

THIS CIRCULAR TO SHAREHOLDERS OF AXIATA GROUP BERHAD (“AXIATA”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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AXIATA GROUP BERHAD

(Company Number: 242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP CAPITAL OF REYNOLDS HOLDINGS LIMITED WHICH IN TURN HOLDS 80.0% EQUITY INTEREST IN NCELL PVT. LTD.

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



CIMB Investment Bank Berhad (18417-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

International Financial Adviser

J.P.Morgan

J.P. Morgan Malaysia Ltd

The Notice of the Extraordinary General Meeting (“EGM”) of Axiata together with the Proxy Form for the EGM are set out in this Circular. The EGM will be held as follows :

Last date and time for lodging the Proxy Form..... : Monday, 15 February 2016 at 3.00 p.m.
Date and time of the EGM : Wednesday, 17 February 2016 at 3.00 p.m. or at any adjournment thereof
Venue of the EGM : Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia

A member entitled to attend and vote at the EGM is entitled to appoint a proxy to vote for and on his/her behalf. In such event, the Proxy Form should be lodged at the office of Axiata’s Share Registrar, Tricor Investor Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the date and time of the EGM. The completion and lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Proxy Form shall be deemed to have been revoked.

DEFINITIONS

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

3G	:	Third generation telecommunication network.
2012 Dividend	:	Dividend declared by Ncell on 21 December 2012 for an amount equal to NPR11,000,000,000.
ADO	:	Asian Development Outlook.
AIL	:	Axiata Investments (UK) Limited.
ARPU	:	Average revenue per user.
Axiata or Company	:	Axiata Group Berhad.
Axiata Group or Group	:	Collectively, Axiata and its subsidiaries.
BMI	:	Business Monitor International.
BNM	:	Bank Negara Malaysia.
Board	:	Board of Directors.
CAGR	:	Compound annual growth rate.
Cash Retention Escrow Account	:	The account to be established to hold (and holding) the contribution of the aggregate of the TS UTA Cash Retention Amount and the SEA Telecom Cash Retention Amount.
Cash Retention Escrow Agreement	:	The escrow agreement relating to the Cash Retention Escrow Account to be entered into among the Escrow Bank, TS UTA and Axiata.
CGT	:	Capital gains tax.
CIMB	:	CIMB Investment Bank Berhad.
Closing	:	Closing of the sale and purchase of the Shares in accordance with the SPA.
Closing Adjustment Amount	:	The amounts comprising: (a) working capital adjustment; (b) plus gross cash minus gross debt and debt-like items; and (c) minus connected non-trading debt as at the closing accounts date as stipulated in the SPA.
Closing Date	:	The date on which Closing takes place.
Conditions	:	Conditions precedent of the SPA.
DOI	:	Department of Industries, Nepal.
EBITDA	:	Earnings before interests, tax, depreciation and amortisation.
EPS	:	Earnings per share.
Escrow Bank	:	Escrow agent as may be agreed in writing by TS UTA and AIL.
EV	:	Enterprise value.
FERA	:	Nepal's Foreign Exchange Regulation Act, 1962.
FY	:	Fiscal year.
FYE	:	Financial year ended.
GDP	:	Gross Domestic Product.
ILD	:	International long distance calls.

DEFINITIONS (Cont'd)

J.P. Morgan	:	J.P. Morgan Malaysia Ltd.
LIBOR	:	London Inter-Bank Offer Rate.
LPD	:	6 January 2016, being the latest practicable date prior to the printing of this Circular.
LTE	:	Long-term evolution.
LTM	:	Last 12-month.
Material Adverse Change	:	<p>Any change, event, circumstance or occurrence or any combination thereof which:</p> <p>(a) is a change in applicable law in Nepal after 21 December 2015 but before the Closing Date and which has materially and adversely impacted or which will or would reasonably be expected to materially and adversely impact the ability of:</p> <p>(i) Ncell to:</p> <p>(A) own or operate the material assets that it owns and/or uses in the operation of Ncell's business as of 21 December 2015; or</p> <p>(B) otherwise operate Ncell's business as it is operated on 21 December 2015; or</p> <p>(C) any combination of (A) and (B) above; or</p> <p>(ii) ALL to own the Shares (and exercise the voting rights and enjoy the benefit of the economic rights attaching to the Shares) and own indirectly 80% of the Ncell shares (and exercise (through Reynolds) the voting rights and enjoy the benefit of the economic rights attaching to such Ncell shares), in accordance with the terms of the SPA; or</p> <p>(b) is a natural disaster (including an earthquake) that materially and adversely impacts Ncell and its business and/or its financial prospects and will or would reasonably be expected to require substantial expenditure to continue to operate the business or any material part thereof, it being understood and agreed, for greater clarity, that a natural disaster of the magnitude and consequence of the earthquakes in Nepal of April and May 2015, taken together, shall not constitute a "Material Adverse Change"; or</p> <p>(c) is an actual breach of any anti-bribery law by a Target Company that has, or the subject matter of which has, materially and adversely impacted or will or would reasonably be expected to materially and adversely impact the ability of ALL to own Ncell's business or any material part thereof or operate Ncell's business or any material part thereof as it is operated on the 21 December 2015.</p>
MFRS	:	Malaysian Financial Reporting Standards.
MHz	:	MegaHertz.
NA	:	Net assets.
NBCO	:	Nevis Business Corporation Ordinance 1984.
Ncell	:	Ncell Pvt. Ltd.

DEFINITIONS (Cont'd)

Nepal Telecom	:	Nepal Doorsanchar Company Limited.
Nepalese Tax Liability	:	Any tax liability of Ncell and any other tax liability of any Target Company or any member of ALL's tax group imposed by a tax authority by or on behalf of Nepal including any tax liability falling within the terms of the SPA.
Nepalese Tax Liability Escrow Account	:	The account to be established to hold (and holding) the contribution of, the aggregate amount of the TS UTA Escrow Amount and SEA Telecom Nepalese Liability Escrow Amount, to be made into escrow by, or on behalf of, Axiata in connection with the SPA and the Nepalese Tax Liability Escrow Agreement.
Nepalese Tax Liability Escrow Agreement	:	The escrow agreement relating to the Nepalese Tax Liability Escrow Account to be entered into among the Escrow Bank, TS UTA and Axiata as soon as reasonably practicable after 21 December 2015.
NGS	:	Niraj Govinda Shrestha.
NRB	:	Nepal Rastra Bank (Central Bank of Nepal).
PATAMI	:	Profit after tax and minority interest.
Proposed Acquisition	:	Proposed acquisition of the entire issued and paid-up capital of Reynolds.
Purchase Consideration	:	Cash consideration of approximately US\$1,365.1 million, including adjustments as set out in Section 2.3.2 of this Circular.
Relevant Percentage	:	For TS UTA, 75.5% and for SEA Telecom, 24.5%.
Reynolds	:	Reynolds Holdings Limited.
SEA Telecom	:	SEA Telecom Investments B.V.
SEA Telecom Cash Retention Amount	:	An amount agreed between the parties to the SPA and when aggregated with the SEA Telecom Escrow Amount, SEA Telecom Nepalese Liability Escrow Amount, TS UTA Cash Retention Amount, and TS UTA Escrow Amount shall be US\$160.0 million.
SEA Telecom Escrow Account	:	The account to be established to hold (and holding) the contribution of the SEA Telecom Escrow Amount to be made into escrow by, or on behalf of, Axiata in connection with the SPA and the SEA Telecom Escrow Agreement.
SEA Telecom Escrow Agreement	:	The escrow agreement relating to the SEA Telecom Escrow Account to be entered into among the Escrow Bank, SEA Telecom and Axiata as soon as reasonably practicable after 21 December 2015.
SEA Telecom Escrow Amount	:	An amount agreed between the parties to the SPA and when aggregated with the SEA Telecom Cash Retention Amount, SEA Telecom Nepalese Liability Escrow Amount, TS UTA Cash Retention Amount, and TS UTA Escrow Amount shall be US\$160.0 million.
SEA Telecom Nepalese Liability Escrow Amount	:	An amount agreed between the parties to the SPA and when aggregated with the SEA Telecom Cash Retention Amount, SEA Telecom Escrow Amount, TS UTA Cash Retention Amount, and TS UTA Escrow Amount, and shall be US\$160.0 million.
SEA Telecom Purchase Price	:	US\$335,142,478.

DEFINITIONS (Cont'd)

Sellers	:	TS UTA and SEA Telecom and "Seller" means either of them as the context requires.
Shareholders' Agreement	:	Shareholders' agreement dated 21 December 2015 entered into between Bhavana Singh Shrestha, Sunivera and Axiata.
Shares	:	101,000 shares with a par value of US\$1.00 each which is the entire issued and paid-up share capital of Reynolds.
SPA	:	Share purchase agreement dated 21 December 2015 entered into between TS UTA, SEA Telecom, TeliaSonera AB, TS Norway, AIL and Axiata.
Sunivera	:	Sunivera Capital Venture Pvt. Ltd.
Target Companies	:	Reynolds and Ncell, and "Target Company" means any one of them.
TS Asia	:	TeliaSonera Asia Holdings B.V.
TS Guarantor	:	TeliaSonera AB.
TS Norway	:	TeliaSonera Norway Nepal Holdings AS.
TS UTA	:	TeliaSonera UTA Holding B.V.
TS UTA Cash Retention Amount	:	An amount agreed between the parties to the SPA and when aggregated with the SEA Telecom Cash Retention Amount, SEA Telecom Escrow Amount, SEA Telecom Nepalese Liability Escrow Amount, and TS UTA Escrow Amount shall be US\$160.0 million.
TS UTA Escrow Amount	:	An amount agreed between the parties to the SPA and when aggregated with the SEA Telecom Cash Retention Amount, SEA Telecom Escrow Amount, SEA Telecom Nepalese Liability Escrow Amount, and TS UTA Cash Retention Amount shall be US\$160.0 million.
TS UTA Purchase Price	:	US\$1,030,000,000.
UK	:	The United Kingdom.

Currencies

BDT	:	Bangladeshi Taka.
LKR	:	Sri Lankan Rupee.
NPR	:	Nepalese Rupee.
PKR	:	Pakistani Rupee.
RM	:	Ringgit Malaysia.
US\$:	United States Dollar.

Words incorporating the singular shall, where applicable, include the plural and vice versa, and words incorporating the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

DEFINITIONS (Cont'd)

Any discrepancies in the amounts and percentage figures included herein have been subjected to rounding adjustments.

All references to "**our Company**" in this Circular mean Axiata and references to "**our Group**" mean our Company and our subsidiaries. References to "**we**", "**us**", "**our**", "**ourselves**" mean our Company, or where the context otherwise requires, our Company and our subsidiaries. All references to "**you**" and "**your**" in this Circular mean the shareholders of our Company, unless the context otherwise requires.

Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

Unless otherwise stated, the exchange rate of RM1.00:US\$0.2289 and RM1.00:NPR24.4575, being the middle rate from the Interbank Foreign Exchange Market in Kuala Lumpur, as published on the BNM web page, at 1200 noon as at the LPD is used throughout this Circular.

Any exchange rate translations in this Circular are provided solely for convenience of readers and should not be constituted as representative that the translated amounts stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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AXIATA GROUP BERHAD

(Company Number: 242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered office:

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

2 February 2016

Board of Directors:

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

Dear shareholder:

Proposed Acquisition

1. INTRODUCTION

On 21 December 2015, on behalf of our Board, CIMB announced that AIL, our wholly-owned subsidiary, had on 21 December 2015 entered into a share purchase agreement and other ancillary agreements with:

- (i) TS UTA,
- (ii) SEA Telecom,
- (iii) TeliaSonera AB, as the guarantor for TS UTA,
- (iv) TS Norway, and
- (v) our Company, as the guarantor for AIL,

for the acquisition of the entire issued and paid-up capital of Reynolds for a total cash consideration of approximately US\$1,365.1 million (equivalent to approximately RM5,963.7 million). Reynolds in turn holds 800,000 ordinary shares representing 80.0% of the equity interest in Ncell. There will be closing adjustments to the cash consideration of approximately US\$1,365.1 million in accordance with the terms of the SPA (as set out in Section 2.3.2 of this Circular).

The remaining locally-held 20.0% equity interest in Ncell currently held by NGS will be transferred to Sunivera prior to completion of the Proposed Acquisition. The Nepalese law governing investments in telecommunication entities limits foreign shareholding to 80.0% of the total issued share capital, hence any transfer of the 20.0% equity interest in Ncell must be to a local Nepali entity or individual. The transaction between NGS and Sunivera is transacted on a willing-buyer willing-seller basis. Bhavana Singh Shrestha, Sunivera and Axiata had also on 21 December 2015 entered into a shareholders' agreement for the purposes of regulating the operation and management of Ncell and the relationship between the parties thereto upon completion of the Proposed Acquisition. Bhavana Singh Shrestha is the sole ultimate shareholder of Sunivera, and she shall in her capacity as a 20.0% shareholder perform her obligations in Ncell as a member of the Board of Directors in Ncell and as a shareholder, in accordance with the terms of the Shareholders' Agreement.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ACQUISITION TOGETHER WITH THE RECOMMENDATION FROM OUR BOARD AND TO SEEK YOUR APPROVAL ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

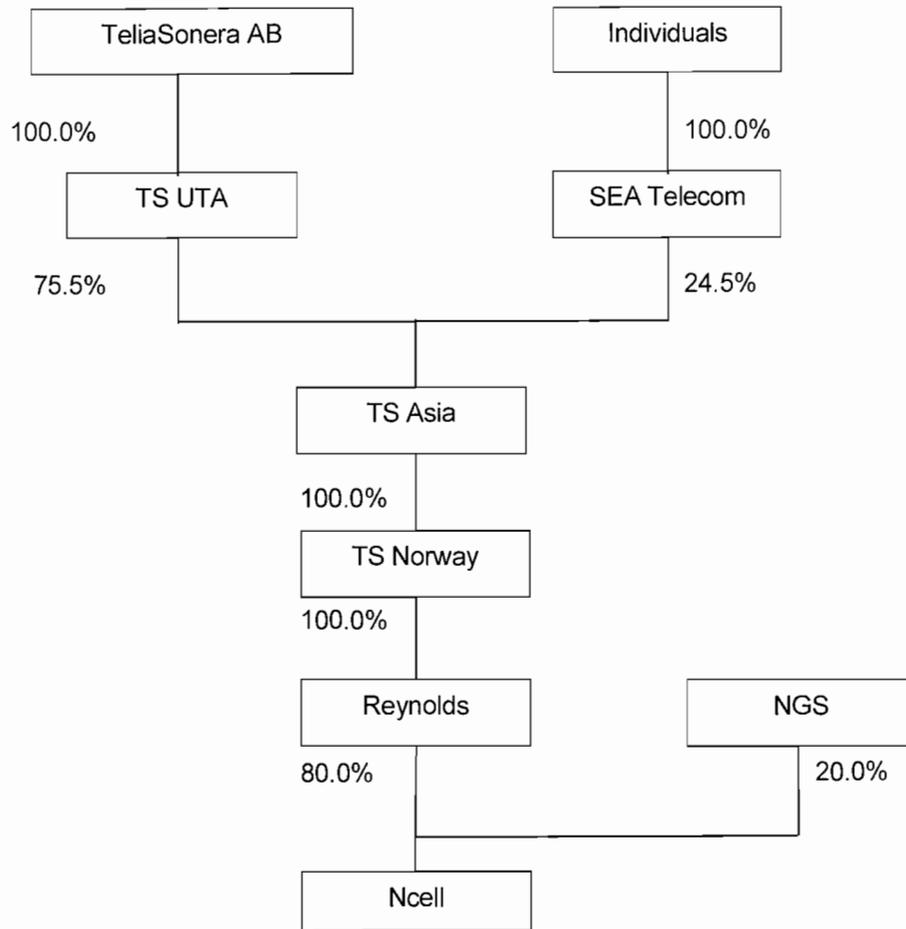
2.1 Proposed Acquisition

TS Norway is the legal and beneficial owner of the entire issued and paid-up share capital of Reynolds of US\$101,000.00 comprising 101,000 shares with a par value of US\$1.00 each. TS Norway is indirectly held by TS UTA and SEA Telecom (through TS Asia), which have effective equity interest of 75.5% and 24.5%, respectively. TS Norway has agreed to sell the Shares to AIL, subject to the terms and conditions of the SPA.

