, where applicable.

For avoidance of doubt, the specific approval to be obtained from the Shareholders for the issuance of New Shares arising from the Proposed DRS is in addition to the general mandate (i.e. the Shareholders' approval under section 132D of the Act for general purpose) where the Axiata Shares to be issued shall not exceed 10% of the nominal value of the total issued and paid-up share capital of the Company sought at the Company's AGM on an annual basis.

The Proposed DRS is not conditional or inter-conditional upon any other corporate exercise or scheme being or proposed to be undertaken by us.

The application to Bursa Securities for the listing of and quotation for any New Shares to be issued in respect of a Dividend for which the Option to Reinvest is applicable pursuant to the Proposed DRS on the Main Market of Bursa Securities would be made prior to the announcement of price fixing and Books Closure Date.

7. Interests Of Directors, Major Shareholders And Persons Connected To Them

None of the Directors, Major Shareholders and Persons Connected to them has any interest, direct or indirect, in the Proposed DRS beyond their respective entitlements to Dividends and the Option to Reinvest as Shareholders, to which all other Shareholders are similarly entitled to.

8. Directors' Recommendation

After having considered all aspects of the Proposed DRS (including but not limited to the rationale and financial effects of the Proposed DRS), the Board is of the opinion that the Proposed DRS is in the best interests of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed DRS to be tabled at our forthcoming AGM.

9. Adviser

CIMB has been appointed as the adviser to the Company for the implementation of the Proposed DRS.

10. Estimated Time Frame For The Implementation Of The Proposed DRS

Subject to the receipt of the necessary approvals stated in section 6 of Part B of this circular and barring any unforeseen circumstances, the Proposed DRS is expected to be put in place by the 2nd half of 2014.

An illustrative timeline for the implementation of the Proposed DRS in respect of any Dividend declared where the Option to Reinvest is made available by our Board is set out as follows:

Event	Illustrative timeline*
Announcement of Issue Price and Books Closure Date	T
Books Closure Date	T + 10 Market Days
Despatch Notice of Election to Shareholders	T + 12 Market Days
Expiry Date (at least 14 calendar days from despatch)	T + 22 Market Days
Issuance and allotment of the New Shares as well as payment of cash dividend to Shareholders	T + 30 Market Days
Listing of New Shares	T + 31 Market Days

Note:

* *The above illustrative timeline sets out the indicative timing of the aforementioned events and may be subject to change as allowed by the Main LR.*

11. AGM

The resolution in respect of the Proposed DRS will be tabled at the forthcoming AGM. This circular is despatched together with the notice of the 22nd AGM of Axiata and the proxy form as enclosed in our Annual Report 2013.

The 22nd AGM will be held on Wednesday, 28 May 2014, at 10.00 a.m. or at any adjournment, at 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 AGM, please complete, execute and return the proxy form, in accordance with the instructions therein, to our share registrar Tricor Investor Services Sdn. Bhd. at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia as soon as possible and in any event not less than forty-eight hours before the time of the 22nd 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 AGM.

12. Further Information

Please refer to Appendix II and Appendix III for further information.

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

TAN SRI DATO' AZMAN HJ MOKHTAR
Chairman

Part C

**Letter To Our Shareholders In Relation To The Proposed Extension Of The Duration Of
Axiata's Performance-Based Share Option And Share Scheme**



AXIATA GROUP BERHAD
(242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered office:

Level 5, Axiata Centre,
9, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50470 Kuala Lumpur,
Malaysia.

6 May 2014

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*)
Ann Almeida (*Independent Non-Executive Director*)
Kenneth Shen (*Non-Independent Non-Executive Director*)

Dear shareholder:

Proposed Extension Of The Duration Of Axiata's Performance-Based Share Option And Share Scheme

1. Introduction

On 21 March 2014, CIMB announced on behalf of the Board that the Board had, on 20 March 2014, approved the Proposed Extension.

The purpose of Part C of this circular is to provide you with the details of the Proposed Extension and the Proposed Supplemental Deed and to seek your approval for the ordinary resolution 12 pertaining to the same to be tabled as special business at our forthcoming AGM. This circular is despatched together with the notice of the 22nd AGM of Axiata and the proxy form as enclosed in our Annual Report 2013.

Please read and consider carefully the contents of Part C of this circular before voting on the resolution pertaining to the Proposed Extension and the Proposed Supplemental Deed.

2. Details Of The Proposed Extension

2.1 Proposed Extension

- (a) The Company had, on 16 April 2009, established the Axiata ESOS for a period of eight years. Effective 15 July 2011, the Bye-Laws governing the Axiata ESOS was amended to include a restricted share plan, and the Axiata ESOS was thereafter renamed the Axiata Share Scheme. As at the LPD, Axiata had granted the Eligible Employees outstanding Options to subscribe for a total of 60.7 million Axiata Shares of which all outstanding Options have vested. As at the LPD, Axiata had also granted 52.7 million Axiata RSP Shares.
- (b) The Axiata Share Scheme is expiring on 15 April 2017. In this regard, Axiata proposes to extend the duration of the Axiata Share Scheme for a period of two years until 15 April 2019. The Proposed Extension of the Axiata Share Scheme is consistent with the maximum duration of ten years allowed by the Main LR for any employee share issuance scheme.
- (c) Apart from the Proposed Extension, the other salient terms and conditions of the Bye-Laws, including among others, the following, shall remain unchanged:
 - (i) the maximum number of Axiata Shares available under the Axiata Share Scheme and maximum allowable allotment;
 - (ii) eligibility of employees to participate in the Axiata Share Scheme; and
 - (iii) ranking of the Axiata RSP Shares.

For avoidance of doubt, the Proposed Extension will not have any effect on the terms and conditions of the outstanding Options save that all such Options will remain valid until the Extended Expiry Date of the Axiata Share Scheme.

2.2 Proposed Salient Terms Of Supplemental Deed

The current clause 11.1 of the Bye-Laws provides that the Axiata Share Scheme shall be in force for a period of eight years commencing from 16 April 2009, being the date upon which Axiata has fully complied with the provisions of the Main LR. For the purpose of facilitating the implementation of the Proposed Extension, the execution of the Proposed Supplemental Deed, the salient terms of which are as set forth, is required:

- (a) Clause 11.1 of the Bye-Laws is amended by substituting the word "eight" with the word "ten".
- (b) The Proposed Supplemental Deed shall be effective upon:
 - (i) the approval of the Shareholders for the execution of the Proposed Supplemental Deed being obtained in a general meeting; and
 - (ii) the execution of the Proposed Supplemental Deed by Axiata.
- (c) Save for any addition, modification, and variation contained in the Proposed Supplemental Deed, all terms and conditions contained in or subsisting in relation to the Bye-Laws shall remain in full force and effect. The Bye-Laws and the Proposed Supplemental Deed shall be read and construed as one instrument, and be enforceable as if the terms of the Proposed Supplemental Deed were repeated in the Bye-Laws by way of addition or substitution as the case may be.
- (d) In the event of any conflict or inconsistency between the provisions of the Proposed Supplemental Deed and the terms of the Bye-Laws, the provisions of the Proposed Supplemental Deed shall prevail.

- (e) The Proposed Supplemental Deed shall be governed by and construed in accordance with Malaysian law.