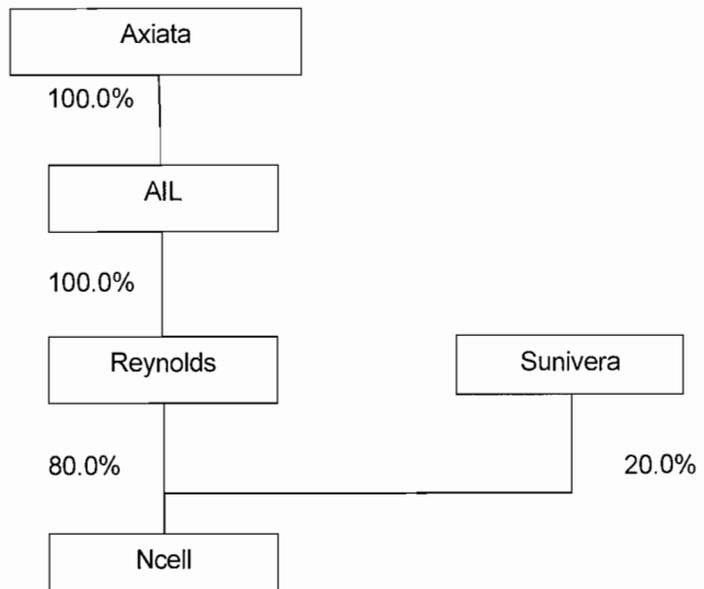
We set out below the shareholding structure before and after the Proposed Acquisition.

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Before the Proposed Acquisition



After the Proposed Acquisition



Upon completion of the Proposed Acquisition, AIL shall hold 100.0% of the Shares and an effective equity interest of 80.0% of the issued and paid-up capital of Ncell.

Accordingly, Reynolds and Ncell will be subsidiaries of Axiata.

Information on Reynolds and Ncell is set out in Appendix I of this Circular.

2.2 Basis and justification of the total consideration for the Proposed Acquisition

The Purchase Consideration for the Proposed Acquisition of approximately US\$1,365.1 million (equivalent to approximately RM5,963.7 million) was arrived at on a willing buyer-willing seller basis after taking into consideration, among others, the following:

- (i) the consideration paid is in line with internal assessment of the management based on common valuation methodologies such as EV over EBITDA multiples of trading and transaction comparables which are further detailed in Section 5 (v) of this Circular;
- (ii) the financial information of Ncell as set out in Section 6 to Part B, Appendix I of this Circular;
- (iii) the earnings potential and growth of Ncell as set out in Sections 6.4 and 6.5 of this Circular;
- (iv) the rationale of the Proposed Acquisition as set out in Section 5 of this Circular; and
- (v) the prospects and outlook of the telecommunications industry in Nepal as set out in Section 6 of this Circular.

2.3 Salient terms of the SPA

Salient terms of the SPA include, amongst others, the following:

2.3.1 Sale and purchase of Shares

TS Norway has agreed to sell, and TS UTA and SEA Telecom shall procure that TS Norway sells the Shares to AIL free from encumbrances, subject to the terms and conditions of the SPA.

2.3.2 Purchase Consideration

The Purchase Consideration of approximately US\$1,365.1 million (equivalent to approximately RM5,963.7 million), which is subject to closing adjustments in accordance with the terms of the SPA that comprises the following:

- (i) TS UTA Purchase Price;
- (ii) SEA Telecom Purchase Price; and
- (iii) as adjusted for the Closing Adjustment Amount .

The Closing Adjustment Amount adjusts for the increase or decline in value from key Ncell and Reynolds balance sheet items approximated to the Closing Date.

If the Closing Adjustment Amount is a positive amount, this amount shall be added to the TS UTA Purchase Price and the SEA Telecom Purchase Price in their respective proportions as per the terms of the SPA. If the Closing Adjustment Amount is a negative amount, this amount shall be deducted from the TS UTA Purchase Price and the SEA Telecom Purchase Price in their respective proportions as per the terms of the SPA.

2.3.3 Payment of Purchase Consideration

Upon the fulfilment of all the Conditions, the Purchase Consideration shall be satisfied in cash and shall not be on a deferred basis.

Closing shall take place on the 15th or 16th (as applicable in accordance with the Nepalese calendar) day of a calendar month in which the last Condition has been satisfied or waived in accordance with the SPA (other than those that by their nature must be satisfied at the Closing, which must be satisfied on the Closing Date), or, if such day is not a business day, the first business day after such day ("**Intended Closing Date**") provided that if there are fewer than 18th business days between the date on which the last Condition has been satisfied or waived in accordance with the SPA (other than those that by their nature must be satisfied at the Closing, which must be satisfied on the Closing Date) and the Intended Closing Date, Closing shall take place on the business day falling eighteen business days after date on which the last Condition has been satisfied or waived in accordance with the SPA.

The Purchase Consideration (based on an estimated position of the adjustments (where the estimated statement is to be prepared in good faith by the Sellers with the assistance of the Seller's accountants based on terms and in the form of the closing statement set out in the SPA and delivered by TS UTA to AIL no later than 13 business days prior to the anticipated Closing Date) as set out in Section 2.3.2 of this Circular in accordance with the terms of the SPA) will be paid to TS Norway on the Closing Date. Any subsequent differences between the actual position and the estimated position of the adjustments as set out in Section 2.3.2 of this Circular shall be settled between TS Norway and AIL after the Closing Date in accordance with the terms of the SPA. The differential amount between the actual position and the estimated position shall be paid by AIL to TS Norway or TS Norway to AIL (as the case may be) within seven business days after agreement or determination of the closing statement in accordance with the terms of the SPA.

Approximately US\$160.0 million out of the Purchase Consideration, which is the aggregate of: (i) TS UTA Cash Retention Amount; (ii) SEA Telecom Cash Retention Amount; (iii) TS UTA Escrow Amount; (iv) SEA Telecom Escrow Amount; and (v) SEA Telecom Nepalese Liability Escrow Amount; will be paid to the Escrow Bank and held under escrow with the Escrow Bank in accordance with the terms of the SPA. The TS UTA Cash Retention Amount and the SEA Telecom Cash Retention Amount is a payment position negotiated and agreed by AIL with the Sellers. The purpose of the TS UTA Escrow Amount and SEA Telecom Nepalese Liability Escrow Amount is to enable Axiata to make a claim from the monies standing in the credit of both these escrow amounts in the event of any Nepalese tax claim. The purpose of the SEA Telecom Escrow Amount is to enable Axiata to make a claim from the monies standing to the credit of the SEA Telecom Escrow Account in the event of any non tax claim against SEA Telecom under the provisions of and for breach of the SPA. Escrow agreements set out in Section 2.4.2 of this Circular will be entered into between the relevant parties and the Escrow Bank in relation to the aforesaid amounts.

On the date falling three calendar months after the Closing Date, the TS UTA Cash Retention Amount and the SEA Telecom Cash Retention Amount shall be released and paid by the Escrow Bank to TS Norway. There are no conditions to be fulfilled for the release of the TS UTA Cash Retention Amount and the SEA Telecom Cash Retention Amount.

Subject to the terms of the SPA, including relevant clauses governing claims by Axiata, the whole of the monies standing to the credit of the Nepalese Tax Liability Escrow Account for the TS UTA Escrow Amount and SEA Telecom Nepalese Liability Escrow Amount shall become payable to TS UTA (who has been nominated as the Sellers' representative) on the date falling four years after the Closing Date ("**Final Payment Date**") less any amounts claimed by Axiata that may be retained and settled after the Final Payment Date between the parties in accordance with the terms of the SPA.

Subject to the terms of the SPA, including relevant clauses governing claims by Axiata, the whole of the monies standing to the credit of the SEA Telecom Escrow Account shall become payable to SEA Telecom on the date falling two years after the Closing Date ("**SEA Telecom Final Payment Date**") less any amounts claimed by Axiata that may be retained and settled after the SEA Telecom Final Payment Date between the parties in accordance with the terms of the SPA.

2.3.4 Conditions

The Proposed Acquisition is subject to the following Conditions having been satisfied or waived in accordance with the SPA:

- (a) no Material Adverse Change having occurred on or prior to the Closing Date;
- (b) the shareholders of Axiata having approved the acquisition of the Shares by AIL on the terms of the SPA;
- (c) receipt by AIL of an approval of BNM to permit the investment in Ncell and the payment and remittance of the Purchase Consideration ;
- (d) the transfer of 20.0% of the fully diluted share capital of Ncell currently held by NGS to Sunivera having completed and Sunivera being the duly registered holder of 20.0% of the fully diluted share capital of Ncell and the transactions under a deed of waiver being consummated ("**Sunivera Transfer**"); and
- (e) subsequent to the satisfaction (or waiver in accordance with the terms of the SPA) of the Condition (d), receipt by AIL of a waiver from TS Norway, each Seller and NGS of any right to receive, or any other interest in, the 2012 Dividend and any other dividend declared by Ncell and/or Reynolds and not paid on or before the Closing Date.

If any Condition has not been satisfied or waived in accordance with the SPA by the long stop date of 30 June 2016, all rights and obligations of the parties under the SPA shall automatically terminate, unless otherwise agreed in writing by the parties, without any liability on any party except for the surviving provisions stipulated in the SPA, and any liability for any breach under the SPA which has occurred prior to that termination.

If AIL or Axiata deliberately, intentionally or wilfully acts in bad faith on a matter within its control (and the taking of such act is not specifically required by applicable law) and such act causes the conditions set out in Sections 2.3.4(b) or 2.3.4(c) not to be satisfied prior to 30 June 2016 in which as a result the SPA is terminated, then AIL shall pay the Sellers US\$50,000,000 in accordance with their respective Relevant Percentage.

If Sellers or TS Guarantor deliberately, intentionally or wilfully acts in bad faith on a matter within its control and the taking of such act is not specifically required by applicable law and such act causes the condition set out in Section 2.3.4(e) or any approval contemplated from the Proposed Acquisition not to be obtained or satisfied prior to 30 June 2016 in which as a result the SPA is terminated, then each Seller shall pay their respective Relevant Percentage of US\$50,000,000 to AIL.

If a Material Adverse Change occurs at any time after 21 December 2015 but prior to Closing, AIL may, by written notice to the Sellers prior to Closing, terminate the SPA with immediate effect and with no liability to AIL except (a) under the surviving provisions stipulated in the SPA and (b) for any liability for any breach under the SPA which has occurred prior to that termination.

If at any time before or at Closing there is a material breach of certain warranties as stipulated in the SPA, AIL may, without prejudice to any other rights it may have in relation to the breach, (i) terminate the SPA by written notice to the Sellers without any liability to AIL and the Sellers (other than due to any such warranty breach) except under the surviving provisions stipulated in the SPA and for any liability for any breach under the SPA which has occurred prior to that termination, or (ii) proceed to Closing.

2.3.5 Warranties from the Sellers

The aggregate liability of each Seller under the SPA and the transaction documents in respect of all or any claims for breach of the warranties (other than fundamental warranty claims), all or any tax covenant claims, all or any claims relating to a Nepalese tax liability and all or any specified indemnity claims stipulated in the SPA shall not exceed such Sellers' Relevant Percentage of US\$409,542,743.

The aggregate liability of TS UTA under the SPA and the transaction documents in respect of all or any fundamental warranty claims under the SPA shall not exceed the TS UTA Purchase Price as adjusted in accordance with the terms of the SPA, as set out in Section 2.3.2 of this Circular. The aggregate liability of SEA Telecom under the SPA and the transaction documents in respect of all or any fundamental warranty claims shall not exceed the SEA Telecom Purchase Price as adjusted in accordance with the terms of the SPA, as set out in Section 2.3.2 of this Circular.

The aggregate liability of each Seller under the SPA and the transaction documents for all or any claims relating to a Nepalese Tax Liability shall not exceed US\$70,000,000 which comprises: in respect of TS UTA, the amount equal to the aggregate of TS UTA Escrow Amount and US\$24,108,000, and in respect of SEA Telecom, the amount equal to the aggregate of SEA Telecom Nepalese Liability Escrow Amount and US\$5,892,000.

2.3.6 Warranties from AIL and Axiata

The aggregate liability of AIL and Axiata for a breach of their respective warranties and pursuant to Closing obligations and Closing adjustments under the SPA shall not exceed the Purchase Consideration.

2.3.7 Tax covenant

No claim may be made by AIL or any member of AIL's group or AIL's tax group against any Seller, TS Guarantor, TS Asia, TS Norway or any member of any Seller's group or the Seller's tax group in respect of tax, except against any Seller pursuant to the tax covenants of the SPA (where each Seller will pay their Relevant Percentage of the actual and deemed tax liabilities in accordance with the SPA to AIL), tax warranties and set-offs and/or tax deductions as allowed under the SPA.

2.3.8 AIL guarantee

If AIL defaults on the payment of any amount due and payable to the Sellers under the SPA or arising from its termination, Axiata shall (without the need for any demand) perform and discharge AIL's guaranteed obligations under the SPA and immediately on demand by either Seller, unconditionally pay that amount to such Seller in the manner prescribed in the SPA as if it were AIL.

2.3.9 TS guarantee

If TS UTA defaults on the payment of any amount due and payable to AIL under the SPA or arising from its termination, TS Guarantor shall (without the need for any demand) perform and discharge TS UTA's guaranteed obligations under the SPA and immediately on demand by AIL, unconditionally pay that amount to AIL in the manner prescribed in the SPA as if it were TS UTA.

2.3.10 Protection of AIL's interests

Each Seller undertakes with AIL, Reynolds and Ncell that it shall not, and shall procure that no member of its Seller's group shall, do any of the activities related to business competition as described in the SPA for a period of five years commencing on the Closing Date.

2.3.11 Breach of Warranties After Closing

If after Closing, there is a material breach of certain warranties as stipulated in the SPA, AIL has a right to make a claim for breach of warranties subject to the limitations and qualifications set out in the SPA

2.3.12 Governing Law and Dispute Resolution

The SPA and any and all disputes, claims or controversies arising from, relating to, or in connection with the SPA, are governed by, and shall be construed in accordance with, the substantive law of England.

2.4 Salient terms of ancillary agreements

2.4.1 Shareholders' Agreement

Axiata, Sunivera and Bhavana Singh Shrestha entered into the Shareholders' Agreement to regulate the operation and management of Ncell and the relationship between them. The salient terms of the Shareholders' Agreement include, amongst others, the following:

(a) The Board

For so long as Sunivera holds at least 10% equity interest in Ncell, it shall have the right to appoint one director to the Board of Ncell, whose nationality must be Nepalese. In addition, Sunivera has the right to propose to Reynolds an additional nominee to be appointed as director and if agreed to by Reynolds, such person will be appointed. There is no limit to the number of board seats that Reynolds may have on NCell. The Chairman of the Board of Ncell shall be appointed by Reynolds.

(b) Reserved Matter

There are certain matters which are reserved matters requiring the affirmative vote of Sunivera. These are:

- (i) any amendment to the articles of association of Ncell if such amendment could have a detrimental effect on the rights of Sunivera;
- (ii) the cessation, winding up, dissolution or liquidation of business of Ncell or Ncell;
- (iii) any issue of shares of Ncell other than to secure funding for Ncell or changes to the issued share capital of Ncell that will result in dilution of Sunivera's shareholding in Ncell;
- (iv) Ncell incurring debt in excess of US\$50 million from third parties for matters which are not in the ordinary course of business;
- (v) the entry by Ncell into a transaction with its shareholder or affiliate of the shareholder on non-arms' length terms; and
- (vi) sale by Ncell of asset(s) above an agreed threshold that will materially adversely impact the ability of Ncell to continue its business.

(c) Governing Law

The Shareholders' Agreement is governed by English law and any disputes will be finally resolved by way of arbitration.

2.4.2 Escrow Agreements

The parties to the escrow agreements are still negotiating the terms of the escrow agreements. The escrow agreements will be executed by the relevant parties as soon as reasonably practicable once the terms have been agreed upon.

The escrow agreements to be executed include the following:

- (a) Cash Retention Escrow Agreement;
- (b) Nepalese Tax Liability Escrow Agreement; and
- (c) SEA Telecom Escrow Agreement.

Each of the escrow agreements will include provisions for the appointment of the Escrow Bank to hold the monies as escrow agent until the Escrow Bank receives instructions from the relevant parties upon the terms set out in the escrow agreement. The duties of the Escrow Bank are purely ministerial, administrative and non-discretionary in nature. The governing laws of the escrow agreements will be the laws of England and Wales.

2.5 Source and breakdown of funding

The Purchase Consideration for the Proposed Acquisition shall be funded via a combination of external borrowings of up to US\$1.4 billion and internally generated funds.

Axiata Group's external borrowings and internally generated funds will match the currency requirements of the Purchase Consideration, both of which are in US\$.

2.6 Liabilities to be assumed by Axiata arising from the Proposed Acquisition

Save for the Purchase Consideration and any liabilities arising as a consequence of consolidating Ncell as a subsidiary of Axiata, Axiata will not be assuming any liabilities pursuant to the Proposed Acquisition.

2.7 Shares acquired free from encumbrances

The Shares are sold free from all encumbrances and from all other rights exercisable by third parties.

2.8 Additional financial commitment

As Ncell is already operating, there are no additional financial commitments required by Axiata in putting the business of Ncell on-stream.

3. BACKGROUND INFORMATION ON AIL

AIL, a wholly owned subsidiary of Axiata, was incorporated in the UK on 14 December 2015 and has its registered office at c/o Mofo Notices Limited, Citypoint, One Ropemaker Street, London, EC2Y 9AW, UK. AIL is an investment holding company.

As at the LPD, the directors of AIL are Annis Bin Sheikh Mohamed and Tan Gim Boon.

As at the LPD, the authorized and issued paid-up share capital of AIL is British Pound 1.00 comprising 1 ordinary share.

4. BACKGROUND INFORMATION ON TS NORWAY, THE SELLERS, AND SUNIVERA

4.1 TS Norway

TS Norway was incorporated under the laws of Norway in 2008 as a private limited liability company. TS Norway is an investment holding company in the TeliaSonera AB group owning 100.0% equity interest in Reynolds. The company's activities comprise ownership of investments primarily in Nepal and also arrangement of financing and other related activities.

The directors of TS Norway are:

- (i) Peter Lav;
- (ii) Espen Tøndel;
- (iii) Henning Øvrebø;
- (iv) Halfdan L. Holte;
- (v) Michael Sauer;
- (vi) Hans Henrik Holven; and
- (vii) Finn Erik Engzelius.

None of the directors have any direct or indirect interest in TS Norway.

As at the LPD, TS Norway is an indirect subsidiary of TeliaSonera AB (through TS UTA which owns 75.5% of TS Asia which in turn wholly owns TS Norway). TeliaSonera AB is an incumbent telecoms services provider in Sweden and Finland and owns and operates telecoms networks in Europe and Asia. TeliaSonera AB is listed on both the Stockholm Stock Exchange (StockholmsBörsen) and the Helsinki Stock Exchange. The only substantial shareholder of TeliaSonera AB is the Swedish State.

4.2 TS UTA

TS UTA was incorporated in the Netherlands under Dutch law as a private company with limited liability. TS UTA is an investment holding company owning 75.5% equity interest in TS Asia. As at the LPD, TS UTA is an indirect wholly-owned subsidiary of TeliaSonera AB, who is the guarantor for TS Norway.

4.3 SEA Telecom

SEA Telecom was incorporated under the laws of the Netherlands on 30 July 2008 as a limited liability company. SEA Telecom is an investment holding company owning 24.5% equity interest in TS Asia. It is established and managed by the Visor Group, a group of investment professionals, as a private equity fund with a term depending on the life of the investments held. Typically of private equity funds, the ultimate beneficial owners behind SEA Telecom are a group of high net worth individuals (each holding less than 10% interest in SEA Telecom) who have a long standing association with the Visor Group.

4.4 Sunivera

Sunivera was incorporated under the laws of the Nepal on 23 November 2015 as a private company with limited liability. Sunivera is an investment holding company for investments in infrastructure, communications, electricity and transportation companies. Sunivera is a wholly-owned subsidiary of Sunglory Investment Pvt. Ltd. ("**Sunglory Investment**"), a private limited company organised under the laws of Nepal, which is in turn owned by Bhavana Singh Shrestha. Sunivera's sole director is Bhavana Singh Shrestha.

Sunglory Investment's entire share capital is owned by Bhavana Singh Shrestha. Sunglory Investment does not have any directors. Its Articles of Association provides that it shall not have a Board of Directors, and the single shareholder shall carry out the business of the Board of Directors by itself.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The rationales of the Proposed Acquisition are as below:

(i) **Strategy: Rare opportunistic footprint expansion**

The Proposed Acquisition is in line with Axiata's position as a regional market player in Emerging Asia. This is in line with Axiata's merger and acquisition priorities of an opportunistic footprint expansion, being both attractive strategically and financially to Axiata Group. The Proposed Acquisition also meets all of Axiata's merger and acquisition criteria of (1) brownfield investment; (2) management control; (3) growth market; (4) attractive valuation; (5) earnings accretion; and (6) within target footprint.

(ii) **Market: Favourable Nepal telecom market**

Nepal's GDP has grown by a CAGR of 4.2%¹ over the past six years from 2008 to 2014, with its young demographics and strong telecom market fundamentals presenting attractive growth opportunities for Axiata. According to BMI Research, circa 68.0% of the Nepalese population of approximately 28 million is below the age of 35². Further, the mobile market in Nepal is a predominantly two-player market. Nepal has a unique mobile market penetration rate * of approximately 51.1%³ and mobile broadband penetration rate of 21.5% for year 2014 according to BMI Research².

(Sources: 1. Central Bureau of Statistics, Nepal; 2. BMI Nepal Telecoms Report, April 2015 3. Management of Axiata)

Note:

* *Unique mobile market penetration rate is defined as number of SIM subscribers divided by population of a respective country whereby a subscriber that owns multiple SIM cards will only be counted once as opposed to multiple times.*

(iii) **Company: High quality asset and number one player**

Ncell is the number one operator in the mobile subscriber market of Nepal with over 13.0 million mobile subscribers, representing 48.5% mobile subscriber market share as at 17 July 2015¹, which can be attributed to Ncell's quality of service, brand and customer care. Ncell has a revenue CAGR of approximately 19.9%² between FYE 15 July 2013 and FYE 16 July 2015 with EBITDA margin of 62.2%² in FYE 16 July 2015.

(Sources: 1. MIS Report, Bhadra, 2072 (18 August – 17 September, 2015) published by Nepal Telecommunications Authority 2. Audited accounts of Ncell for the past financial years)

(iv) **Synergy: Group synergy opportunities**

Ncell can leverage on Axiata Group's operating track record in emerging markets with low ARPU. The importance of overseas foreign workers to the Nepalese economy represents opportunities in intra-ASEAN international calling and mobile-remittance.

Furthermore, the Proposed Acquisition will allow Ncell to tap on Axiata Group's expertise in network and technology rollout, marketing, product development, human capital building and procurement in emerging markets.

(v) **Valuation: Attractive valuation**

The Proposed Acquisition is valued at an implied EV over EBITDA multiple of 5.0 times (based on last LTM results as of July 2015), which is lower compared to Axiata's multiple of 8.4 times (based on last LTM results as of 30 September 2015) and comparable companies' multiples in South Asia and South East Asia of 5.7 times and 7.3 times respectively (based on last 12-month results, market data as of 22 January 2016). Furthermore, the implied EV over EBITDA multiple of 5.0 times in relation to the Proposed Acquisition is also lower than the transaction comparables' median implied EV over LTM EBITDA of 7.5 times.

The EV over EBITDA multiples presented in tables 1 and 2 below are based on each respective comparable companies' latest quarterly financial results and EV as at 22 January 2016. The comparable companies listed below were selected based on their principal activities in the telecommunication industry and are broadly comparable to Ncell ("**Comparable Companies**"). The Comparable Companies have been identified on a best effort basis based on publicly available information and are selected for illustrative purposes only.

It should be noted that the Comparable Companies may not be directly comparable to Ncell due to various factors which include, amongst others, scale and composition of business activities, market capitalisation, capital and shareholding structure, geographical coverage of business activities, operating history, profit track record, financial strength, risk profile, future prospects and marketability and liquidity of the Comparable Companies' securities. In addition, the list of Comparable Companies set out below is by no means exhaustive.

Table 1: South Asia telecom trading comparables

<u>Comparable Companies</u>	<u>Country</u>	<u>Market capitalisation (US\$ million)</u>	<u>EV (US\$ million)</u>	<u>LTM EBITDA (US\$ million)</u>	<u>EV / LTM EBITDA (times)</u>
Bharti Airtel Limited	India	17,678.6	25,966.5	4,793.4	5.4
Idea Cellular Limited	India	5,690.6	11,051.3	1,845.8	6.0
Grameenphone Ltd	Bangladesh	4,559.4	5,003.0	690.6	7.2
Dialog Axiata PLC	Sri Lanka	563.5	687.1	164.0	4.2
Median		5,125.0	8,027.1	1,268.2	5.7
Overall range					4.2 to 7.2

Table 2: South East Asia telecom trading comparables

Comparable Companies	Country	Market capitalisation (US\$ million)	EV (US\$ million)	Last 12-month (LTM) EBITDA (US\$ million)	EV / LTM EBITDA (times)
Axiata	Malaysia	12,530.3	13,850.0	1,649.8	8.4
Maxis Berhad	Malaysia	11,461.4	13,474.5	970.5	13.9
DiGi.Com Berhad	Malaysia	9,266.9	9,589.7	717.7	13.4
Singapore Telecommunications Limited	Singapore	38,673.4	26,051.2	3,520.8	7.4
StarHub Limited	Singapore	4,020.3	4,399.1	523.2	8.4
M1 Limited	Singapore	1,494.5	1,729.0	239.1	7.2
PT. Telekomunikasi Indonesia Tbk	Indonesia	23,195.6	32,607.5	3,600.6	9.1
PT XL Axiata Tbk	Indonesia	2,249.4	3,805.0	604.9	6.3
PT Indosat Tbk	Indonesia	2,021.9	3,676.2	757.8	4.9
Philippine Long Distance Telephone Company	Philippines	8,998.4	9,465.0	1,546.2	6.1
Globe Telecom, Inc	Philippines	4,776.8	6,079.6	924.9	6.6
Advanced Info Service Public Company Limited	Thailand	13,097.9	14,218.1	1,948.1	7.3
True Corporation Public Company Limited	Thailand	4,534.1	5,529.2	596.8	9.3
Total Access Communication Public Company Limited	Thailand	2,279.8	3,054.0	780.4	3.9
Median		6,887.6	7,772.3	852.6	7.3
Overall range					3.9 to 13.9

(Sources: Bloomberg's public website, respective company's public website)

We have also considered the implied EV / EBITDA multiple of selected transaction comparables within the Emerging Asia region over the past seven years prior to 21 December 2015, being the date the Proposed Acquisition is announced, where the target companies are involved in the telecommunication industry ("**Selected Transaction Comparables**").

The Selected Transaction Comparables involve target companies which are involved in the similar industry as Ncell, namely the telecommunication industry. The target companies listed below, however, are different in terms of geographical market location, listing status, percentage interest transacted and timing of transactions.

Notwithstanding that, we have set out the Selected Transaction Comparables to provide an indication of the transaction values of target companies involved in the telecommunication industry. The Selected Transaction Comparables have been identified on a best effort basis based on publicly available information and are selected for illustrative purposes only.

It should be noted that the Selected Transaction Comparables may not be directly comparable to the Proposed Acquisition in terms of, amongst others, its valuation basis, nature of consideration, listing status of the target companies and timing of the transaction. In addition, the Selected Transaction Comparables may or may not represent a fair value given other factors which may influence the pricing of the Selected Transaction Comparables including, amongst others, potential synergies and strategic reasons of the transacting parties.

Selected Transaction Comparables in Emerging Asia

Date of announcement	Acquirer	Target company	Country of target	Interest transacted (%)	Implied EV (US\$ million)	Implied EV / LTM EBITDA (times)
9 June 2014	China Mobile Limited	True Corp	Thailand	18.0	6,543	12.8
15 October 2009	Emirates Telecommunications Corporation	Tigo (Private) Limited	Sri Lanka	100.0	207	7.4 ¹
16 September 2009	VimpelCom Ltd	Millicom Laos Co., Ltd.	Laos	74.1	102	7.5 ¹
Median						7.5
Overall range						7.4 to 12.8

(Sources: Respective target company's public website and public press releases)

Note: ¹ 2009 estimated EV / EBITDA multiples.

Premised on the abovementioned comparisons, the implied EV over EBITDA multiple of the Proposed Acquisition of 5.0 times (based on last LTM results as of July 2015) is:

- (a) at a discount to the EV over LTM EBITDA of Axiata of 8.4 times;
- (b) at a discount to the median EV over LTM EBITDA of the Comparable Companies in South Asia region of 5.7 times;
- (c) at a discount to the median EV over LTM EBITDA of the Comparable Companies in South East Asia region of 7.3 times respectively;
- (d) within the range of EV over LTM EBITDA of the Comparable Companies in the South East Asia region of between 3.9 times to 13.9 times taking into consideration the 80.0% controlling stake in Ncell being obtained by Axiata; and
- (e) below the range of the implied EV over LTM EBITDA of the Selected Transaction Comparables in Emerging Asia region of between 7.4 times to 12.8 times.

(vi) Financials: Immediate accretion

For illustrative purposes, based on the latest audited consolidated statements of comprehensive income of Axiata for the FYE 31 December 2014 and unaudited management accounts of Ncell for the corresponding year, Ncell's results are accretive to Axiata's revenue, EBITDA and PATAMI, with uplift of approximately 9.1%, 14.3% and 11.1% respectively, while EBITDA margin will improve by 1.8 percentage points. The Proposed Acquisition is not expected to affect Axiata's dividend policy.

(vii) Portfolio: Better balanced portfolio

The Proposed Acquisition is expected to increase Axiata Group's resilience with a more diversified portfolio. Based on the latest audited consolidated statements of comprehensive income of Axiata for the FYE 31 December 2014 and unaudited management accounts of Ncell for the corresponding year, Ncell would contribute 8.7%, 12.8% and 19.3% to Axiata's revenue, EBITDA and PATAMI. Moving forward, post completion of the Proposed Acquisition, Ncell is expected to be one of the largest contributors to Axiata outside Malaysia in terms of PATAMI. Furthermore, it is expected that Axiata's dividend paying capacity will be further supported by Ncell's contribution in future. Based on the audited accounts of Ncell for the FYE 16 July 2015, Ncell has net cash flow of approximately NPR11.1 billion (equivalent to approximately RM453.8 million) and cash balance of NPR30.6 billion (equivalent to approximately RM1.3 billion).

6. INDUSTRY OVERVIEW, PROSPECTS AND FUTURE PLANS

6.1 Overview of the Nepalese economy

Nepal is located in South Asia, with a population of 28 million people ¹ and a GDP of NPR670.0 billion ² as of 2014. Agriculture is the principal economic activity of Nepal, providing 32.0% ² of its GDP. With circa three million of its population working overseas ³, remittances from overseas contributes circa 28.0% of Nepal's GDP. Growth in private consumption is mainly supported by the continued strong rise in remittance influx. In addition, transport, communications and storage contribute to 8.8% of its GDP ².

(Sources: 1. World Development Indicators: Population Dynamics published by World Bank, 2. Central Bureau of Statistics, Nepal; 3. Labor Migration for Employment, A Status Report for Nepal:2013/2014 published by Ministry of Labour and Employment, Nepal)

The catastrophic 7.8 magnitude earthquake on 25 April 2015 and its aftershocks are estimated to have slashed GDP growth in FY 2015 (ended 15 July 2015) by over 1.5% from the 4.6% ADO 2015 projection a month before. Although the earthquake struck Nepal in the tenth month of FY 2015 (May 2015), the impact on growth seems to be sizable, especially on the large services sector, which is now estimated to have grown by only 3.9%, compared with 6.0% in the scenario with no earthquake.

The deceleration of remittance inflows from Nepal's many overseas foreign workers in the first three quarters of FY 2015 initially weakened the external position, but the surge in transfers in the last quarter in response to needs created by the earthquake, and the slowdown in imports immediately after the earthquake, fueled a robust current account surplus.

In FY 2016, a subpar monsoon will constrain agriculture growth, while the expected delay in getting reconstruction started, coupled with economic dislocation and damage to infrastructure, will curtail industry and services growth. Accordingly, GDP growth will likely be held moderately below the ADO 2015 projection. In FY 2016, inflation is expected much higher as price pressures mount owing to the expected drop in the agricultural harvest, higher demand as the pace of reconstruction picks up, and persistent supply bottlenecks. Larger imports combined with a more normal increase in remittances will likely push the current account into a small deficit.

Under spending of the budget has been a persistent problem, especially in capital spending, for which just 70.0% of planned expenditure is generally realised. The government's capacity for expenditure has to be drastically enhanced to ensure that reconstruction is fast and efficient. The total cost of recovery from the earthquake is estimated at about US\$7.1 billion (a third of GDP), about US\$5.2 billion to repair damage to buildings and infrastructure and the balance to cover economic losses from forgone income. Development partners have pledged about US\$4.0 billion in grants and concessional loans, to be disbursed over five years. Allocations for reconstruction are about US\$910.0 million in FY 2016. The government is simplifying procedures for capital spending and has established the National Reconstruction Authority to speed implementation. Even with a modest increase in borrowing to finance reconstruction projects, fiscal sustainability is likely to be maintained.

(Source: Asian Development Outlook 2015 Update, Asian Development Bank)

6.2 Overview of the Nepalese mobile telecommunications industry

As of 17 July 2015, Nepal had a total of 28.5 million mobile and fixed line voice subscribers with a combined penetration rate of population of 107.5%. Mobile subscriptions accounted for the majority with 26.8 million subscribers and a penetration rate of 101.2%. Nepal's mobile market has continued to show growth, with a CAGR of 17.7% from 2012 to 2014 and a year-on-year increase of 21.5% from 22.1 million (penetration rate: 83.2%) to 26.8 million (penetration rate: 101.2%) as of 17 July 2015. The mobile telephony service market is largely dominated by two operators – Ncell and Nepal Telecom – with subscriber market share of 48.5% and 46.5% respectively (combined market share of 95.0%) as of 17 July 2015.