3. Rationale For The Proposed Extension

The Proposed Extension is intended to allow for two annual grants to the Eligible Employees prior to the Extended Expiry Date of the Axiata Share Scheme which have a vesting period of up to three years, subject to such employees meeting the financial and performance targets determined by the Axiata Share Scheme Committee. For example, grants to be made in 2014 and 2015 will vest three years later, in 2017 and 2018 respectively. Furthermore, the Proposed Extension will enable Eligible Employees to have a longer period to exercise their outstanding Options and allow Eligible Employees an additional opportunity to meet their vesting criteria up to the Extended Expiry Date. This will also allow the Company time to evaluate the effectiveness of the existing scheme to formulate a new share scheme to succeed the Axiata Share Scheme.

4. Effects Of The Proposed Extension

4.1 Issued And Paid-Up Share Capital

As the maximum number of Axiata Shares that may be issued under the extended Axiata Share Scheme remains the same, the Proposed Extension will not result in any additional effect on Axiata's issued and paid-up share capital.

4.2 Substantial Shareholders' Shareholdings

As the maximum number of Axiata Shares that may be issued under the extended Axiata Share Scheme remains the same, the Proposed Extension will not result in any additional effect on the shareholdings of Axiata's substantial shareholders.

4.3 Earnings And EPS

In accordance with Malaysian Financial Reporting Standard 2 on Share-Based Payment as issued by the Malaysian Accounting Standards Board, the potential expense arising from the grant of rights over Axiata Shares and Options will be measured by their fair values on the grant date. The fair value of the rights over Axiata Shares and Options are dependent on among others, the market price of Axiata Shares, the implied volatility, the vesting period, and the projected dividend yield of Axiata as well as any vesting conditions which may be imposed. The said fair value will be recognised as an expense over the vesting period.

If the Proposed Extension is approved, the validity of all outstanding Options may be extended accordingly up to the Extended Expiry Date, and further opportunity may be given for vesting of the Axiata RSP Shares granted to Eligible Employees up to the Extended Expiry Date. As such, the fair values of the Options and Axiata RSP Shares are expected to slightly increase thereby increasing the expenses which were previously recognised. Hence, there will be a one-off charge incurred for the year. Notwithstanding this, such effect on Axiata's consolidated earnings and EPS is not expected to be material.

4.4 NA And Gearing

The Proposed Extension is not expected to have an impact on Axiata's consolidated NA and gearing for the financial year ending 31 December 2014.

Upon issuance of the Axiata Shares once they are vested, Axiata's consolidated NA per share would decrease given the increase in the number of Axiata Shares in issue, while the NA remains the same. The extent of such decrease would depend on the number of Axiata Shares granted to the Eligible Employees.

4.5 Convertible Securities

As at the LPD, save for the 60.7 million outstanding Options awarded under the Axiata ESOS of which all outstanding Options have vested, Axiata does not have any other convertible securities. The Proposed Extension will not have any effect on the terms and conditions of such outstanding Options save that all such Options will remain valid until the Extended Expiry Date of the Axiata Share Scheme.

5. Approvals Required

The Proposed Extension and the Proposed Supplemental Deed are subject to the approval of the Shareholders being obtained at the AGM.

The Proposed Extension and the Proposed Supplemental Deed are inter-conditional with each other.

6. Interests Of Directors, Major Shareholders And Persons Connected To Them

Dato' Sri Jamaludin Ibrahim ("DSJI"), being Axiata's Managing Director/President & Group Chief Executive Officer, would also benefit from the Proposed Extension as mentioned in Section 3 of Part C of this Circular, to which other Eligible Employees are similarly entitled to. As such, DSJI has abstained and will continue to abstain from deliberating and voting on the Proposed Extension and the Proposed Supplemental Deed at the relevant Board meetings.

DSJI will abstain from voting in respect of his direct and/or indirect shareholdings in Axiata (if any) on the resolution pertaining to the Proposed Extension and the Proposed Supplemental Deed at Axiata's AGM to be convened and has also undertaken to ensure that Persons Connected to him will abstain from voting in respect of their direct and/or indirect shareholdings in Axiata (if any) on the resolution pertaining to the Proposed Extension and the Proposed Supplemental Deed to be tabled at Axiata's AGM to be convened.

DSJI's direct and/or indirect interests in Axiata Shares in the Company as at the LPD are as set forth:

(a) Axiata Shares

Interest in the Company	Axiata Shares					
	Direct		Indirect		Total	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
DSJI	-	-	450,000 ¹	0.00 ²	450,000 ¹	0.00 ²

(b) Options

Interest in the Company	Options/Restricted Share Grant Of Axiata Shares					
	Direct		Indirect		Total	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
DSJI	4,301,700 ³	0.05	-	-	4,301,700 ³	0.05
DSJI	2,477,600 ⁴	0.03	-	-	2,477,600 ⁴	0.03

Notes:

1 Held through a nominee namely, CIMSEC Nominees (Tempatan) Sdn Bhd

2 Less than 0.01%

3 Options pursuant to Axiata ESOS for Eligible Employees and Executive Directors of Axiata Group

4 Restricted Share Grant under Axiata Share Scheme

Save as disclosed above, none of Axiata's Directors, Major Shareholders and Persons Connected to them have any direct or indirect interest in the Proposed Extension and the Proposed Supplemental Deed.

7. Estimated Time Frame For Completion

Barring any unforeseen circumstances, Axiata expects to implement the Proposed Extension and commence granting Axiata Shares under the Proposed Extension by the 3rd quarter of 2014.

8. Advisers

Towers Watson (Malaysia) Sdn. Bhd. has been appointed by Axiata as the Scheme Adviser for the Proposed Extension.

CIMB has been appointed by Axiata as the adviser for the Proposed Extension in relation to Malaysian regulatory requirements.

9. Directors' Recommendation

Axiata's Directors (other than DSJI) having considered all aspects of the Proposed Extension, are of the opinion that the Proposed Extension and the Proposed Supplemental Deed are in the best interest of Axiata, and recommend that you vote in favour of the resolution pertaining to the Proposed Extension and the Proposed Supplemental Deed at our forthcoming AGM.

10. AGM

The resolution in respect of the Proposed Extension and the Proposed Supplemental Deed will be tabled at the forthcoming AGM. This circular is despatched together with the notice of the 22nd AGM of Axiata and the proxy form as enclosed in our Annual Report 2013.

The 22nd AGM will be held on Wednesday, 28 May 2014, at 10.00 a.m. or at any adjournment, at 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 AGM, please complete, execute and return the proxy form, in accordance with the instructions therein, to our share registrar Tricor Investor Services Sdn. Bhd. at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia as soon as possible and in any event not less than forty-eight hours before the time of the 22nd 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 AGM.

11. Further Information

Please refer to Appendix III for further information.