Mobile data or internet services subscription have relatively lagged behind, with a total of 11.8 million subscribers and a penetration rate of 44.4% as of 17 July 2015. Mobile data or internet services subscribers increased by 33.9% year on year from 8.8 million (penetration rate: 33.2%) to 11.8 million (penetration rate: 44.4%). Ncell and Nepal Telecom are also the dominant operators in the internet services market with market share of 40.5% and 57.1% respectively (combined market share of 97.6%) as of 17 July 2015.

The penetration rates for both mobile services and mobile data or internet services subscriptions in Nepal are under-penetrated compared to Malaysia's cellular phone and broadband penetration rate of 144.8% and 91.7% respectively as of the second quarter of 2015².

(Sources: 1. MIS Reports published by Nepal Telecommunications Authority in Bhadra, 2072 (18 August – 17 September, 2015), Bhadra, 2071 (September, 2014), Mangshir, 2071 (17 November – 15 December 2014) and Magh, 2069 (February, 2013); 2. Communications and Multimedia: Pocket Book of Statistics, Q2 2015 published by Malaysian Communications and Multimedia Commission)

6.3 Prospects of Axiata post the Proposed Acquisition

Post the Proposed Acquisition, Axiata's position in the Emerging Asia will be further reinforced, with interests in Nepal, Bangladesh, Sri Lanka, Pakistan and India in addition to other markets in Emerging Asia.

Premised on the prospects of Ncell, and the outlook of Nepalese economy and mobile telecommunications industry, our Board is of the opinion that the Proposed Acquisition is expected to contribute positively to the future earnings of the Axiata and support its long-term strategies and objectives, hence enhancing value for shareholders in the future.

6.4 Prospects of Ncell post the Proposed Acquisition

Ncell is the leading mobile operator in Nepal and has a strong operational and financial track record. We are confident that Ncell will be able to continue operating successfully, supported by its quality of service, brand and established customer base.

In addition, post the Proposed Acquisition, Ncell will be able to leverage on Axiata's Group expertise in network and technology rollout, marketing, product development, human capital building and procurement in emerging markets.

Furthermore, Axiata's continual support of Ncell's 3G and LTE roll out plans as detailed in Section 6.5 of this Circular will help to enhance Ncell's brand and services in Nepal and are expected to continue to improve Ncell's operations in Nepal.

6.5 Future Plans of Ncell

The telecommunications market in Nepal has grown at a CAGR of 17.7% ¹ from 2012 to 2014. In addition, Nepal's mobile penetration of unique subscribers of approximately 51.1% ² and mobile broadband penetration rate of 21.5% for year 2014 according to BMI Research ³ indicate that there is still further growth potential in the Nepal mobile market.

Axiata will leverage on Ncell's overall market and technological leadership and focus on increasing mobile data and broadband adoption as its revenue growth engine to mitigate potential risks from e.g. over-the-top (OTT) services and ILD rate declines that could impact voice and ILD revenues. Ncell's customer loyalty will also be promoted through a comprehensive network experience.

Ncell's 3G services are currently available in 54 cities across Nepal. Ncell will continue to improve its network, increase its 3G coverage and start rolling out LTE in the near future. Axiata expects that Ncell will be ready to launch LTE services over the next three to five years. Axiata will also target to support Ncell's 3G and LTE roll out plans with capacity improvements including rolling out fibre to its base stations, improving network resiliencies via appropriate investments and securing additional spectrum as required, if and when it becomes available.

Axiata expects to be able to generate synergies between Ncell and other Axiata Group companies and at group level. Axiata has operations in a number of adjacent markets in the South Asian region and in South East Asia and can leverage its expertise from these markets. Axiata also expects to be able to generate synergies from international calling. Nepal has currently approximately three million overseas foreign workers ⁴ of which one million are based in Malaysia ⁵ which provides an opportunity for greater cooperation and cross-regional marketing initiatives.

(Sources: 1. MIS Reports published by Nepal Telecommunications Authority in Mangshir, 2071 (17 November – 15 December 2014) and Magh, 2069 (February, 2013); 2. Management of Axiata 3. BMI Nepal Telecoms Report, April 2015; 4. Labor Migration for Employment, A Status Report for Nepal:2013/2014 published by Ministry of Labour and Employment, Nepal; 5. Employment –Govt. of Nepal, Report by Verite on Labor Brokerage and Trafficking of Nepali Migrant Workers (2013))

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7. RISK FACTORS OF THE PROPOSED ACQUISITION

The non-exhaustive risk factors in relation to the Proposed Acquisition are set out below. There can be no assurance that any change beyond the control of our Group in relation to the risk factors as described below will not have a material adverse effect on our business, operations and financial performance and/or Ncell's business, operations and financial performance (where applicable):

(i) Investment risk

There is no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that we will be able to generate sufficient returns from this investment to offset the costs of this investment. There is also no assurance that the expected financial performance of Ncell could be achieved post completion of the Proposed Acquisition.

Our Group is an experienced telecommunications operator with existing operations in the South Asian region i.e. in Bangladesh, Sri Lanka and India. We have evaluated the market opportunity in Nepal and believe that the investment in Ncell will have an overall positive impact to our Group and our shareholders with immediate accretion to our financials. Our Group has also sought to mitigate the abovementioned risks by adopting prudent investment criterias for this Proposed Acquisition, conducting a thorough due diligence on the business operations of Ncell and engaging an external reputable international adviser to undertake a review on the fairness of the Purchase Consideration prior to proceeding with its investment in Ncell.

(ii) Completion risk

The completion of the Proposed Acquisition is conditional upon the Conditions under the SPA as set out in Section 2.3.3 of this Circular being fulfilled or waived. There can be no assurance that such Conditions will be fulfilled or waived within the timeframe stipulated in the SPA. Nevertheless, we anticipate that this risk can be mitigated by proactively engaging with the relevant authorities and third parties to obtain all the necessary approvals and documents required for the completion of the Proposed Acquisition within the timeframe stipulated in the SPA.

(iii) Political, economic and regulatory conditions

The performance of Ncell could be materially impacted by the changes in the political, economic and regulatory conditions in Nepal, St. Kitts and Nevis and the UK. The various political, economic and regulatory conditions could range from changes in political leadership, introduction of new regulations, war, economic downturn, changes in interest rates and foreign exchange regulations.

While acknowledging that we may not be able to prevent some of the abovementioned events from occurring, our Group has adopted and will continue to adopt a proactive approach in keeping abreast of political, economic, and regulatory developments of these countries.

(iv) Regulations on taxation

The performance of Ncell could be materially impacted by the changes in the taxation conditions in Nepal, St. Kitts and Nevis and the UK. Changes in taxation related laws, regulations or government policy in these countries could result in increased tax expenses to Ncell's business and/or shareholders of Ncell, including us.

We have conducted comprehensive tax due diligence in these countries to mitigate the abovementioned risks and adopted and will continue to adopt a proactive approach in keeping abreast of the latest development in taxation related laws, regulations or government policies in these countries.

(v) Changes in the telecommunications industry / competition

The telecommunications industry is subject to rapid and ongoing technological changes. Emerging and future technological changes may adversely affect the viability or competitiveness of Ncell's business in Nepal. There is no assurance that Ncell will be successful in responding in a timely and cost-effective way to such developments. If Ncell is unable to modify or modernise its network infrastructure, develop sales distribution network, or innovate customer-centric product offerings to remain competitive, such developments could have a material adverse effect on Ncell's business and financial condition.

Moreover, a substantial portion of Ncell's revenue is contributed by ILD. Given the current growing trend in mobile data and internet, there can be no assurance that Ncell's ILD business will not be adversely impacted and/or face increased pricing pressure, thereby affecting its financial performance. Furthermore, Ncell operates in a market largely dominated by two players, i.e., Ncell and Nepal Telecom (as set out in section 6.2 of this Circular). Notwithstanding the above, there are possibilities of new entrants entering into the market. If a strong third telecommunications player should emerge in Nepal, Ncell's current market share may be reduced, thereby affecting its financial performance.

We expect the negative impact from over the top services on voice and ILD revenues will be mitigated by higher data consumption and provision of customer-centric offerings. In addition, we believe the impact from potential third player entrance will be limited given Ncell's established customer segment and economies of scale. Nevertheless, our Group will continue to monitor its investment in Ncell and to actively mitigate these risks by proactively managing the latest development in the telecommunications industry and general economic conditions as well as carrying out continuous improvements of Ncell's operations.

(vi) Regulations and licences

The operation of mobile telecommunications business and provision of related services in Nepal are subject to certain approvals, licences, registrations and permissions granted by the Government of Nepal and regulated by the Nepal Telecommunications Authority. Changes in laws, regulations or government policies in Nepal, or in relation to the licences, or spectrum to the mobile telecommunications industry, or Ncell specifically could adversely affect Ncell's businesses. Further changes to the telecommunication regulations and practices such as the interconnection rates and ILD rates, and any other telecommunication policies and compliances could adversely affect Ncell's future business and financial results.

Any breach of the terms and conditions of the licences or spectrum allocation by Ncell or failure to comply with the applicable regulations on Ncell's part may result in their being fined or their licences being suspended or cancelled by the Nepal Telecommunications Authority or the Government of Nepal. Any revocation or unfavourable amendments to the terms of the licences, failure to renew them on comparable terms or failure to obtain spectrum allocation in a timely manner could have a material adverse effect on Ncell's businesses and performance in their existing and new circles.

We have conducted comprehensive legal and regulatory due diligence in Nepal and we are not aware of any changes in laws, regulations or government policies in the short to medium term that would materially affect Ncell. Our Group has adopted and will continue to adopt a proactive approach in keeping abreast of various developments in relevant laws, regulations, government policies, licences requirements or spectrum allocations of Nepal.

(vii) Technological risk

The telecommunications industry is subject to rapid, ongoing technological change and has experienced significant changes in recent years, including the introduction of data services. Increased smartphone adoption, wireless technology, satellite-based communications services, private and public radio networks, VoIP, personal tablets and other communications services which have the technical capability to handle telephone calls or provide portable broadband internet access compete with Ncell's business. Continued growth of such technologies, emerging and future technological changes and new services may adversely affect the viability or competitiveness of Ncell. This may have additional financial implications for Ncell which may need to increase capital expenditure to implement new network technologies at a faster rate than previously planned. Furthermore, changing market demand and consumer trends, together with the speed of development and deployment of technology, may require Ncell to adopt new technologies that could shorten the lifecycle of its existing technologies, rendering them less competitive and increasing the rate of technology obsolescence.

In order to compete effectively, Ncell will continue to improve the speed and features of its existing products and services and develop attractive products and services for its subscribers. Ncell will constantly assess the development of these new technologies and the readiness of the required components end-to-end as well as monitor the likely preparedness of the competition.

(viii) Natural disasters

On 25 April 2015, a 7.8 magnitude earthquake struck central Nepal's Gorkha District, approximately 77 kilometers northwest of Kathmandu ¹. On 12 May 2015, a 7.3 magnitude aftershock struck Nepal's Dolakha District, approximately 76 kilometers northeast of Kathmandu ¹. There were also landslides on 30 July 2015, which struck a number of villages in Kaski District of Nepal ¹. The Nepal telecommunications industry including Ncell sustained certain business disruptions and infrastructure damages. Services were resumed shortly after the incident in phases with recovery work and improved resiliency to infrastructure undertaken in 2015 and into 2016.

The telecommunications industry including Ncell provides services which are dependent on reliable infrastructure. These services are subject to failure from fire, earthquake, flood and other natural disasters. Such disruptions may materially or adversely affect Ncell's and our financial performance and position.

Our Group is an experienced telecommunications operator with existing operations in the South Asian region which are subject to similar risks. We will ensure that Ncell continues to take relevant and pro-active measures to minimise these disruptions which include undertaking relevant resiliency plans and measures and strengthening infrastructure resiliency.

(Source 1: Nepal Earthquake – Fact Sheet #23 dated 2 November 2015 published by United States Agency for International Development, www.usaid.gov/nepal-earthquake)

(ix) Regulations on foreign investment

Axiata's acquisition of Ncell will be subject to the foreign investment policies of the Government of Nepal. Any breach or non-compliance to such policies may adversely affect our investment in Ncell. In addition, our ability to repatriate the profits arising from our acquisition of Ncell will depend largely on the relevant legislation relating to the repatriation of profits prevailing at the point of repatriation which includes recommendations and approvals from relevant regulators.

In order to mitigate the abovementioned risks, our Group has adopted and will continue to adopt a proactive approach in keeping abreast of relevant regulations on foreign investment development in relation to the Proposed Acquisition.

(x) Foreign exchange risk

The operating and reporting currency of Ncell is mainly denominated in NPR. As our financial results are reported in RM, any fluctuation of the NPR against the RM may impact our profits and/or our financial position, or both. In addition, our financing for the Proposed Acquisition will be in US\$ borrowings. Therefore, any fluctuation of the NPR and/or the RM against the US\$ may impact our profits and/or our financial position as well.

There can be no assurance that fluctuations in foreign exchange rates or limitations on our Group's ability to convert or transfer currencies will not have a material and adverse effect on our financial performance and results of operations. Nevertheless, we will assess the need to utilise financial instruments to hedge its foreign exchange exposure to mitigate both transaction and/or translation exchange risk exposure.

(xi) Restrictions on foreign shareholding

The limit on foreign shareholding in the telecommunications industry imposed by the Government of Nepal is 80.0% of the total issued share capital. Such limit may prevent Ncell from raising further capital outside Nepal through the issuance of equity or convertible securities to fund future expansion, if any.

Notwithstanding the above, the remaining locally-held 20.0% equity interest in Ncell currently held by NGS will be transferred to Sunivera prior to completion of the Proposed Acquisition. We had also entered into a Shareholders' Agreement for the purposes of regulating the operation and management of Ncell and the relationship between the parties thereto upon completion of the Proposed Acquisition. We believe that Ncell's business can be funded with its cash flows in the short to medium term. In addition, our Group will also continue to monitor the future funding requirements of Ncell's business and seek relevant professional advice where necessary if it is intended for Ncell to raise further capital via issuance of equity or convertible securities for any future expansion.

(xii) Impairment risk

Axiata will recognise goodwill arising from the Proposed Acquisition, the amount of which will depend on the fair value of the assets and liabilities acquired as at the completion date. Any fair value adjustments allocated to the identifiable assets and liabilities, and the effect of amortisations of the fair value adjustments (including the amortisation of the intangible assets identified), if any, from the Proposed Acquisition may materially and adversely affect Axiata's financial position.

Our Group will mitigate the abovementioned risks by conducting an assets revaluation exercise, closely monitor the financial performance of Ncell and implement appropriate strategies towards the achievement of our financial targets.

(xiii) Risk relating to borrowings

Axiata intends to raise debt financing for the Proposed Acquisition, which will be in US\$. If the capital and credit markets experience volatility and availability of funds remains limited, Axiata may incur higher financing costs associated with the debt to be undertaken. Axiata's ability to access capital and credit markets may be limited by these or other factors at the prevailing time of borrowing, which could have an impact on our Group's ability to grow our business, refinance maturing debt, maintain dividends, maintain credit ratings and/or react to changing economic and business conditions. Where financing costs are dependent on prevailing interest rates, future fluctuation of interest rates could impact our Group's cash flows and profitability. Our Group's ability to meet payment obligations, refinance maturing debt and fund planned capital expenditure may depend on the success of our Group's business strategy, operational capability and its ability to generate sufficient revenue to satisfy its obligations, which are subject to many uncertainties and contingencies beyond its control, including those highlighted above.

Our Group believes that the above can be mitigated by continuously monitoring the performance of our subsidiaries including Ncell and by practicing prudent and disciplined financial management.

8. POLICIES ON FOREIGN INVESTMENT AND REPATRIATION OF PROFITS OF NEPAL, ST. KITTS AND NEVIS, NEVIS, AND THE UK

8.1 Nepal

(i) Foreign investment regulation

The limit on foreign shareholding in the telecommunications industry imposed by the Government of Nepal is 80.0% of the total issued share capital.

(ii) Foreign exchange regulation

All foreign exchange transactions are regulated through FERA by NRB. FERA regulates certain payments, dealings in foreign exchange and securities and transactions which has an indirect impact on foreign exchange and the import and export of currencies.

(iii) Capital and profit repatriation

Investment in capital (equity), loan and technology transfer by a foreign investor has to be approved by the DOI pursuant to Foreign Investment and Technology Transfer Act of Nepal. Accordingly, the foreign investor must get approval from the DOI for capital, loan and technology injection in the company in Nepal. Repatriation of dividends, interest on loans and repatriation of capital may not be granted if such investment is made without obtaining prior approval from the DOI.

NRB had issued guidelines for the investment in capital and in loan from foreign investors on 3 April 2012 which was subsequently replaced on 22 January 2013, 6 May 2013 and 11 September 2013. Rate of interest on foreign loan shall not exceed LIBOR) plus 5.5%.