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

TAN SRI GHAZZALI SHEIKH ABDUL KHALID
Independent Non-Executive Director/
Chairman, Board Remuneration Committee

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Appendix I: 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	2013 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM 000) ⁽²⁾	
					Estimated Value (RM 000)	Actual Value (RM 000) ⁽¹⁾		
Axiata Group	TM Group	Khazanah Nasional, Tan Sri Dato' Azman Hj Hj Mokhtar and Kenneth Shen	In addition to Khazanah Nasional's shareholdings in our Company, Khazanah Nasional is also the Major Shareholder of TM. Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen are Khazanah Nasional's representatives on our Board.	Revenue Telecommunication and related services	Interconnect payment from TM Group	62,000	45,417	55,000
					Leased-line payment from TM Group ⁽³⁾	3,100	3,588	5,000
					Voice Over Internet Protocol related services revenue from TM Group	23,550	8,847	26,000
					Dark fibre and leased-line from Celcom Group to Fibrecomm Network (M) Sdn Bhd	1,300	1,108	1,300
					Leased-line from Celcom Group to Fiberail Sdn Bhd ⁽⁴⁾	500	657	1,000
					Transmission revenue on the services by Axiata Group to TM	2,000	1,020	1,500
					Site rental payable for telecommunication infrastructure, equipment and related charges by TM Group to Our Group	-	-	2,600

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2013 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM 000) ⁽²⁾
					Estimated Value (RM 000)	Actual Value (RM 000) ⁽¹⁾	
Axiata Group	TM Group	Khazanah Nasional, Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen	In addition to Khazanah Nasional's shareholdings in our Company, Khazanah Nasional is also the Major Shareholder of TM. Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen are Khazanah Nasional's representatives on our Board.	Costs Telecommunication and related services			
				Interconnect cost to TM Group	63,500	50,761	55,000
				Voice Over Internet Protocol related services by TM Group to our Group	51,500	31,872	38,000
				Leased-line related costs to TM Group	36,040	26,427	35,000
				Provision of data and bandwidth related services by TM Group to our Group	98,000	35,847	51,000
				Internet access and broadband charges by TM Group to Celcom Group	1,800	1,412	1,800
				Commission on registration and collection to TM Group by Celcom Group	1,800	572	1,800
				Provision of contact centre and business process outsourcing services by VADS Berhad to our Group	98,000	94,759	98,000

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	2013 Shareholders' Mandate		Estimated value of the Proposed Shareholders' Mandate (RM 000) ⁽²⁾
					Estimated Value (RM 000)	Actual Value (RM 000) ⁽¹⁾	
Axiata Group	TM Group	Khazanah Nasional, Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen	In addition to Khazanah Nasional's shareholdings in our Company, Khazanah Nasional is also the Major Shareholder of TM.	Leasing of fibre optic core and provision of bandwidth services from Fiberail Sdn Bhd to Celcom Group	9,800	7,633	9,000
		Tan Sri Dato' Azman Hj Mokhtar and Kenneth Shen are Khazanah Nasional's representatives on our Board.	Purchase of dark fibre, bandwidth, space & facility from Fibrecomm Network (M) Sdn Bhd to Celcom Group		20,000	16,534	20,000
			Non-telecommunication services				
			Site rental payable quarterly for telecommunication infrastructure, equipment and related charges by Celcom Group to TM Group ⁽⁵⁾		24,600	36,182	38,000
			Rental of office premises payable monthly by Axiata Group to TM		15,000	13,505	16,000
			TOTAL		512,490	376,144	456,800

Notes:

- (1) The Actual Values represent RRPT transacted from 23 May 2013 on which the 2013 Shareholders' Mandate was granted, up to the 31 March 2014. The aggregate Actual Values transacted did not exceed the aggregated Estimated Values by 10% or more.
- (2) The estimated transactions from 28 May 2014 (date of our forthcoming AGM) for an estimated validity period of 1 year are based on best estimates by our management using historical trends and projected business transaction growth. The actual value may vary, exceed or be lower than, the estimates shown above.
- (3) The Actual Value of the transaction exceeded the Estimated Value by RM488,000 (approximately 16%) due to more bandwidth being used by TM Group than the initial forecast.
- (4) The Actual Value of the transaction exceeded the Estimated Value by RM157,000 (approximately 31%) due to one-off discount granted in 2012 which forms the basis for the Estimated Value that was no longer applicable in 2013.
- (5) The Actual Value of the transaction exceeded the Estimated Value by RM11,582,000 (approximately 47%) due to rate revision and additional site charges in view of new agreements entered with TM Group.



AXIATA GROUP BERHAD

(242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

DIVIDEND REINVESTMENT SCHEME STATEMENT

(Abbreviations and definitions, unless where the context requires otherwise, shall be as set out in section 2 of the Terms and Conditions governing this Dividend Reinvestment Scheme Statement)

This Dividend Reinvestment Scheme Statement contains the terms and conditions of the Dividend Reinvestment Scheme of Axiata Group Berhad ("**Axiata**" or "**Company**") as may be amended from time to time ("**Terms and Conditions**") under which persons registered in the Record of Depositors of the Company, as the holders of ordinary shares of RM1.00 each in Axiata ("**Axiata Shares**") ("**Shareholders**") may, in relation to any cash dividend declared by Axiata, whether interim, final, special or any other cash dividend ("**Dividend**"), be given an option to reinvest the whole or part of such Dividend in new Axiata Shares ("**New Shares**") ("**Option to Reinvest**") as the Board of Directors of the Company ("**Board**") may, at its absolute discretion, make available ("**Dividend Reinvestment Scheme**").

Irrespective of whether an election is made by Shareholders, a tax voucher will be despatched to all Shareholders. For income tax purposes, Shareholders will have received a cash distribution equivalent to the amount of the Dividend declared which or part of which, may be reinvested in New Shares depending on whether they elect to exercise the Option to Reinvest, if applicable. Hence, the election for the Option to Reinvest does not relieve the Shareholder of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Option to Reinvest or otherwise.

SUMMARY OF THE MAIN FEATURES OF THE DIVIDEND REINVESTMENT SCHEME

The Board may, at its absolute discretion, determine whether to offer Shareholders the Option to Reinvest and where applicable, the portion of such Dividend to which the Option to Reinvest applies ("**Electable Portion**"). You should note that Axiata is not obliged to make available the Dividend Reinvestment Scheme for every Dividend declared.

In this respect, the Electable Portion may encompass the whole Dividend declared or only a portion of the Dividend. In the event the Electable Portion is not applicable for the whole Dividend declared, the remaining portion of the Dividend ("**Non-Electable Portion**") will be paid in cash.

Unless the Board has determined that the Option to Reinvest will apply to a particular Dividend declared (whether in whole or in part), all Dividends as may be declared by Axiata will be paid wholly in cash to Shareholders in the usual manner.

Shareholders shall have the following options in respect of the Option to Reinvest:

- (a) To elect to participate by reinvesting in whole or in part the Electable Portion at the issue price for New Shares ("**Issue Price**").

In the event that only part of the Electable Portion is reinvested, the Shareholders shall receive the remaining portion of the Dividend entitlement wholly in cash.

- (b) To elect not to participate in the Option to Reinvest and thereby receive the entire Dividend entitlement wholly in cash.

The election to reinvest Dividends in New Shares can be made via the notice of election in relation to the Option to Reinvest ("**Notice of Election**") which will be despatched to Shareholders after the books closure date in relation to a Dividend to which the Option to Reinvest applies ("**Books Closure Date**").

Shareholders will receive the Electable Portion in cash if they do not expressly elect in writing to exercise the Option to Reinvest in accordance with the instructions set out in the Notice of Election. As such, Shareholders who wish to receive their Dividends wholly in cash need not take any action with regards to the Notice of Election.

The percentage shareholding of a Shareholder in the Company will be diluted should he/she not exercise his/her Option to Reinvest. However, the extent of the dilution will depend on the number of New Shares issued by the Company pursuant to the exercise level of the Option to Reinvest by the other Shareholders.

Axiata will issue New Shares to Shareholders who elect to exercise the Option to Reinvest under the Dividend Reinvestment Scheme. The Issue Price, which will be determined by the Board on a price fixing date to be announced later (subject to receipt of the necessary approvals), shall be the higher of the following based on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

- (a) at an issue price of not more than a 10% discount to the 5-day volume weighted average market price ("**VWAMP**") of the Axiata Shares immediately prior to the price fixing date. The VWAMP shall be adjusted ex-dividend before applying the said discount in fixing the Issue Price; or
- (b) the par value of the Axiata Shares at the material time.

The New Shares will be issued free of any brokerage or fees to the Shareholders unless otherwise provided by any statute, law or regulation.

The New Shares to be issued pursuant to the Dividend Reinvestment Scheme will rank *pari passu* in all respects with the existing Shares, except that the holders of New Shares shall not be entitled to any Dividends, rights, allotments and other distributions in respect of which the entitlement date is before the allotment date.

All Shareholders are eligible to participate in the Dividend Reinvestment Scheme subject to the restrictions described in the following section.

HOW TO PARTICIPATE

Participation in the Dividend Reinvestment Scheme is optional and not transferable. A Shareholder wishing to receive Dividends wholly in cash does not have to take any action. A Shareholder wishing to reinvest in New Shares in respect of any Electable Portion to which a Notice of Election received by him relates must complete the Notice of Election and return it to the Company's share registrar ("**Share Registrar**") in accordance with the instructions as prescribed therein.

A Shareholder receiving more than one Notice of Election and wishing to reinvest in New Shares in respect of all of his entitlement to the Electable Portion must complete all Notices of Election received by him and return the completed Notices of Election to the Share Registrar. Shareholders should note that they are at liberty to decide which particular Notice of Election they wish to elect for the reinvestment in New Shares. Where any particular Notice of Election is not elected upon, the Dividend relating thereto will be received in cash by the Shareholders in the usual manner.

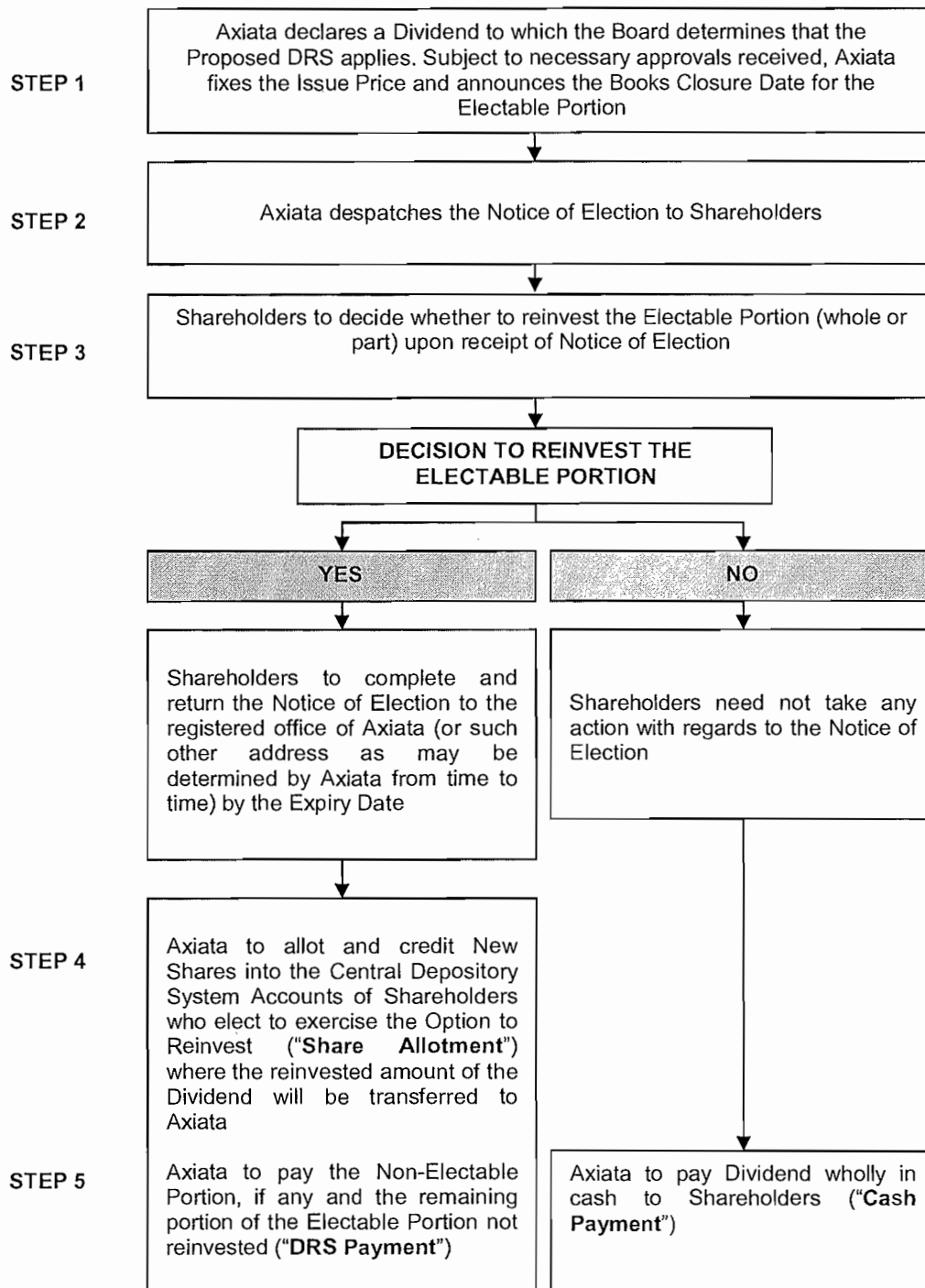
To be effective in respect of any Electable Portion to which a Notice of Election relates, such duly completed and signed Notice of Election must be received by the Share Registrar no later than the date to be specified by the Board and stated in the Notice of Election in respect of that particular Option to Reinvest.

The right to participate in the Dividend Reinvestment Scheme will be granted to all Shareholders, including directors of Axiata, major shareholders and other interested persons (including persons connected with a director or major shareholder) of the Company who hold the Axiata Shares. All Shareholders are eligible to participate in the Dividend Reinvestment Scheme provided that such participation will not result in a breach of any restrictions on such Shareholder's holding of the Axiata Shares which may be imposed by any contractual obligation of the Shareholders, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, as the case may be (unless the requisite approvals under the relevant law, statute or regulation are first obtained).

Notices of Election will not be sent to Shareholders who do not have an address in Malaysia to avoid any violation on the part of Axiata of any securities laws applicable outside Malaysia.

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A brief process flow chart in relation to the administration of the Dividend Reinvestment Scheme is illustrated below:



Note:

In respect of Step 5, Shareholders should note that the Cash Payment, Share Allotment and the DRS Payment will occur on the same day, which will be on a date falling within one month from the Books Closure Date and in any event, within three months from the date of the declaration of the Dividend or the date on which the approval is obtained in a general meeting of Axiata, whichever is applicable.