As per the notice issued by NRB on 20 November 2015, the interest rate on foreign loan should not exceed one-year LIBOR plus 2.0% (previously one-year LIBOR plus 5.5%) and debt-to-equity ratio should not exceed 60:40, where such loans are procured from the associated person.

(iv) Corporate tax

Nepal resident companies are subject to income tax on their worldwide income. Non-resident companies are only subject to Nepalese income tax on their Nepal source income. Resident companies are those that have been:

- (a) incorporated in Nepal; or
- (b) have effective control and management in Nepal.

The standard corporate tax rate for companies is 25.0%.

Specific payments to non-residents are subject to Nepal withholding taxes as follows:

<u>Type of Payment</u>	<u>Withholding Tax Rate (final)</u>
Dividend	5.0%
Interest	15.0%
Technical assistance and service fees	15.0%
Royalties	15.0%

(v) Dividend

All dividends paid by resident companies are subject to a 5.0% dividend tax, which is considered final tax. The repatriation of dividends by mobile operators in Nepal to its foreign shareholders is subject to recommendation or approvals from DOI, Nepal Telecommunications Authority and NRB in Nepal.

(vi) CGT

There are no separate rates for CGT for the entity and capital gains are taxable as normal business income. CGT for corporate bodies and non-residents is 25.0% whereas in the case of resident individual person, CGT shall apply at the rate of 10.0%. The company (whose shares are being disposed off) is responsible for the collection and deposition of advance CGT at the rate of 10.0% in the case of resident individuals and 15.0% in any other case. No stamp duty will be levied on the transfer of shares of an unlisted company in Nepal.

8.2 St. Kitts and Nevis, and Nevis

(i) Foreign investment regulation

There is no general policy restriction in the Nevis Business Corporation Ordinance 1984 on foreign persons (i.e. individuals or companies) owning shares in a Nevis business corporation such as Reynolds.

(ii) Foreign exchange control

There are no foreign exchange controls in St. Kitts and Nevis or Nevis with respect to Reynolds.

(iii) Tax residency

Reynolds is incorporated in Nevis as a Nevis business corporation pursuant to the NBCO and is not engaged in any business activities. In view that Reynolds is not undertaking a business in St. Kitts and Nevis or Nevis, Reynolds is not considered a tax resident of St. Kitts and Nevis or Nevis. In view of this, there is no requirement for Reynolds to submit tax return in St. Kitts and Nevis or Nevis.

Under the current corporate structure, Reynolds is a tax resident company of Norway by virtue of its central management and control at the level of the Board of Directors is being exercised in Norway.

(iv) Corporate Income Tax

Pursuant to NBCO, any company which does no business in Nevis except for activities with respect to the management of the office, shall not be subject to any corporate tax, income tax, withholding tax, stamp tax, asset tax, exchange controls or any other taxes or fees on income originating outside of Nevis.

(v) Repatriation of dividend

There are no regulatory approvals with respect to Reynolds, which are required in order to repatriate dividends from St. Kitts and Nevis or Nevis to other countries.

In accordance with the NBCO, a company which does no business in St. Kitts and Nevis or Nevis shall not be subject to withholding taxes.

(vi) Dividend

In view that Reynolds has no business in St. Kitts and Nevis or Nevis, Reynolds would then meet the tax exemption condition stated in Section 122 of Part XIV of the NBCO. Hence, dividend income received from Ncell would not be subject to tax in St. Kitts and Nevis or Nevis.

(vii) CGT

Pursuant to the tax exemption under the NBCO, there is no CGT in St. Kitts and Nevis or Nevis. As such, based on current law, if Reynolds disposes of its investment in Ncell in the future, there would be no CGT in St. Kitts and Nevis or Nevis.

(viii) Exit tax on Norway Tax Residency

After completion of the Proposed Acquisition, if Reynolds ceases to be a tax resident of Norway, this would trigger exit tax in Norway where the assets and liabilities held by Reynolds are deemed to be transferred out of Norway. The exit tax would be calculated on the difference between the tax value and the fair market value of the assets and liabilities at the time of exit. Any gains would be subject to 27.0% tax.

The exit tax is a liability of Reynolds and will be payable at the time of exit.

8.3 UK

(i) Foreign investment regulation

There is no specific law governing foreign investment in the UK regarding investments in foreign telecoms operators.

(ii) Foreign exchange controls

Exchange controls have been abolished in 1979. There are no restrictions imposed on inward or outward investments. The transfer of profits and dividends, loan principal and interest, royalties and fees is unlimited

(iii) Tax residency

Generally, UK incorporated companies are treated as UK tax resident.

Companies incorporated overseas are also treated as UK resident if their central management and control is situated in the UK.

(iv) Corporate income tax

The prevailing corporation tax rate is 20%.

Resident companies are taxable in the UK on their worldwide profits while non-resident companies are liable to UK tax only on the trading profits attributable to a UK permanent establishment.

(v) Dividend Income

Most foreign and UK dividends received by UK companies are exempt from corporation tax, subject to fulfilment of conditions.

For non-tax exempt foreign source dividends, double tax relief will be available on a dividend-by dividend basis.

(vi) Withholding tax

Specific payments to non-residents are subject to UK withholding taxes as follows:

Type of Payment	Withholding Tax Rate (final)
Dividend	0.0%
Interest	20.0%*
Royalties	20.0%*

* There are a number of exceptions to the rate where tax treaties are in place with other countries.

(vii) Capital gains tax

Generally, gains on capital assets are taxed at normal corporation tax.

However, the Substantial Shareholdings Exemption broadly exempts from UK tax any capital gain on disposals made by a standalone trading company or a company which is a member of a trading group with substantial shareholdings (more than 10%) in other trading companies or groups. The exemption is subject to fulfilment of conditions.

(viii) Exit Tax on UK Tax Residency

UK imposed exit tax when UK companies changes its UK tax residency. However, exit tax exemption scheme is available subject to fulfilment of conditions.

(ix) Other implications

(a) Control foreign company ("CFC")

A UK resident company may be taxed on a proportion of the undistributed profits of certain UK-controlled non-resident companies in which the UK resident company has an interest.

Broadly, profits of non-UK resident CFC will be taxed, using normal corporation tax rates and rules, on the person controlling the CFC if (i) the profits pass through the CFC "gateway" and (ii) are not exempt.

The CFC regime has an initial "gateway" test that eliminates certain companies from the scope of a CFC charge, and it is possible to seek a clearance from Her Majesty's Revenue & Customs ("HMRC") as to whether a particular company meets this gateway. There are also further exemptions applicable to a company as a whole if certain circumstances are met.

(b) Diverted profit tax ("DPT")

DPT is introduced on 1 April 2015 and is levied at 25% on diverted profits. It may apply under two circumstances where a group creates a tax benefit by using transactions or entities that lack economic substance and/or where foreign companies have structured their UK activities to avoid a UK permanent establishment.

Companies are required to notify HMRC if they are potentially within the scope of DPT within three months of the end of the accounting period to which it relates (extended to six months for the first year).

(c) General anti-abuse rule ("GAAR")

The GAAR targets artificial and abusive tax avoidance schemes and is intended to apply to the main taxes but not VAT. Generally, GAAR implications would not apply to a UK investment holding company which only received foreign source dividend income as it is unlikely that there would be a UK tax advantage given the breadth of the UK dividend exemption.

9. EFFECTS OF THE PROPOSED ACQUISITION

9.1 Issued and paid-up share capital

The Proposed Acquisition will not have any effect on the issued and paid-up share capital in Axiata as the Proposed Acquisition does not involve any issuance of ordinary shares in Axiata.

9.2 Substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the substantial shareholders' shareholdings in Axiata as the Proposed Acquisition does not involve any issuance of ordinary shares in Axiata.

9.3 NA, NA per share and gearing

For illustrative purposes, the proforma effects of the Proposed Acquisition on the NA and gearing of Axiata Group, based on the latest audited consolidated statement of financial position of Axiata Group as at 31 December 2014 are set out below:

	Audited as at 31 December 2014	After the Proposed Acquisition ⁽¹⁾
	RM'000	RM'000
Share capital	8,582,017	8,582,017
Share premium	2,398,794	2,398,794
Retained earnings	9,831,649	9,807,239 ^{(2) (3)}
Capital contribution reserve	16,598	16,598
Merger reserve	346,774	346,774
Hedging reserve	(131,518)	(131,518)
Employee share option scheme and restricted share awards reserve	176,628	176,628
Actuarial reserve	(9,934)	(9,934)
Currency translation differences	(466,476)	(466,476)
Total equity attributable to owners of the Company/NA	<u>20,744,532</u>	<u>20,720,122</u>
Number of shares in issue ('000)	8,582,017	8,582,017
NA per share (RM)	2.42	2.41
Borrowings (RM'000)	13,893,335	18,786,335 ⁽⁴⁾
Gearing (times) ⁽⁵⁾	0.67	0.91

Notes:

- (1) The proforma effects have been arrived using the exchange rate of RM1.00:NPR28.9990 and RM1.00:US\$0.2861 based on BNM's rate as at 1200 noon on 31 December 2014, assuming the Proposed Acquisition had been completed on that date.
- (2) After deducting the estimated expenses of RM24.4 million for the Proposed Acquisition.
- (3) It will be subject to changes at a later stage due to goodwill/negative goodwill which may arise from the purchase price allocation exercise, and adjustments arising from contingent consideration and indemnities. The final determination of the purchase price allocation will be based on established fair value of the assets acquired, including the fair value of the identifiable intangible assets, liabilities assumed as of the acquisition date, in accordance with MFRS 3 Business Combinations. The excess of the purchase price over the fair value of the NA acquired is allocated to goodwill, or vice versa be reflected as discount on acquisition. In accordance with paragraph 45 of MFRS 3 Business Combinations, the acquirer has measurement period of not exceeding one year from the date of acquisition. The acquirer may adjust the provisional amounts recognised for a business combination to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.
- (4) For illustrative purposes, including bank borrowings of US\$1,400.0 million (equivalent to approximately RM4,893.0 million) to finance the Proposed Acquisition which includes the potential positive Closing Adjustment Amount of approximately US\$250.0 million.
- (5) Computed based on total borrowings divided by NA.

9.4 Earnings and EPS

The actual impact of the Proposed Acquisition on the consolidated earnings and EPS of Axiata moving forward will depend on, among others, market and industry conditions and the successful integration of Ncell's operations to Axiata. Nevertheless, the Proposed Acquisition is expected to contribute positively to the future earnings of the Axiata Group immediately after completion and for the for the financial year ending 31 December 2016.

For illustrative purposes, assuming the Proposed Acquisition had been completed as at 1 January 2014, the proforma Revenue, EBITDA, PATAMI and EPS of the Axiata Group for FYE 31 December 2014 are set out below:

	Audited FYE 31 December 2014	After the Proposed Acquisition ⁽¹⁾
	RM'000	RM'000
Revenue ⁽²⁾	18,711,777	20,406,033
EBITDA ⁽³⁾	6,998,575	7,996,674
PATAMI ⁽⁴⁾	2,348,665	2,609,799
EPS (sen) ⁽⁵⁾		
- Basic	27.4	30.5
- Diluted	27.2	30.3

Notes:

- (1) The proforma effects have been arrived at using the exchange rate of RM1.00:NPR28.9990 and RM1.00:US\$0.2861 based on BNM's rate as at 1200 noon on 31 December 2014, taken also as an average rate for the year, for illustrative purposes.
- (2) For illustrative purposes, proforma revenue is derived from Axiata's audited revenue for FYE 31 December 2014 plus revenue of Ncell from its management accounts for FYE 31 December 2014, and after deducting estimated intercompany transactions of approximately RM73.7 million. Ncell's management accounts are relied upon for this purpose as it is prepared in accordance with International Financial Reporting Standards, whilst Ncell's audited accounts are prepared based on Generally Accepted Accounting Principles (GAAP) and Nepal Accounting Standards (NAS).
- (3) For illustrative purposes, EBITDA is derived from the reported EBITDA of Axiata Group for FYE 31 December 2014 plus the EBITDA of Ncell from its management accounts for FYE 31 December 2014 together with estimated expenses of RM24.4 million for the Proposed Acquisition. Ncell's management accounts are relied upon for this purpose as it is prepared in accordance with International Financial Reporting Standards, whilst Ncell's audited accounts are prepared based on Generally Accepted Accounting Principles (GAAP) and Nepal Accounting Standards (NAS).
- (4) For illustrative purposes, after deducting the estimated interest expense from additional borrowings, loss of interest income, transaction costs and non-controlling interests portion arising from the Proposed Acquisition.
- (5) Calculated using the weighted average number of shares in issue by Axiata as at 31 December 2014.

10. APPROVALS REQUIRED

The Proposed Acquisition is subject to the following approvals being obtained:

- (i) the approval of Axiata's shareholders for the Proposed Acquisition;
- (ii) the relevant approvals from the Foreign Exchange Administration Department of BNM; and
- (iii) any other relevant authorities, if required.

The Proposed Acquisition is conditional upon the completion of the Sunivera Transfer as disclosed in Section 2.3.4(b) of this Circular but not vice versa. As at the LPD, the Sunivera Transfer is pending the relevant Nepalese regulatory approvals and clearance and completion of conditions precedent and closing deliverables. The Sunivera Transfer is expected to be completed before the Proposed Acquisition.

11. INTERESTS OF OUR DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors and major shareholders of Axiata and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposed Acquisition (including but not limited to the rationale and prospects discussed in Sections 5 and 6 above), is of the opinion that the Proposed Acquisition is in the best interests of Axiata and its shareholders.

Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM.

13. TENTATIVE TIMETABLE

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposed Acquisition to be completed by first half of 2016.

The tentative timetable for the implementation of the Proposed Acquisition is as follows:

<u>Event</u>	<u>Tentative timeline</u>
EGM	17 February 2016
Fulfillment of Conditions	By first half of 2016
Closing of SPA / Completion of the Proposed Acquisition	By first half of 2016

14. OUTSTANDING CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below and the Proposed Acquisition which is the subject matter of this Circular, there are no corporate proposals which have been announced by Axiata but have yet to be completed as at the LPD:

- (i) proposed amalgamation of Robi Axiata Limited ("**Robi**"), a 91.59% owned subsidiary of Axiata, held through its wholly-owned subsidiary Axiata Investments (Labuan) Limited ("**Axiata Labuan**") and Airtel Bangladesh Limited ("**Airtel Bangladesh**") ("**Proposed Merger**") based on the terms of the agreement dated 28 January 2016 entered into by Axiata Labuan with, inter alia, Bharti Airtel Holdings (Singapore) Pte. Ltd., which was announced by Axiata on 28 January 2016.

The Proposed Acquisition is not conditional upon the Proposed Merger and any other corporate exercise or scheme of Axiata.

15. EGM

The Notice of the EGM to be held at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 17 February 2016 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the resolution, with or without modification, to give effect to the Proposed Acquisition, is enclosed in this Circular.

If you are unable to attend and vote in person at the EGM, please complete, execute and return the proxy form, in accordance with the instructions therein, to our share registrar, Tricor Investor Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia as soon as possible and in any event not less than forty-eight hours before the time of the EGM. The completion and lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Proxy Form shall be deemed to have been revoked.

16. FURTHER INFORMATION

Please refer to the appendices of this Circular for further information.

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

TAN SRI DATO' AZMAN HAJI MOKHTAR
Chairman, Non-Independent Non-Executive Director

INFORMATION ON REYNOLDS AND NCELL

(A) INFORMATION ON REYNOLDS

1. BACKGROUND

Reynolds was incorporated in Nevis under the provisions of the NBCO on 4 July 2001 as a corporation. On 26 June 2009, it was resolved to move the management and operation of the company to Norway and the company was registered in the Norwegian Register of Business Enterprises on 4 July 2009.

Reynolds is a holding company in the TeliaSonera AB group and the company's activities comprise ownership of investments primarily in Nepal and also arrangement of financing and other related activities. It owns 80.0% equity interest in Ncell.