TERMS AND CONDITIONS OF THE DIVIDEND REINVESTMENT SCHEME

1. Establishment

Subject to shareholders' approval, the Dividend Reinvestment Scheme is established by the Board.

2. Definitions

In these Terms and Conditions, the following definitions shall apply:

Allotment Date	:	Date of allotment and issuance of New Shares in accordance with the requirements of Paragraph 6.09 of the Main LR
Axiata or Company	:	Axiata Group Berhad
Axiata Shares	:	Ordinary shares of nominal value RM1.00 each in the capital of the Company, and "Axiata Share" shall be construed accordingly
Books Closure Date	:	Books closure date in relation to a Dividend to which the Dividend Reinvestment Scheme will apply
Bursa Securities	:	Bursa Malaysia Securities Berhad
Code	:	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time
Dividend Payment Account	:	The non-interest bearing account opened with Axiata to facilitate the payment of Dividend
Dividend Reinvestment Scheme	:	The dividend reinvestment scheme that provides the Shareholders the Option to Reinvest in accordance with the Terms and Conditions
Electable Portion	:	The whole or a portion of a Dividend, that may be declared by Axiata to which the Board, at its absolute discretion, determines that the Option to Reinvest applies and where applicable, such expression shall mean such whole or portion of Dividend after the deduction of the applicable income tax
Expiry Date	:	The last day (which will be a date to be fixed and announced by the Board) by which an election made by the Shareholders in relation to the Electable Portion must be received by the Company
Main LR	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
Market Day	:	Any day on which Bursa Securities is open for the trading of securities. "Market Days" shall be construed accordingly
New Shares	:	New Axiata Shares to be issued pursuant to the Dividend Reinvestment Scheme. "New Share" shall be construed accordingly
Notice of Election	:	The notice of election (in such form as the Board may approve) in relation to the Option to Reinvest by which the Shareholders confirm the exercise or non-exercise thereof

Option to Reinvest	: The option given to Shareholders pursuant to the Dividend Reinvestment Scheme, to reinvest the Electable Portion in New Shares
Overseas Shareholders	: Shareholders whose registered address in the Company's Record of Depositors is not in Malaysia
Participating Shareholder	: A Shareholder who elects to exercise the Option to Reinvest in respect of his holding of Axiata Shares as at each Books Closure Date to which each Notice of Election received by him relates, and "Participating Shareholders" shall be construed accordingly
RM and sen	: Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
Shareholders	: Shareholders of Axiata, and "Shareholder" shall be construed accordingly
Share Registrar	: Company's share registrar
Terms and Conditions	: The terms and conditions of the Dividend Reinvestment Scheme as amended, modified and supplemented from time to time
VWAMP	: Volume weighted average market price

3. Eligibility

All Shareholders are eligible to participate in the Dividend Reinvestment Scheme provided that such participation will not result in a breach of any restrictions on such Shareholder's holding of Axiata Shares which may be imposed by any contractual obligation of Shareholders, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities as the case may be (unless the requisite approvals under the relevant law, statute or regulation are first obtained).

4. Shareholders With Addresses Outside Malaysia

To avoid any violation on the part of the Company of securities laws applicable outside of Malaysia, the Dividend Reinvestment Scheme will only be offered for subscription in Malaysia, and will not be offered for subscription in any country other than Malaysia. Accordingly, the documents relating to the Dividend Reinvestment Scheme, including the Notice of Election, will not be sent to Overseas Shareholders. No Overseas Shareholder shall have a claim whatsoever against the Company as a result of such documents relating to the Dividend Reinvestment Scheme not being sent to such Overseas Shareholder. Overseas Shareholders who receive or come to have in their possession a Notice of Election and any other documents relating to the Dividend Reinvestment Scheme may not treat the same as being applicable to them (except where the documents relating to the Dividend Reinvestment Scheme have been collected from the Share Registrar in the manner specified below) and are, in any event, advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to the Dividend Reinvestment Scheme as may be applicable to them.

Overseas Shareholders who wish to change their address for service of documents to an address in Malaysia should inform their respective stockbrokers to effect the change of address. Such notification should be done prior to the Books Closure Date.

Alternatively, such Overseas Shareholders may collect the Notice of Election and other documents relating to the Dividend Reinvestment Scheme from the Share Registrar, Tricor Investor Services Sdn. Bhd. at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia or at such address as may be announced by the Company from time to time and the Share Registrar may in such an event be entitled to satisfy itself as to the identity and authority of the person collecting the Notice of Election and other documents relating to the Dividend Reinvestment Scheme; or alternatively, provide the Share Registrar with their respective address in Malaysia not later than three Market Days before the relevant Books Closure Date in respect of any Dividend to which the Board has determined that the Dividend Reinvestment Scheme shall apply.

Overseas Shareholders will be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subjected to, and participation by Overseas Shareholders in the Dividend Reinvestment Scheme will be on the basis that he/it may lawfully so participate without the Company, its directors and employees and its advisers and the employees of the advisers being in breach of the laws of any jurisdiction.

5. Notice Of Election

Subsequent to the Books Closure Date, the Company will, at its discretion, send to each Shareholder one or more Notices of Election in relation to each Central Depository System account held by the Shareholder. The Notice of Election will contain the instructions with respect to the action that is required to be taken by Shareholders to exercise the Option to Reinvest and will also state the Expiry Date.

To effect the exercise of the Option to Reinvest, a Notice of Election must be duly completed and executed by the Shareholder as to the confirmation of his election to reinvest and must be received by the Share Registrar no later than the Expiry Date. Shareholders who receive more than one Notice of Election may elect to reinvest in New Shares in respect of his entitlement to which one Notice of Election relates and decline to reinvest in New Shares in respect of his entitlement to which any other Notices of Election relates. Shareholders who receive more than one Notice of Election and wishing to reinvest in New Shares in respect of all of his entitlement to the Electable Portion in respect of all his holding of Axiata Shares must duly complete all the Notices of Election received by him and return the completed Notices of Election to the office of the Share Registrar, no later than the Expiry Date specified in the Notice of Election.

Notwithstanding the date of receipt by the Share Registrar of the completed and executed Notices of Election, in accordance with Paragraph 6.09 of the Main LR, the Allotment Date of the New Shares will occur within eight Market Days from the Expiry Date or such date as may be prescribed by Bursa Securities, provided always that the Notices of Election are completed in accordance with the instructions specified and are received by the Share Registrar no later than the Expiry Date. A Notice of Election to participate in the Dividend Reinvestment Scheme in any other form will not be accepted by the Company.

Once received by the Company, a Notice of Election in respect of any Electable Portion shall not be withdrawn or cancelled.

The Company has the discretion and right to accept or reject any Notice of Election that is incomplete, contains errors or is otherwise defective. The Company is under no obligation to correct invalid Notices of Election on behalf of any Shareholder or to provide any reason for rejecting any Notice of Election.