2. SHARE CAPITAL

The authorised and issued and paid-up share capital of Reynolds as at the LPD are set out below:

Name	Number of shares	Par Value (US\$)	Total (US\$)
Authorised share capital			
Ordinary shares	101,000	1.00	101,000
Issued and paid-up share capital			
Ordinary shares	101,000	1.00	101,000

3. SHAREHOLDERS

As at the LPD, the direct and indirect shareholders of Reynolds and their respective shareholdings are set out below:

Name	Country of Incorporation/ Nationality	Direct		Indirect	
		Number of shares	%	Number of shares	%
TS Norway	Norway	101,000	100.0	N/A	N/A
TS Asia	Netherlands	N/A	N/A	101,000	100.0
TS UTA	Netherlands	N/A	N/A	76,205	75.5
SEA					
Telecom	Netherlands	N/A	N/A	24,796	24.5
Telia					
Sonera AB	Sweden	N/A	N/A	76,205	75.5

4. DIRECTORS

The director of Reynolds and its shareholding as at the LPD are as follows:

Name	Country of Incorporation/ Nationality	Designation	Direct		Indirect	
			Number of shares	%	Number of shares	%
TS						
Norway	Norway	Director	101,000	100.0		

INFORMATION ON REYNOLDS AND NCELL (Cont'd)

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

The details of the subsidiary company of Reynolds as at the LPD are as follows:

Subsidiary	Date/Place of Incorporation	Issued and Paid-up Capital	Direct Equity Interest %	Year Commenced Operations	Principal Activities
Ncell	21 June 2001/Nepal	NPR 100,000,000 comprising 1,000,000 shares of NPR 100 each	80	2001	Mobile telecommunications operator

6. FINANCIAL INFORMATION

A summary of the company level financial information of Reynolds for the past three financial years ended 31 December 2014 ⁽¹⁾ and the 12-month period ended 31 December 2015 is set out below:

For FYE	Audited						Unaudited	
	31 December 2012		31 December 2013		31 December 2014		12-month period ended 31 December 2015	
	US\$ million	RM million	US\$ million	RM million	US\$ million	RM million	US\$ million	RM million
Turnover	-	-	-	-	-	-	-	-
Profit / (Loss) before tax	100.2	437.7	(11.7)	(51.2)	*	(0.2)	(3.4)	(14.7)
Profit / (Loss) after tax	95.2	416.0	(6.7)	(29.5)	*	(0.2)	(6.4)	(27.8)
Gross EPS/(Gross loss per share) (US\$/RM) ⁽²⁾	991.9	4,333.3	(115.9)	(506.6)	(0.5)	(2.0)	(33.4)	(146.0)
Net EPS/(Net loss per share) (US\$/RM) ⁽³⁾	942.7	4,118.6	(66.8)	(291.8)	(0.5)	(2.0)	(63.0)	(275.1)
Shareholders' funds / NA	15.9	69.5	9.2	40.0	9.1	39.8	0.6	2.7
Borrowings	-	-	-	-	-	-	-	-
Number of shares in issue (shares)	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000
Paid-up capital	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4
NA per share (US\$ / RM)	157.4	687.6	90.6	395.8	90.1	393.8	6.0	26.4
Gearing (times)	-	-	-	-	-	-	-	-
Current ratio (times) ⁽⁴⁾	1.0	1.0	1.0	1.0	0.9	0.9	264.1	264.1

Notes:

⁽¹⁾ The audited accounts of Reynolds are based on 31 December year end. Further, they are prepared in conformity with Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles. The unaudited accounts of Reynolds are based on a 12-month period ended 31 December 2015 and prepared in accordance with International Financial Reporting Standards.

⁽²⁾ Computed based on profit/(loss) before tax divided by total number of shares outstanding.

⁽³⁾ Computed based on profit/(loss) after tax divided by total number of shares outstanding.

⁽⁴⁾ Computed based on current assets divided by current liabilities.

* Negligible.

(Source: Audited accounts of Reynolds for the past three financial years ended 31 December 2014 and unaudited accounts of Reynolds for the 12-month period ended 31 December 2015)

INFORMATION ON REYNOLDS AND NCELL (Cont'd)

FYE 31 December 2012

Reynolds recorded a profit after tax of US\$95.2 million from dividend and other financial income of US\$99.9 million and a gain on foreign exchange of US\$0.3 million, offset by operating expenses of US\$0.1 million and tax expenses of US\$5.0 million. The gain on foreign exchange is mostly due to the NPR strengthening against the US\$ during the time the dividend was recognised as income.

FYE 31 December 2013

Reynolds recorded a loss after tax of US\$6.7 million mainly due to losses on foreign exchange of US\$11.7 million offset by tax credits of US\$5.0 million. This was largely attributable to the depreciation of the NPR against the US\$ during the financial year.

FYE 31 December 2014

Reynolds recorded a lower loss after tax mainly due to significantly lower losses on foreign exchange and lower operating expenses due to audit fees being taken up by its parent company. The impact of foreign exchange gains or losses during this financial year is smaller mainly because of less fluctuation of the NPR against the US\$.

12-month period ended 31 December 2015

For 12-month period ended 31 December 2015, Reynolds recorded a higher loss after tax mainly due to significantly higher losses on foreign exchange and write down of deferred tax asset.

Accounting policies and audit qualification

The audited accounts of Reynolds are prepared in conformity with Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles.

There was no accounting policy adopted which is peculiar to Reynolds because of the nature of its business or the local industry it is involved in during the financial years under review.

The audited accounts of Reynolds for financial years under review did not contain any audit qualification.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES OWNED

As at the LPD, there is no material commitment or contingent liabilities incurred or known to be incurred by Reynolds which, upon becoming enforceable, may have a substantial impact on the profit or net assets value of Reynolds.

8. MATERIAL CONTRACTS

As at the LPD, Reynolds has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within two years immediately preceding the date of this Circular.

9. MATERIAL LITIGATION

As at the LPD, Reynolds is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant as at the date of this Circular and our Board has no knowledge of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially affect the position or business of Reynolds.

INFORMATION ON REYNOLDS AND NCELL (Cont'd)

(B) INFORMATION ON NCELL**1. BACKGROUND**

Ncell was incorporated in Nepal under the Laws of Nepal on 21 June 2001 as a private limited company.

Ncell is a mobile telecommunications operator in Nepal with 13.0 million mobile subscribers as of 17 July 2015 and a mobile subscriber market share of 48.5%¹. Ncell is one of the most recognised and visible brands of Nepal. The company offers prepaid and postpaid mobile voice and data services, and international roaming plans for both retail and corporate clients. The company also provides wireless broadband services offering data cards for internet connectivity on laptop and desktop computers.

Ncell has extensive coverage throughout Nepal covering approximately 91.4% of the total population of Nepal. Further, its 3G is available in 54 cities of Nepal the top five being: Kathmandu, Bhaktapur, Lekhnah (Pokhara), Butawal and Hetauda municipalities². Ncell currently has more than 3,000 2G/3G sites and holds 29.0MHz of spectrum across the 900MHz, 1800MHz and 2100MHz bands².

Ncell has five distributors with circa 111 dealers and provides 24/7 customer care through 35 Ncell centres and 50 Ncell shops. Ncell adopts a country-wide, multi-layered distribution approach where it has flagship stores to serve the major cities, branded and exclusive point of sales (POS) complementing these flagship stores across a much wider geography and is further expected to increase to 200-250 franchised exclusive stores; and 500-700 shop-in-shops with direct Ncell contract within a three year time frame.

(Source: 1. MIS Report, Bhadra, 2072 (18 August – 17 September, 2015) published by Nepal Telecommunications Authority; 2. Management of Ncell)

2. SHARE CAPITAL

The authorised and issued and paid-up share capital of Ncell as at the LPD are set out below:

Name	Number of shares	Par Value (NPR)	Total (NPR)
Authorised share capital			
Ordinary shares	170,000,000	100	17,000,000,000
Issued and paid-up share capital			
Ordinary shares	1,000,000	100	100,000,000

3. SHAREHOLDERS

As at the LPD, the direct and indirect shareholders of Ncell and their respective shareholdings are set out below:

Name	Country of Incorporation/ Nationality	Direct		Indirect	
		Number of shares	%	Number of shares	%
Reynolds	St. Kitts and Nevis	800,000	80.0	N/A	N/A
NGS	Nepal	200,000	20.0	N/A	N/A

INFORMATION ON REYNOLDS AND NCELL (Cont'd)

4. DIRECTORS

The directors of Ncell as at the LPD and their respective shareholdings are as follows:

Director	Nationality	Designation	Number of shares in Ncell (Direct)	Number of shares in Ncell (Indirect)
Fredrik Nissen	Denmark	Director	N/A	N/A
Peter Lav	Sweden	Director	N/A	N/A
Sami Haavisto	Finland	Director	N/A	N/A
Michael Sauer	Denmark	Director	N/A	N/A
Douglas Lubbe	UK	Director	N/A	N/A
NGS	Nepal	Director	200,000	N/A

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, Ncell has no subsidiaries and associated companies.

6. FINANCIAL INFORMATION

A summary of the financial information of Ncell for the past three financial years ended 15 or 16⁽¹⁾ July and 12-month period ended 31 December 2015 is set out below:

For FYE	Audited						Unaudited	
	15 July 2013		16 July 2014		16 July 2015		12-month period ended 31 December 2015	
	NPR million	RM million	NPR million	RM million	NPR million	RM million	NPR million	RM million
Turnover	38,761	1,585	48,415	1,980	55,728	2,279	57,260	2,341
Profit before tax	17,519	716	23,893	977	25,076	1,025	26,682	1,091
Profit after tax	12,975	530	17,864	730	18,326	749	18,836	770
Gross EPS (NPR/RM) ⁽²⁾	17,519	716	23,893	977	25,076	1,025	26,682	1,091
Net EPS (NPR/RM) ⁽³⁾	12,975	530	17,864	730	18,326	749	18,836	770
Shareholders' funds / NA	21,690	887	39,554	1,617	57,880	2,367	68,039	2,782
Borrowings	-	-	-	-	-	-	-	-
Number of shares in issue (million shares)	1	1	1	1	1	1	1	1
Paid-up capital NA per share (NPR / RM)	100	4	100	4	100	4	100	4
Gearing (times)	-	-	-	-	-	-	-	-
Current ratio (times) ⁽⁴⁾	0.8	0.8	1.2	1.2	1.0	1.0	1.7	1.7

Notes:

⁽¹⁾ The audited accounts of Ncell are based on a 15 or 16 July year end, as the case may be, based on the Nepalese calendar. Further, they are prepared in conformity with Generally Accepted Accounting Principles (GAAP) and Nepal Accounting Standards (NAS). The unaudited accounts of Ncell are based on a 12-month period ended 31 December 2015 and prepared in accordance with International Financial Reporting Standards.

⁽²⁾ Computed based on profit before tax divided by total number of shares outstanding.

⁽³⁾ Computed based on profit after tax divided by total number of shares outstanding.

⁽⁴⁾ Computed based on current assets divided by current liabilities.

(Source: Audited accounts of Ncell for the past three financial years ended 15 July 2013, 16 July 2014 and 16 July 2015 and unaudited accounts of Ncell for the 12-month period ended 31 December 2015)

INFORMATION ON REYNOLDS AND NCELL (Cont'd)

FYE 15 July 2013

Ncell recorded a turnover of NPR 38,761 million, reflecting an increase of 31.9% compared to NPR 29,392 million achieved in 2012. This is mainly driven by domestic voice and ILD. The increase in domestic voice revenue is as a result of increased subscriber base and Minutes of Usage. The increase in ILD revenue is attributed to the increased number of calls from overseas foreign workers abroad calling back to Nepal and Ncell's increasing marketing efforts.

The profit before tax of Ncell was NPR17,519 million, representing a 34.0% increase from the previous year. The margin expansion was due to improving cost control, mainly with reduction in administrative and general expenses. Overall profit after tax was NPR12,975 million.

FYE 16 July 2014

Ncell registered a turnover of NPR 48,415 million, reflecting sustained growth of 24.9% compared to the previous year. Subscriber base increment, resulting in domestic voice and ILD segments have continued to be the main total turnover drivers, with marketing efforts and continued increase in migrant worker calls. The increase in turnover is also attributed to higher data revenue, as Ncell continued to increase its number of 2G and 3G sites in Nepal.

The profit before tax of Ncell was NPR 23,893 million, representing a 36.4% increase from the previous year. Operating expenses continued to be well managed. The increase in costs is mainly due to employees' remuneration. Overall profit after tax was NPR 17,864 million, a marked increase of 37.7% compared to the previous year.

FYE 16 July 2015

Ncell achieved a turnover of NPR 55,728 million, an increase of 15.1% from the previous year's figure of NPR 48,415 million. Higher turnover was driven by domestic voice segment, ILD segment and data segment increase while also slightly offset by the impact of the earthquakes that happened in April and May 2015. As part of its post-earthquake relief efforts, Ncell provided free-of-charge call services during the period of April to May 2015, which together with net losses from damaged sites and call drops, had a negative impact on turnover.

The profit before tax of Ncell was NPR 25,076 million, reflecting a growth of 5.0% compared to the previous year. The earthquakes contributed to higher operating expenses and fixed assets write-offs as a result of earthquake damages. Overall profit after tax was NPR 18,326 million, an increase of 2.6% compared to the previous year.

12-month period ended 31 December 2015

For 12-month period ended 31 December 2015, Ncell recorded a turnover of NPR57,260 million, from continued contributions by domestic voice segment, ILD segment and data segment.

The profit before tax and profit after tax for the aforesaid period was NPR26,682 million and NPR18,836 million, respectively.

Accounting policies and audit qualification

The audited accounts of Ncell are based on a 15 or 16 July year end, as the case may be, based on the Nepalese calendar. Further, they are prepared in conformity with Generally Accepted Accounting Principles (GAAP) and Nepal Accounting Standards (NAS).

There was no accounting policy adopted which is peculiar to Ncell because of the nature of its business or the local industry it is involved in during the FYE 15 July 2013, 16 July 2014 and 16 July 2015.

INFORMATION ON REYNOLDS AND NCELL (Cont'd)

The audited accounts of Ncell for the FYE 15 July 2013, 16 July 2014 and 16 July 2015 did not contain any audit qualification.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES OWNED

As at the LPD, there is no material commitment or contingent liabilities incurred or known to be incurred by Ncell which, upon becoming enforceable, may have a substantial impact on the profit or net assets value of Ncell.

8. MATERIAL CONTRACTS

As at the LPD, Ncell has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Circular.

9. MATERIAL LITIGATION

As at the LPD, Ncell is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant as at the date of this Circular and our Board has no knowledge of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially affect the position or business of Ncell.

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AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014

Reynolds Holdings Ltd

Business register no.: 994 283 499

Annual accounts 2014

- ✓ Auditor's statement
- ✓ Directors' statement
- ✓ Annual accounts
- ✓ Notes

AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Reynolds Holdings Ltd

Business register no.: 994 283 499

Directors' statement for 2014**Business activity and place of business**

The company was incorporated and exists under the laws of St. Kitts and Nevis, but on 26 June 2009 it was resolved to move the management and operation of the company to Norway and the company was registered in the Norwegian Register of Business Enterprises on 4 July 2009. All operations of the company are conducted from Norway and the company is tax resident of Norway, but is still domiciled at St. Kitts and Nevis.

The company is wholly-owned by TeliaSonera Norway Nepal Holding AS and are part of the company group TeliaSonera AB (the ultimate parent company). The company's place of business and main offices are in the municipality of Oslo. The company's registered offices in Norway are c/o Advokatfirmaet Simonsen Vogt Wilg AS, Filipstad Brygge 1, N-0252 Oslo, Norway. The company is a holding company in the TeliaSonera AB Group and the company's activities comprise of ownership in investments primarily in Nepal and also arrangement of financing and other related activities.

The company's main asset is 80% ownership of the Nepalese mobile telephony company Ncell Pvt. Ltd.

Going concern

The board of directors is of the opinion that the annual accounts give a true picture with respect to assets and debts, financial positions and results. The going concern requirement forms the basis for the annual accounts, and in accordance with section 3-3 of the Norwegian Accounting Act, the board of directors confirms that the continued existence of this requirement.

Working environment

The company has no employees and it has therefore not been any absence due to sickness or any injuries or accidents.

Equal opportunities

The company does not have any employees.

Environment

The company's activities do not cause any pollution or any discharge which are detrimental to the environment.

Disposal of the annual result

The board of directors proposes the deficit for 2014 of USD 46,263 is charged against other equity.

Future prospects

No significant changes to the activity are expected.

In December 2012, Ncell Pvt. Ltd. resolved a distribution of the aggregate sum of NRP 11,000,000,000, of which Reynolds Holdings Ltd. is entitled to 80%, as the owner of 80% of the shares in Ncell Pvt. Ltd. The distribution to Reynolds Holdings Ltd. of these funds has not taken place due to lack of approvals from Nepalese authorities regarding export of capital.

After expiry of the fiscal year 2014 no new matters have arisen, other than the earthquake in Nepal in April 2015, which will have an impact on Ncell Pvt. Ltd.'s future sales and earnings, that which are of appreciable significance to the company's result or position at the end of the year.

(Signatory page to follow.)