By electing to exercise the Option to Reinvest under the Dividend Reinvestment Scheme, the Participating Shareholder unconditionally:

- (a) warrants to the Company that he/it has the legal right and full power and authority to participate in the Dividend Reinvestment Scheme and that his/its participation in the Dividend Reinvestment Scheme will not result in a breach of any law or regulation or contractual obligation by which it is bound;

- (b) acknowledges that the Company may at any time determine whether the Participating Shareholder's Notice of Election or other form (collectively, "Form") is valid, even if the relevant Form is incomplete, contains errors or is otherwise defective;
- (c) acknowledges that the Company may accept or reject any Form and agrees that the Company need not provide any reason therefor;
- (d) acknowledges that the Company has not provided the Participating Shareholder with investment advice or any other advice;
- (e) agrees to these Terms and Conditions and agrees not to do any act or thing which would be contrary to the intention or purpose of the Dividend Reinvestment Scheme;
- (f) submits to the jurisdiction of the courts of Malaysia, in each case, at all times until termination of the Dividend Reinvestment Scheme; and
- (g) agrees that notwithstanding any other provisions, Terms and Conditions of the Dividend Reinvestment Scheme set out herein or otherwise and irrespective of whether an election to exercise the Option to Reinvest has been made, if at any time after the Board has determined that the Dividend Reinvestment Scheme shall apply to any Dividend and before the allotment and issuance of the New Shares in respect of the Electable Portion, the Board shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the Dividend Reinvestment Scheme in respect of the Electable Portion, the Board may at its absolute discretion and as it deems fit in the interest of the Company and without assigning any reason thereof, cancel the application of the Dividend Reinvestment Scheme in relation to the Electable Portion subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be. In such event, the Shareholders shall receive the Electable Portion in cash in the usual manner from the Dividend Payment Account.

Irrespective of whether an election is made by a Shareholder, a tax voucher will be despatched to all Shareholders. For income tax purposes, a Shareholder shall be taken as having received a cash distribution equivalent to the amount of the Dividends declared, notwithstanding that the Shareholder may elect to exercise the Option to Reinvest. Hence, the election for the Option to Reinvest does not relieve the Shareholder of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Option to Reinvest or otherwise.

An announcement will also be made on the listing of and quotation for the New Shares to be issued pursuant to the Dividend Reinvestment Scheme on the Official List of Bursa Securities.

Shareholders will receive the Electable Portion in cash if they do not expressly elect in writing to exercise the Option to Reinvest by the Expiry Date. As such, Shareholders who wish to receive their Dividends wholly in cash need not take any action with regards to the Notice of Election.

6. Extent Of Application Of Dividend Reinvestment Scheme To Each Electable Portion

The Board may, at its absolute discretion, determine in respect of any Dividend, whether the Dividend Reinvestment Scheme shall apply and if so whether the Electable Portion is for the whole or a portion of the Dividend. If, in its absolute discretion, the Board has not determined that the Dividend Reinvestment Scheme is to apply to a particular Dividend, such Dividend shall be paid in cash to the Shareholders in the usual manner through the Dividend Payment Account.

7. Share Entitlement

By electing to participate in the Dividend Reinvestment Scheme in respect of any Notice of Election received by him, a Shareholder elects to reinvest whole or part of the Electable Portion to which such Notice of Election relates.

In respect of any Electable Portion, the number of New Shares to be allotted and issued to the Participating Shareholder electing to reinvest the whole or, if applicable, part of the Electable Portion in New Shares in respect of a Notice of Election shall be calculated in accordance with the following formula:

$$N = \frac{S \times D}{V}$$

Where:

- N : is the number of New Shares to be allotted and issued as fully paid-up to the Participating Shareholder in respect of such Notice of Election, rounded down to a whole Axiata Share.
- S : is the number of participating Axiata Shares held by the Participating Shareholder as at the Books Closure Date in respect of which Notice of Election relates.
- D : is the Electable Portion per participating Axiata Share or a part thereof (after deduction of applicable income tax).
- V : is the Issue Price, which, for the purpose of the Dividend Reinvestment Scheme, shall be an amount in RM as determined by the Board based on the adjusted VWAMP for the five Market Days immediately prior to a price fixing date after applying a discount of not more than 10%. The VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the Issue Price. The Issue Price may not be less than the par value of Axiata Shares at the material time.

Any fractional entitlement of New Shares computed in accordance with the above formula will be received in cash by Shareholders in the usual manner through the Dividend Payment Account.

The percentage shareholding of a Shareholder in the Company will be diluted should he not exercise his Option to Reinvest. However, the extent of the dilution will depend on the number of New Shares issued by the Company pursuant to the level of exercise of the Option to Reinvest exercised by the other Shareholders as a whole.

8. Terms Of Allotment

Unless the Board otherwise determines, all New Shares allotted under the Dividend Reinvestment Scheme will be allotted as fully paid-up. All such New Shares shall upon allotment and issuance, rank *pari passu* in all respects with the existing Axiata Shares, except that the holders of New Shares shall not be entitled to any rights, allotments, entitlements, Dividends and distributions, the entitlement date of which is prior to the Allotment Date. It should be noted that since fractional New Shares will not be allotted, any amount of the dividend payment that is insufficient for the issuance of one whole New Share will be received in cash by Shareholders in the usual manner through the Dividend Payment Account.

As the New Shares to be issued pursuant to the Dividend Reinvestment Scheme are prescribed securities, the New Shares will be credited directly into the respective Central Depository System accounts of Shareholders. No physical share certificates will be issued.

9. Odd Lots

Under the Dividend Reinvestment Scheme, Shareholders who exercise the Option to Reinvest may be allotted such New Shares in odd lots. Shareholders who receive odd lots of New Shares and who wish to trade such odd lots may do so on the Odd Lots Market of Bursa Securities, which allows the trading of odd lots (with a minimum of 1 Axiata Share).

10. Cost To The Participating Shareholders

The New Shares will be issued free of any brokerage fees or other related transaction costs to the Participating Shareholders unless otherwise provided by any statute, law or regulation. For avoidance of doubt, Participating Shareholders will have to bear their respective stamp duty cost.

11. Cancellation Of Application Of The Dividend Reinvestment Scheme

Notwithstanding any other provisions, Terms and Conditions of the Dividend Reinvestment Scheme set out herein or otherwise and irrespective of whether an election to exercise the Option to Reinvest has been made, if at any time after the Board has determined that the Dividend Reinvestment Scheme shall apply to any Dividend and before the allotment and issuance of New Shares in respect of the Electable Portion, the Board shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the Dividend Reinvestment Scheme in respect of the Electable Portion, the Board may, at its absolute discretion and as it deems fit and in the interest of the Company and without assigning any reason thereof, cancel the application of the Dividend Reinvestment Scheme to the Electable Portion subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be. In such event, the Electable Portion shall be received in cash by Shareholders in the usual manner through the Dividend Payment Account.

12. Modification, Suspension And Termination Of The Dividend Reinvestment Scheme

Subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, the Dividend Reinvestment Scheme may be modified, suspended (in whole or in part) or terminated at any time by the Board as it deems fit or expedient by giving notice in writing to all Shareholders in such manner as it deems fit notwithstanding any terms and conditions of the Dividend Reinvestment Scheme stating the contrary and irrespective of whether an election to exercise the Option to Reinvest has been made by a Shareholder.

In the case of a suspension, the Dividend Reinvestment Scheme will be suspended (in whole or in part, as the case may be) until such time as the Board resolves to recommence or terminate the Dividend Reinvestment Scheme. If the Dividend Reinvestment Scheme is recommenced, Participating Shareholders' Notice of Election confirming their participation under the previously suspended Dividend Reinvestment Scheme will be valid and have full force and effect in accordance with these Terms and Conditions and any directions, terms and conditions to Shareholders for such recommencement of the Dividend Reinvestment Scheme which may be notified to all Shareholders.