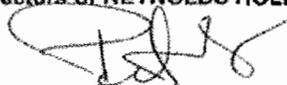
AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Reynolds Holdings Ltd

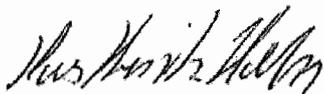
Business register no.: 994 283 499

Oslo, 24 June 2015

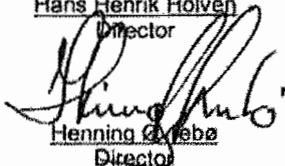
The board of directors of REYNOLDS HOLDINGS LTD



Peter Lav
Chairman



Hans Henrik Holven
Director



Henning G. Febe
Director

Michael Sauer
Director



Espen Tøndel
Director



Finn Erik Engzelius
Director



Haldan Holte
Director

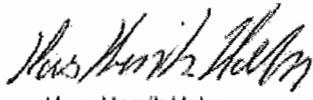
AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

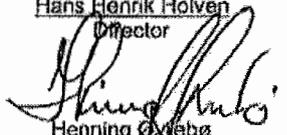
Reynolds Holdings Ltd

Business register no.: 994 283 499

Oslo, 24 June 2015

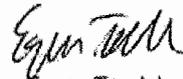
The board of directors of REYNOLDS HOLDINGS LTD


Hans Henrik Holven
Director


Henning Østebø
Director

Peter Lav
Chairman


Michael Sauer
Director


Espen Tøndel
Director


Finn Erik Enøzelius
Director


Halfdan Holte
Director

AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Reynolds Holdings Ltd.
Income Statement

Org.nr.: 994 283 499

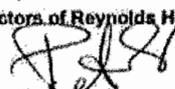
Amounts in USD	Notes	2014	2013
Other operating expenses	1	26 742	55 747
Total operating expenses		26 742	55 747
Operating Result		-26 742	-55 747
Other financial income		9 192	18 243
Agio		0	0
Disagio		28 713	11 672 599
Net financial result		-19 521	-11 654 356
Profit before taxes		-46 263	-11 710 103
Tax expense	2	0	-4 963 225
Net profit for the year		-46 263	-6 746 878

AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Reynolds Holdings Ltd.		Org.nr.: 994 283 499	
Balance sheet			
Amounts in USD	Notes	31.12.2014	31.12.2013
ASSETS			
Long-term assets			
Shares in subsidiaries	4	13 726 895	13 726 895
Total financial long-term assets		13 726 895	13 726 895
Current assets			
Cash and bank deposits	6	271 680	730 728
Current receivables group companies		87 314 904	87 211 719
Total current assets		87 586 584	87 942 447
TOTAL ASSETS		101 313 479	101 669 342
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Paid-in capital	3, 4	13 726 895	13 726 895
Total paid-in capital		13 726 895	13 726 895
Retained earnings			
Other retained earnings	3	-4 622 902	-4 576 639
Total retained equity		-4 622 902	-4 576 639
Total equity		9 103 993	9 150 256
Liabilities			
Current liabilities			
Tax payable	2	0	0
Other current liabilities	5	92 209 486	92 519 086
Total current liabilities		92 209 486	92 519 086
Total liabilities		92 209 486	92 519 086
TOTAL EQUITY AND LIABILITIES		101 313 479	101 669 342

Oslo, June 24 2015

The Board of Directors of Reynolds Holdings Ltd.

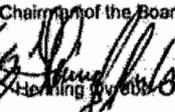


Peter Lav

Chairman of the Board



Hans Henrik Holven



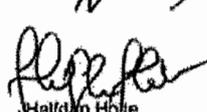
Henning Jøvelle



Eirik Erik Engzellus



Espen Tøndel



Halldan Høje

Michael Sauer

AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Reynolds Holdings Ltd.		Org.nr.: 994 283 499	
Balance sheet			
Amounts in USD	Notes	31.12.2014	31.12.2013
ASSETS			
Long-term assets			
Shares in subsidiaries	4	13 726 895	13 726 895
Total financial long-term assets		13 726 895	13 726 895
Current assets			
Cash and bank deposits	6	271 680	730 728
Current receivables group companies		87 314 904	87 211 719
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EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Paid-in capital	3, 4	13 726 895	13 726 895
Total paid-in capital		13 726 895	13 726 895
Retained earnings			
Other retained earnings	3	-4 622 902	-4 576 639
Total retained equity		-4 622 902	-4 576 639
Total equity		9 103 993	9 150 256
Liabilities			
Current liabilities			
Tax payable	2	0	0
Other current liabilities	5	92 209 486	92 519 086
Total current liabilities		92 209 486	92 519 086
Total liabilities		92 209 486	92 519 086
TOTAL EQUITY AND LIABILITIES		101 313 479	101 669 342

Oslo, June 24 2015

The Board of Directors of Reynolds Holdings Ltd.

Peter Lav

Chairman of the Board

Hans Henrik Holten

Håvard Nyhus

Eirik Erik Enger

Espen Tøndel

Halldan Høje

Michael Sauer

AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Reynolds Holdings Ltd.

Org.nr.: 994 283 499

Reynolds Holdings Limited

The financial statement has been prepared in accordance with Norwegian Accounting Act (regnskapsloven) and Norwegian Generally Accepted Accounting Principles for small businesses (NRS 8).

All resolutions and decisions follow the Norwegian Private Limited Liability Companies Act (*aksjeloven*).

The entity is registered in the Norwegian Register of Business Enterprises as a Norwegian branch of Reynolds Holdings Limited. Reynolds Holdings Limited is registered at St. Kitts and Nevis. The branch was registered with the Norwegian Brønnøysund Register Centre (Brønnøysund) on 4 July 2009. The operations of Reynolds Holdings Limited are conducted from Norway. The actual management, on a board level, as well the other actual management takes place in Norway.

Accounting principles*Generally*

Current assets and short-term debt include items to be paid within one year following the time of acquisition as well as items related to the goods circulation. Other items are classified as fixed assets and long-term debt.

Current assets are valued at the lowest of the acquisition cost and the actual value. Short-term debt is recognized in the books at nominal value at the time of establishment.

Financial fixed assets are valued at the lowest of the cost price and the actual value.

Tax

The company has elected not to recognize in the books any deferred tax assets related to tax-loss carry-forwards. The company does not have any other temporary differences as of 31 December 2014.

Currency

The financial statement is presented in the company's functional currency: United States dollars.

1. Salaries, remuneration, auditor's fee*Salaries and remuneration*

The company does not have any employees. No remuneration has been paid to the board of directors or others in accordance with the group policy.

Auditor

Covered by the parent company.

2. Tax

This year's payable taxes of this year's tax cost are as follows:

	2014	2013
Income before tax	-46 263	-11 710 183
Permanent differences	0	0
Conversion differences	1 031 716	-46 516

AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Losses carried forward	-985 453	
Taxable income	-0	-11 756 619

This year's tax costs are as follows:

	2014	2013
Payable taxes on this year's income	0	0
Changes in tax-loss carry-forwards	0	0
Withholding taxes	0	-4 963 225
This year's total tax costs on the net income	0	-4 963 225

3. Equity

The entity is registered as a branch office of Reynolds Holdings Limited. Reynolds Holdings Limited is registered at St. Kitts and Nevis. The entity's equity shows the equity for the entire main undertaking in that the actual management, on a board level, takes place in Norway.

The company is owned by the Norwegian private limited liability company TeliaSonera Norway Nepal Holding AS and is part of the group accounts for TeliaSonera AB with headquarters in Sweden.

The group accounts are available at TeliaSonera AB's headquarters in Sturegatan 1, 10 663 Stockholm.

	Other paid-up capital	Uncovered loss	Other equity	Total
Equity, 31 December 2012	13 726 895	0	-4 576 639	9 150 256
<i>This year's equity changes</i>				
This year's result		0	-46 263	-46 263
Equity, 31 December 2013	13 726 895	0	-4 622 902	9 103 993

4. Shares in other companies

Company	Share capital	Number of shares	Nominal value	Recognized in the books	Owner share
Ncell Pvt. Limited	TNPR 100.000	1,000,000	NPR 100		80 %
USD as of the year end	1,139,508		1.14	13,726,895	
Total		1,000,000		13,726,895	

5. Other short-term liabilities

Other short term receivables (USD 87 314 904) comprises of a receivable against Ncell related to dividend.

	31.12.2014	31.12.2013
Debt owed to Rosebury Ventures Ltd.	5 384	5 384
Debt owed to Horwath DSP	4 008	4 008
Debt owed to TeliaSonera Norway Nepal Holding AS	92 200 094	92 509 694
Total	92 209 486	92 519 086



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 Faks +47 23 27 90 01
 www.deloitte.no

Til sierne i Reynolds Holdings Ltd, norsk avdeling av utenlandsk foretak (NUF)

REVISORS BERETNING

Uttalelse om årsregnskapet

Vi har revidert årsregnskapet for Reynolds Holdings Ltd, norsk avdeling av utenlandsk foretak (NUF), som viser et underskudd på USD 46.263. Årsregnskapet består av balanse per 31. desember 2014, og resultatregnskap for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Styret og daglig leders ansvar for årsregnskapet

Styret i Reynolds Holdings Ltd og daglig leder er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge, og for slik intern kontroll som avdelingens styre og daglig leder finner nødvendig for å muliggjøre utarbeidelsen av et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Revisors oppgaver og plikter

Vår oppgave er å gi uttrykk for en mening om dette årsregnskapet på bakgrunn av vår revisjon. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder International Standards on Auditing. Revisjonsstandardene krever at vi etterlever etiske krav og planlegger og gjennomfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon.

En revisjon innebærer utførelse av handlinger for å innhente revisjonsbevis for beløpene og opplysningene i årsregnskapet. De valgte handlingene avhenger av revisors skjønn, herunder vurderingen av risikoene for at årsregnskapet inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar revisor hensyn til den interne kontrollen som er relevant for avdelingens utarbeidelse av et årsregnskap som gir et rettviseende bilde. Formålet er å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av avdelingens interne kontroll. En revisjon omfatter også en vurdering av om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimaterne utarbeidet av ledelsen er rimelige, samt en vurdering av den samlede presentasjonen av årsregnskapet.

Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Konklusjon

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av den finansielle stillingen til Reynolds Holdings Ltd, norsk avdeling av utenlandsk foretak (NUF), per 31. desember 2014 og av resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/aboutus for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Registrert i Foretaksregisteret
Medlemmer av Den norske Revisorforsening
Organisasjonsnummer: BRU 211 287



side 2
Revisors beretning til Reynolds Holdings
Ltd, norsk avdeling av utenlandsk foretak
(NUE)

Uttalelse om øvrige forhold

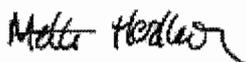
Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til dekning av tap er konsistente med årsregnskapet og er i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 "Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon", mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av avdelingens regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 24. juni 2015
Deloitte AS



Mette Herdlevær
statsautorisert revisor

AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Deloitte.

Deloitte AS
 Dramning Eufemas gate 14
 Postboks 221 Sentrum
 NO-0101 Oslo
 Norway
 Tlf: +47 22 77 90 00
 Faks: +47 22 77 90 01
 www.deloitte.no

Translation from the original Norwegian version

To the owners of Reynolds Holdings Ltd, Norwegian Branch

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Reynolds Holdings Ltd, Norwegian Branch, which comprise the balance sheet as at 31 December 2014, and the income statement, showing a loss of USD 46.263 for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director Responsibility for the Financial Statements

The Board of Directors of Reynolds Holdings Ltd and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITED FINANCIAL STATEMENTS OF REYNOLDS FOR THE FYE 31 DECEMBER 2014 (Cont'd)

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Reynolds Holdings Ltd, Norwegian Branch as at 31 December 2014, and of its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/norway for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Registernummer: 14040001
Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282



Page 2
Independent Auditor's Report to Reynolds
Holdings Ltd, Norwegian Branch

Report on Other Legal and Regulatory Requirements*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 24 June 2015
Deloitte AS

Mette Herdlevær
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only



Auditor's Report

To the Shareholders of Ncell Private Limited

Financial statements and management's responsibility

We have audited the accompanying Balance Sheet of Ncell Private Ltd. as on Ashadh 31, 2072 (16th July 2015) and the related Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended. These financial statements are the responsibility of the company's management.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing and the auditing standards generally accepted in Nepal. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Report on the requirements of Company Act 2063

We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet, the Income Statement and Cash Flow Statement have been prepared in accordance with the provisions of Company Act 2063 and conform to the books of accounts of the company and the books of accounts and records are properly maintained in accordance with the prevailing laws.

During the course of our audit, we did not come across the cases where the Board of Directors or the representative or any employee of the company has acted deliberately contrary to the provisions of the law or caused loss or damage to the company or misappropriated funds of the company, nor have we been informed of any such case by the management.

Opinion

In our opinion, the financial statements referred to above, read together with the notes attached thereon give a true and fair view of the financial position of the company as on Ashadh 31, 2072 (16th July 2015), and of the results of its operations and its cash flows for the year then ended in accordance with Nepal Accounting Standards and Company Act 2063.

Date: September 28, 2015
Place: Lalitpur, Nepal



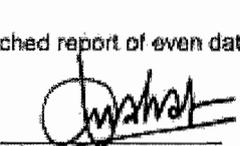
LD Mahat
Managing Partner

AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

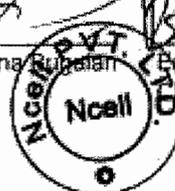
Ncell Pvt. Ltd
Lalitpur, Nakkhu- 4, Nepal
Balance Sheet
As at Ashad 31, 2072 (July 16, 2015)

Particulars	Schedule	(Amount in Rs.)	
		As at Ashad 31, 2072 (July 16, 2015)	As at Ashad 32, 2071 (July 16, 2014)
Capital & Liabilities			
Capital & Reserves			
Share Capital	1	100,000,000	100,000,000
Reserve & Surplus		57,779,841,039	39,453,588,641
Total		57,879,841,039	39,553,588,641
Assets			
Property Plant & Equipment	2		
Gross Block		73,144,725,192	45,834,717,723
Less: Accumulated Depreciation & Amortization		27,759,411,662	17,678,151,224
Net Block		45,385,313,530	28,156,566,499
Capital Work-In-Progress	3	8,715,826,800	2,946,637,184
Deferred Tax Assets- Net		917,918,982	509,760,109
Current Assets, Loans & Advances			
Inventories	4	101,522,551	77,549,626
Sundry Debtors & Other Receivables	5	5,418,960,169	4,247,180,987
Cash & Bank Balances	6	30,606,134,802	19,529,958,840
Advances & Deposits	7	26,369,863,333	25,538,489,044
		62,496,280,855	49,393,178,497
Less: Current Liabilities & Provisions			
Sundry Creditors & Other Payables	8	36,806,278,156	23,783,213,240
Accruals & Provisions	9	22,829,220,972	17,669,340,408
		59,635,499,128	41,452,553,648
Net Current Assets		2,860,781,727	7,940,624,849
Total		57,879,841,039	39,553,588,641
Significant Accounting Policies & Notes to Accounts	15		

As per our attached report of even date

 Bishnu P Bhandari Head of Accounting	 Carolina Subbaran CFO	 Erim Tavlanlar CEO	 Peter Lav Director	 Erik Hallberg Chairman	 CA L D Mahat For LDSA Associates, Chartered Accountants
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Date: September 28, 2015
Place: Lalitpur



AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

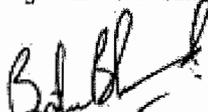
Ncell Pvt. Ltd
Lalitpur, Nakhhu- 4, Nepal
Income Statement
For the year ended Ashad 31, 2072 (July 16, 2015)

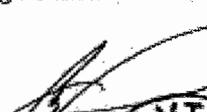
Particulars	Schedule	(Amount in Rs.)	
		For the year ended Ashad 31, 2072 (July 16, 2015)	For the year ended Ashad 32, 2071 (July 16, 2014)
Service Revenue	10	55,728,228,854	48,415,338,070
Direct Expenditure	11	14,384,611,934	13,107,125,328
Gross Profit		41,343,616,920	35,308,212,742
Other Income	12	1,377,477,923	251,564,932
Total		42,721,094,843	35,559,777,674
Marketing Expenses	13	2,664,154,968	2,332,377,764
Administrative & General Expenses	14	2,312,208,337	1,196,936,229
Employees' Bonus		2,507,579,538	2,389,276,740
Loss/(Gain) on sale of Fixed Assets		27,735,875	84,820,216
Operating Profit / (Loss)		35,209,416,125	29,566,366,725
Depreciation & Amortization	2	10,133,620,742	5,663,599,325
Profit Before Income Tax		25,075,795,383	23,892,767,400
Income Tax Expenses			
Current Tax		6,883,907,046	6,257,588,740
Deferred Tax		(408,158,875)	(228,876,779)
Tax for earlier years		273,794,614	-
Profit/(Loss) After Income Tax		18,326,252,398	17,864,055,439
Profit / (Loss) up to Previous Year Available for Appropriation		39,453,588,641	21,589,533,202
Balance Carried Over to Balance Sheet		57,779,841,039	39,453,588,641

Significant Accounting Policies & Notes to Accounts

15

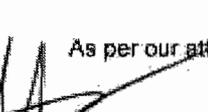
As per our attached report of even date

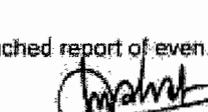

 Bishnu P Bhandari, Head of Accounting


 Carolina Bujalan, CFO


 Emre Tananlar, CEO


 Peter Lav, Director


 Erik Hallberg, Chairman


 CA L D Mahat
 For LDSA Associates,
 Chartered Accountants

Date: September 28, 2015
Place: Lalitpur



AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

Ncell Pvt. Ltd
Statement of Changes in Equity
For the year ended Ashad 31, 2072 (July 16, 2015)

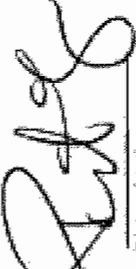
(Amount in Rs.)