13. General Administration Of The Dividend Reinvestment Scheme

The Board may implement the Dividend Reinvestment Scheme in the manner it deems fit. The Board has the power to:

- (a) determine procedures, rules and regulations for administration of the Dividend Reinvestment Scheme consistent with these Terms and Conditions, as may be amended or modified from time to time;
- (b) settle in such manner as they think fit, any difficulty, anomaly or dispute (including relating to the interpretation of any provision, regulation or procedure or as to any rights under the Dividend Reinvestment Scheme) which may arise in connection with the Dividend Reinvestment Scheme, whether generally or in relation to any Participating Shareholder or any Axiata Share and the determination of the Board will be conclusive and binding on all Shareholders and other persons to whom the determination relates;

- (c) delegate to any one or more persons, for such period and on such conditions as the Board may determine, the exercise of any of its powers or discretion under or in respect of the Dividend Reinvestment Scheme and references to a decision, opinion or determination of the Board include a reference to the decision, opinion or determination of the person or persons to whom the Board has delegated its authority for the purposes of administering the Dividend Reinvestment Scheme; and
- (d) waive strict compliance by the Company or any Shareholder with any of these Terms and Conditions.

14. Implications Of The Code And Other Shareholding Limits

(a) The Code

The attention of Shareholders is drawn to section 9(1) of Part III of the Code and section 217 of the Capital Markets and Services Act, 2007. In particular, a Shareholder should note that he may be under an obligation to extend a take-over offer for the remaining Axiata Shares not already owned by him and persons acting in concert with him (collectively, the "**Affected Parties**"), if:

- (i) by participating in the Dividend Reinvestment Scheme in relation to the reinvestment of the Electable Portion where the Affected Parties have obtained control via the acquisition or holding of, or entitlement to exercise or control the exercise of voting shares or rights of 33% or more in the Company, or such other amount as may be prescribed in the Code, howsoever effected; and
- (ii) the Affected Parties acquired (including by participating in the Dividend Reinvestment Scheme in relation to any Electable Portion), more than 2% of the voting shares or voting rights of the Company in any six-month period, and the Affected Parties hold more than 33% but not more than 50% of the voting shares or voting rights of the Company during the said six-month period.

Therefore, in the event an obligation to undertake a mandatory offer is expected to arise resulting from a Shareholder's participation in the Dividend Reinvestment Scheme, the said Shareholder may wish to consult his/its professional adviser(s) in relation to:

- (i) any obligation to make a take-over offer under the Code as a result of any subscription of New Shares through his participation in the Dividend Reinvestment Scheme; and
- (ii) making an application to the Securities Commission Malaysia to obtain an approval for a waiver from the obligation to undertake a mandatory offer pursuant to the Code prior to exercising his/its Option to Reinvest.

In the event that such prescribed shareholding limits are expected to be breached by that Shareholder (whether alone or together with any persons acting in concert or associate) as a result of that Shareholder exercising his/its Option to Reinvest, the relevant Shareholders shall make and shall ensure such other relevant persons (if any) shall make, the necessary application to the relevant authority prior to their exercising the Option to Reinvest.

(b) Other Shareholding Limits

All Shareholders are responsible in ensuring that their participation will not result in breach of any restrictions imposed on their respective holding of Axiata Shares whether by contract, statute, law or regulation in force in Malaysia or any other relevant foreign jurisdiction (and if any such approval is required to be obtained from a relevant foreign jurisdiction, the Shareholder has obtained the required approvals of the relevant foreign jurisdiction for its participation in the Dividend Reinvestment Scheme).

In view of the above, notwithstanding the proportion of Electable Portion which may be determined by the Board to be reinvested, the Board shall be entitled but not obligated to reduce or limit the number of New Shares to be issued to any Shareholder should the Board be aware or be informed in writing of any expected breach of such shareholding limits as a result of the exercise of the Option to Reinvest by such Shareholder, in which case the Board reserves the right to pay the remaining portion of the Electable Portion in cash.

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Code, or other relevant legislations or regulations.

15. Governing Law

The Dividend Reinvestment Scheme Statement, the Dividend Reinvestment Scheme and these Terms and Conditions shall be governed by, and construed in accordance with the laws of Malaysia.

16. Notices And Statements

Unless otherwise provided in these Terms and Conditions, any notices, documents and statements required to be given by the Company to a Participating Shareholder shall be given in accordance with the provisions of the Company's Memorandum and Articles of Association.

Appendix III: Further Information

1. Responsibility Statement

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

2. Written Consent And Conflict Of Interest

2.1 CIMB

CIMB 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 it appears.

CIMB has been appointed as the adviser to our Company in relation to Malaysian regulatory requirements for the Proposed Extension and the implementation of the Proposed DRS.

CIMB and its related and associated companies ("**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. CIMB Group engage in transactions with and perform services for our Group and our affiliates in the ordinary course of business and/or have engaged, and in the future may engage, in private banking, commercial banking and investment banking and other services in the ordinary course of business with our Group. CIMB is of the opinion that the aforementioned services, entered into in the ordinary course of business with our Group, are not significant to give rise to a conflict of interest situation in its capacity as the adviser in relation to Malaysian regulatory requirements for the Proposed Extension and the implementation of the Proposed DRS.

In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to engage in any transaction (on its own account or otherwise) with any member of our Group and our affiliates, hold long or short positions, and may trade or otherwise effect transactions on its own account or the account of its customers in the debt or equity securities of our Group. This is a result of the businesses of CIMB Group generally acting independent of each other, and accordingly there may be situations where parts of the CIMB Group and its customers now have, or in the future may have, interest or take actions that may conflict with the interest of our Group. Nonetheless, CIMB is required to comply with strict law, policies and guidelines issued by the Securities Commission Malaysia, Bank Negara Malaysia and all relevant authorities governing its advisory business, which call for amongst others, clear segregation between dealing and advisory activities and strict Chinese wall between different business divisions.

In view of the above, CIMB confirms that as at the LPD, it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the adviser to our Company in relation to Malaysian regulatory requirements for the Proposed Extension and the implementation of the Proposed DRS.

2.2 Towers Watson

- (a) Towers Watson, our Scheme Adviser in relation to the Proposed Extension, 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 it appears in this circular.

- (b) Towers Watson confirms that as at the LPD, it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as Scheme Adviser to our Company for the Proposed Extension.

3. Material Commitments And Contingent Liabilities

3.1 Material Commitments

As at 31 December 2013, save as disclosed below, our Directors are not aware of any material commitments contracted or known to be contracted by our Group which may have a material impact on the financial position of our Group:

(a) Capital commitments

<u>Property, plant and equipment</u>	<u>RM 000</u>
Commitments in respect of expenditure	
Approved and contracted for	1,669,688
Approved but not contracted for	2,109,050
	<u>3,778,738</u>

(b) Operating lease commitments

Our Group entered into non-cancellable office and tower rental and lease of head office agreements with various terms and the total commitments are as follows:

	<u>RM 000</u>
Payable within one year	190,188
Payable more than one year and no later than five years	637,712
Payable more than five years	216,223
	<u>1,044,123</u>

The rental expenses related to the commitments for the financial year ended 31 December 2013 amounted to RM183.8 million.

(c) 3G annual fees commitment

PT XL Axiata Tbk ("**XL**") has committed to pay annual fees within ten years, as long as XL holds the 3G license. The amount of annual payment is based on the scheme of payment set out in Regulation No. 07/PER/M.KOMINFO/2/2006 of the Minister of Communication & Information and Decree No.323/KEP/M.KOMINFO/09/2010 of the Minister of Communication & Information. No penalty will be imposed in the event that XL returns the license.

3.2 Contingent Liabilities

As at 31 December 2013, save for the material litigation described in section 5 of Appendix III, our Board is not aware of any contingent liabilities, which upon becoming enforceable may affect the ability of our Group to meet our obligations as and when they fall due.

4. Material Contracts

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

- (a) A programme agreement dated 14 August 2012 for the issuance of sukuk was entered into between: (i) Celcom Transmission (M) Sdn. Bhd. (now known as Celcom Networks Sdn. Bhd.) ("**Celcom**") (as issuer); (ii) the joint lead arrangers comprising CIMB and HSBC Amanah Malaysia Berhad; (iii) the joint lead managers comprising CIMB, HSBC Amanah Malaysia Berhad, and Maybank Investment Bank Berhad; and (iv) the facility agent being CIMB; whereby under the sukuk programme of up to RM5,000,000,000.00 ("**Sukuk Murabahah Programme**"), Celcom may from time to time request the facility agent to implement an issuance of sukuk in accordance with the terms and conditions of the agreement.

The proceeds of the sukuk shall be utilised by Celcom for the refinancing of existing debt (and payment of fees and expenses in connection therewith), the payment of fees and expenses in relation to the Sukuk Murabahah Programme, the funding of capital expenditure and working capital and other corporate and funding purposes, and to purchase commodities from commodities vendors in the commodity market through a commodity trading participant.

The programme agreement was entered into together with all relevant transaction documents dated 14 August 2012 and 29 August 2012 respectively.

- (b) XL had on 26 September 2013 entered into a conditional sale and purchase agreement with Saudi Telecom Company ("**STC**") and Teleglobal Investments B.V. (a 100%-owned subsidiary of STC) to purchase (or procure the purchase of) the entire issued and paid-up share capital of PT AXIS Telekom Indonesia ("**Axis**") for a cash consideration of USD100.00. As part of the consideration, XL will procure the repayment of approximately USD865 million of Axis' indebtedness. The proposed acquisition is conditional upon the conditions set out in the agreement being fulfilled or waived. For the purpose of financing the acquisition cost, XL secured loans from its shareholders in the amount of USD500 million. The remaining USD365 million was secured from internally generated funds of XL and third party lenders. The sale and purchase transaction has been completed on 19 March 2014.
- (c) A share purchase agreement dated 31 December 2013 was entered into between Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) ("**Celcom Resources**") and Edotco Group Sdn. Bhd. ("**Edotco Group**") whereby Celcom Resources had agreed to sell, convey, assign, transfer and deliver to Edotco Group, and Edotco Group had agreed to purchase and take assignment, transfer and delivery of, 3,000,000 ordinary shares of par value RM1.00 each (representing the entire issued and paid-up share capital) of Edotco Malaysia Sdn. Bhd. free from all encumbrances and with all rights, benefits and advantages attaching thereto, including, but without limitation, all bonuses, rights, dividends and distributions declared made and paid, for a cash consideration of RM1,047,000,000.00.

5. Material Litigation

Save as disclosed below, neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position or business of our Group and our Board is not aware of any proceedings pending or threatened against our Group or of any fact likely to give rise to any proceedings which may materially and 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 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 their pleadings on 13 May 2013. The matter was fixed for case management on 2 December 2013 in preparation for the trial.

The Court has further fixed this matter for trial on 28 April 2014, 29 April 2014, 5 May 2014, 6 May 2014 and 8 May 2014.

Celcom and its solicitors believe that the prospects of successfully prosecuting Celcom Trading’s claim and resisting the counterclaim are reasonable.

(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) Bistamam Ramli (“**BR**”); (iii) Dato’ Lim Kheng Yew ; (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 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 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. The matter in the High Court has been fixed for case management on 21 April 2014. On 8 April 2014, TSDTR and BR filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 11 March 2014.

Celcom and its solicitors believe that Celcom and Celcom Resources have reasonable prospects of successfully prosecuting these proceedings.

(c) Celcom & Another vs TSDTR & 8 Others

In connection with the Award in DeTeAsia's favour in 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 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; and 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. The matter in the High Court has been fixed for case management on 21 April 2014. On 8 April 2014, TSDTR and BR filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 11 March 2014.

Celcom and its solicitors believe that Celcom and Celcom Resources have reasonable prospects of successfully prosecuting these proceedings.

(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 BDT6,549.9 million (approximately RM259.3 million). 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.

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.

Robi is of the view that it has reasonable prospect of defending this claim.

(e) 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 (approximately RM250.7 million) 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 (approximately RM313.4 million).

The legal suit is still pending but is currently dormant as the PTA has ceased demanding for the disputed payments since the implementation of the International Clearing House Agreement on 30 August 2012 which is a multiparty agreement between the Ministry of Information Technology, PTA and 14 long distance operators (including Multinet).

Multinet and its solicitors strongly believe that the case will be decided in its favour.

(f) 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 and this matter is fixed for hearing on 3 June 2014.

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.

DBN and its solicitors believe that DBN has a reasonable chance of succeeding at the appeal made to the Supreme Court of Sri Lanka.

6. Historical Share Prices

- (a) The monthly highest and lowest market prices of Axiata Shares as traded on Bursa Securities for the last twelve months preceding the date of this circular are as follows:

	High	Low
	RM	RM
2013		
May	7.40	6.55
June	6.80	6.45
July	6.88	6.61
August	6.95	6.37
September	6.99	6.61
October	6.95	6.85
November	6.92	6.66
December	7.00	6.65
2014		
January	6.94	6.48
February	6.59	6.48
March	6.68	6.38
April	6.74	6.50

- (b) Last transacted market price of Axiata Shares on 20 March 2014 being the last trading day prior to the date of the announcement of the Proposed Extension and the Proposed DRS is RM6.52.
- (c) Last transacted market price of Axiata Shares as at the LPD is RM6.69.

7. Outstanding Corporate Exercise Or Scheme Announced But Pending Completion

Save for the Proposed Extension and the Proposed DRS, our Board confirms that as at the date of this circular, there are no outstanding corporate exercises or schemes which have been announced but are pending completion by our Company.

8. Documents For Inspection

Copies of the following documents may be inspected at our registered office at Level 5, Axiata Centre, 9, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia during office hours, Mondays to Fridays (except public holidays), from the date of this circular up to and including the date of the 22nd AGM:

- (a) our Memorandum and Articles of Association;
- (b) our audited consolidated financial statements for the past two financial years ended 31 December 2012 and 2013;
- (c) the letters of consent referred to in section 2 of Appendix III;
- (d) a copy of the draft supplemental deed;
- (e) the material contracts referred to in section 4 of Appendix III;
- (f) the cause papers for the material litigation referred to in section 5 of Appendix III; and
- (g) a copy of the Bye-Laws.

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