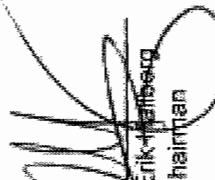
Particulars	Share Capital	Share Premium	Revaluation Reserve	Translation Reserve	Accumulated Profit/(Loss)	Total
Balance as at Ashad 32, 2071	100,000,000	-	-	-	39,453,588,641	39,553,588,641
Net profit/(loss) for the period	-	-	-	-	18,326,252,398	18,326,252,398
Balance as at Ashad 31, 2072	100,000,000	-	-	-	57,779,841,039	57,879,841,039


Bishnu P Bhandari
Head of Accounting


Carolina Bugatan
CFO


Erim Talyanlar
CEO


Peter Lav
Director


Erik-Harberg
Chairman

As per our report of even date



CA L D Mahat
For LDSA Associates,
Chartered Accountants

Date: September 28, 2015
Place: Lalitpur



AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

Ncell Pvt. Ltd
Lalitpur, Nakhhu- 4, Nepal
Cash Flow Statement
For the year ended Ashad 31, 2072 (July 16, 2015)

(Amount in Rs.)

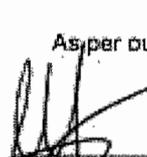
Particulars	For the year ended Ashad 31, 2072 (July 16, 2015)	For the year ended Ashad 32, 2071 (July 16, 2014)
A) Cash Flow from Operating Activities		
Net Profit/(Loss) before Income Tax	25,075,795,383	23,892,767,400
Adjustments		
Depreciation	10,133,620,742	5,663,599,325
Loss/(Profit) on Sale of Assets	27,735,875	84,820,216
Interest Income	268,519,542	142,644,012
Cash flow from Operation before working capital changes	35,505,671,542	29,783,830,953
(Increase) / Decrease in Advance and Deposits	4,919,249,851	(381,426,899)
(Increase) / Decrease in Sundry Debtors & Other Receivables	(1,171,779,180)	(328,312,392)
(Increase) / Decrease in Inventories	(23,972,925)	30,716,216
(Decrease) / Increase in Current Liabilities	13,059,043,537	1,857,042,301
Cash flow from Operation after working capital changes	62,288,212,826	30,961,850,179
Income Tax	(7,784,224,057)	(7,000,782,045)
Net Cash flow from Operating Activities	44,503,988,768	23,961,068,134
B) Cash Flow from Investing Activities		
(Addition)/Deletion or Adjustment to Fixed Assets	(33,175,715,647)	(8,876,186,193)
Proceed From Sale of Assets	16,422,383	19,866,746
Interest Received	(268,519,542)	(142,644,012)
Net Cash Flow from Investing Activities	(33,427,812,806)	(8,998,963,459)
C) Cash Flow from Financing activities		
Net Cash Flow from Financing activities	-	-
Net Cash Inflow/(Outflow) (A+B+C)	11,076,175,962	14,962,104,673
Opening Cash and Bank Balances	19,529,958,840	4,567,854,167
Closing Cash and Bank Balances	30,606,134,802	19,529,958,840

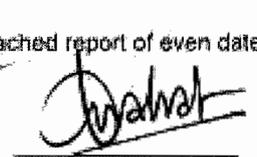

Bishnu P Bhandari
Head of Accounting


Caroline Gugaian
CFO


Erin Yaylanlar
CEO


Peter Lav
Director


Erik Halberg
Chairman


CA L D Mahet
For LDSA Associates,
Chartered Accountants

As per our attached report of even date

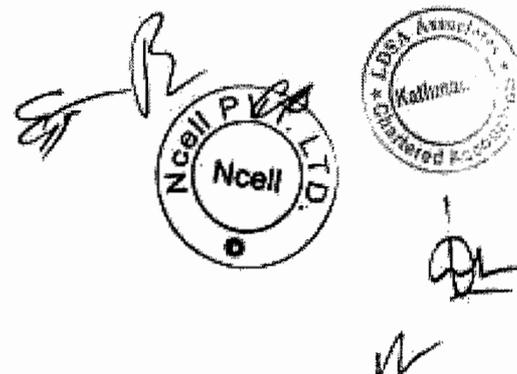
Date: September 28, 2015
Place: Lalitpur



AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

Ncell Pvt. Ltd
Lalitpur, Makhhu-4, Nepal
Schedules forming part of the Accounts As at Ashad 31, 2072 (July 16, 2015)

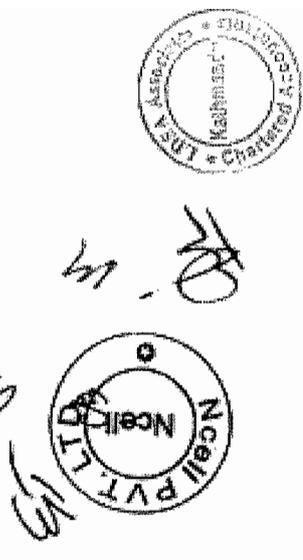
Particulars	(Amount in Rs.)	
	As at Ashad 31, 2072 (July 16, 2015)	As at Ashad 32, 2071 (July 16, 2014)
SCHEDULE - 1: SHARE CAPITAL		
Authorized:		
170,000,000 nos. of Equity Share of Rs. 100 each	17,000,000,000	17,000,000,000
Issued & Subscribed:		
1,000,000 nos. of Equity Share of Rs. 100 each	100,000,000	100,000,000
Called & Paid Up:		
1,000,000 nos. of Equity Share of Rs. 100 each fully paid	100,000,000	100,000,000
TOTAL	100,000,000	100,000,000
SCHEDULE - 3: CAPITAL WORK-IN-PROGRESS		
Equipment in progress - GSM		
Equipment under Installation		
Opening Balance	2,946,637,184	2,458,320,977
Add: Additional during the year	12,907,773,029	8,850,440,196
Less: Capitalized/Disposal during the year	(7,136,583,413)	(8,362,123,989)
Closing Balance of Capital Work-In-Progress	8,715,826,800	2,946,637,184
TOTAL		
SCHEDULE - 4: INVENTORIES		
(As taken, valued and Certified by Management)		
Simicard	36,284,158	28,868,204
Scratch Card	7,951,829	34,169,154
Fuel	8,786,270	5,688,477
GSM Data Cards	6,138,521	2,999,173
Data Vouchers	440,839	354,863
Hand Sets	40,770,610	7,071,970
Wireless Router	1,148,324	97,765
TOTAL	101,622,551	77,549,526
SCHEDULE - 5: SUNDRY DEBTORS AND OTHER RECEIVABLES		
Sundry Debtors & Other Receivables		
Within 6 Months	5,210,610,275	3,995,237,210
Beyond 6 Months	208,349,894	251,943,777
	5,418,960,169	4,247,180,987



AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

Ncell PwC Ltd
 Suite 404, 4, Lalpur
 Property Plant & Equipment for the year ended August 31, 2015 (July 16, 2015).

Particulars	Gross Block		Depreciation & Amortization		Net Block in use	
	Up to Last year	Additional during the year	For the year	Wear & Tear	31.07.2015	31.07.2014
Land	645,596,513	278,832,377	-	-	924,428,890	924,428,890
Building	665,340,900	96,879,076	53,857,782	15,103,295	711,469,899	481,417,848
Total	1,310,937,413	375,711,453	53,857,782	15,103,295	1,634,147,145	1,405,846,738
Construction & Equipment, Computer & Furniture	168,682,768	54,210,376	46,360,166	21,107,681	245,825,307	61,140,084
Computer	418,657,354	488,304,018	607,263,372	102,387,238	1,513,902,572	257,368,381
Networks	325,177,000	127,739,110	139,478,354	65,173,000	527,413,064	160,740,682
Office Equipment	40,831,503	8,813,812	45,782,819	8,000,847	52,596,274	14,750,750
Furniture & Fixtures	20,819,172	9,162,886	29,982,058	3,682,426	36,269,510	9,751,049
Household Equipment	373,028,878	20,594,450	49,598,421	26,525,368	75,665,569	73,930,551
Other Assets	1,302,834,608	313,807,357	498,268,486	225,134,842	1,182,249,143	407,884,139
Total	38,651,780	78,592,532	33,209,507	1,750,746	74,014,328	3,412,217
Motor Vehicle	38,651,780	78,592,532	33,209,507	1,750,746	74,014,328	3,412,217
Total	38,651,780	78,592,532	33,209,507	1,750,746	74,014,328	3,412,217
Plant & Machinery	30,954,132,748	4,541,701,272	41,983,471	18,136,621,903	35,355,820,516	19,454,078,644
813 Siles	173,654,568	14,571,124	139,627,480	12,021,548	184,606,644	34,347,188
Special Equipment	1,280,700,000	354,356,978	1,635,057,000	263,284,769	2,927,138,727	1,990,000,569
Other Equipment	810,891,017	2,047,003	302,734,328	138,282,817	1,142,961,213	508,780,869
Transformer	5,308,443,019	1,028,755,565	3,862,934,423	872,074,579	8,469,108,537	3,508,009,415
Generators	1,208,714,836	57,816,720	1,266,531,556	238,176,884	2,036,232,281	871,621,218
Other Plant	80,217,231	-	40,217,231	6,786,333	114,217,231	21,738,074
Total	44,861,420,458	6,664,348,648	48,525,769,106	21,156,744,344	73,033,363,408	35,433,956,416
Intangible Assets	210,000,000	20,000,000,000	707,232,987	2,406,020,514	21,913,232,987	2,747,016
Trademark License	118,700,000	118,700,000	79,730,017	11,343,840	236,733,857	38,000,000
License-ITIS	87,450,000	87,450,000	87,500,000	3,520,794	175,370,794	4,288,349
Operational Software	641,850,000	15,400,000	657,250,000	633,776,000	1,311,026,000	15,713,786
Non-Operational Software	187,100,000	42,172,000	229,272,000	85,807,545	315,079,545	147,705,485
SAP Software	38,480,000	38,480,000	87,250,000	800,000	175,730,000	1,231,730
Others	222,532,514	42,307,286	22,707,707	41,504,933	264,037,286	112,427,281
Total	1,531,548,778	20,040,334,486	22,937,707	2,447,525,447	22,959,863,154	315,400,280
Current Year Total	48,814,713,723	87,484,638,834	94,513,452	27,593,411,862	136,408,125,536	28,154,564,489
Previous Year Total	38,478,246,840	8,007,891,188	8,007,891,188	11,073,151,234	46,551,348,212	25,834,882,748

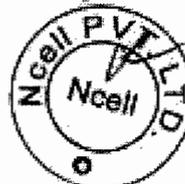


AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

Ncell Pvt. Ltd
Lalitpur, Makhu- 4, Nepal
Schedules forming part of the Accounts As at Ashad 31, 2072 (July 16, 2015)

Particulars	(Amount in Rs.)	
	As at Ashad 31, 2072 (July 16, 2015)	As at Ashad 32, 2071 (July 16, 2014)
SCHEDULE - 6: CASH & BANK BALANCES		
Cash in Hand (As certified by the Management)	5,529,664	4,330,851
Bank Balance in Current Accounts		
With Commercial Bank - USD-call A/c	28,112,331,451	13,453,375,123
With Commercial Bank-Current A/c	628,188,584	496,135,698
With Commercial Bank-Call A/c	3,862,085,093	5,576,117,168
TOTAL	30,606,134,802	19,529,958,840
SCHEDULE - 7: ADVANCES & DEPOSITS		
Advance Income Tax	24,841,177,228	19,090,753,088
Bank Guarantee, Letter of Credit & Other margin	62,954,584	26,098,245
Value Added Tax	461,734,241	306,905,543
Advance to Staffs	12,355,370	15,946,597
Prepaid Expenses & Fees	353,850,690	219,327,986
Deposits	107,680,907	860,016,921
Advance to suppliers	152,049,604	4,683,031,738
Capital Advance	377,860,709	336,408,926
TOTAL	26,369,663,333	25,538,489,044
SCHEDULE - 8: SUNDRY CREDITORS & OTHER PAYABLES		
Other Payable	73,391,971	50,871,479
Sundry Creditors & Others	22,021,308,936	9,142,468,120
Dividend Payable	10,450,000,000	10,450,000,000
Tax Deduction at Source	170,176,696	143,452,167
PF Payable	4,060,147	3,230,759
Citizen Investment Trust Payable	3,885,432	3,492,077
Provision for Bonus	2,508,184,341	2,389,276,740
Advance from Subscriber	781,730,632	915,965,370
TSC & Ownership Tax Payable	338,556,775	295,127,779
Value Added Tax Payable	457,183,224	389,308,749
TOTAL	36,806,278,156	23,783,213,240
SCHEDULE - 9: ACCRUALS & PROVISIONS		
Provision for Income Tax	22,715,959,636	17,592,057,893
Provision for Gratuity	88,314,867	57,679,478
Provision for Leave	24,946,269	19,803,037
TOTAL	22,829,220,972	17,669,340,408

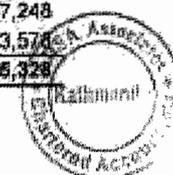
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AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

Ncell Pvt. Ltd
Lalitpur, Nakhhu- 4, Nepal
Schedules forming part of the Accounts for the year ended Ashad 31, 2072 (July 16, 2015)

Particulars	(Amount in Rs.)	
	For the year ended Ashad 31, 2072 (July 16, 2015)	For the year ended Ashad 31, 2071 (July 16, 2014)
SCHEDULE-10: OPERATING INCOME		
Income from Telecom Services		
SIM Card Activation Charges / Reactivation Charges	218,577,276	158,223,331
Airtime Charges	23,428,519,216	21,023,173,253
Internet Usage Charges	5,227,448,094	3,637,064,018
Total	28,872,543,186	24,818,460,602
Interconnection Usage	1,219,848,480	1,188,939,105
Foreign Carrier Income	23,391,663,244	20,376,557,526
Roaming Income	289,339,639	282,636,658
	24,900,849,363	21,848,133,289
Value Added Service Income		
SMS, MMS & PRBT Income	929,142,834	737,633,783
Other Value Added Services	1,026,693,471	1,011,110,396
Total	1,954,836,305	1,748,744,179
TOTAL	55,728,228,854	48,416,338,070
SCHEDULE - 11: DIRECT EXPENDITURE		
Cost of Simcard & Scratch Card	356,093,899	313,433,997
Cost of Data Card Sold	7,202,338	16,011,838
Cost of Wireless Router	1,066,275	2,946,595
Cost of Data Vouchers	36,024	81,031
Salary & Allowances	154,100,330	144,319,833
Provident Fund	8,388,043	7,716,974
Rent Expenses for BTS Sites & Others	232,954,860	198,802,632
Repairs & Maintenance - Plants & Machinery & Others	1,740,977,853	2,003,002,925
Power, Fuel & Utilities	683,877,321	376,023,832
Fees to Nepal Telecom Authority		
Frequency Fees	697,562,216	665,084,152
Royalty Fees	2,229,129,154	1,960,544,862
Rural Telecommunication Development Fund (RTDF) Fee	1,114,564,577	958,306,761
Membership Fee including GSM	6,581,548	5,582,872
License Fee for ISP Service & Others	277,187	266,087
Management Service Fee	94,246,914	93,806,742
Consultancy Expenses	204,024,193	424,863,244
Optic Fiber Expenses	43,477,992	41,729,929
Satellite Segment Expenses	141,382,298	151,253,382
Outbound Roaming Cost	29,951,261	37,362,867
Roaming Cost	180,160,305	205,903,396
Internet Link Cost	221,856,189	231,267,793
Port E-1 Link Charges	43,780,000	46,841,427
Service Charges for SMS & PRBT	171,886,050	108,880,863
Interconnection Expenses	5,553,928,190	4,793,945,773
Loading & Unloading	7,283,583	3,670,324
Travelling Expenses	64,163,611	61,724,365
Training & Seminar	60,367,561	61,667,248
Obsolete Inventory	355,190,143	182,273,574
TOTAL	14,384,811,934	13,107,125,328

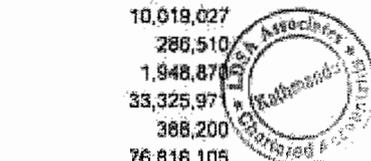


AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

Ncell Pvt. Ltd
Lalitpur, Nakhhu- 4, Nepal

Schedules forming part of the Accounts for the year ended Ashad 31, 2072 (July 16, 2015)

Particulars	(Amount in Rs.)	
	For the year ended Ashad 31, 2072 (July 16, 2015)	For the year ended Ashad 32, 2071 (July 16, 2014)
SCHEDULE - 12: OTHER INCOME		
Hand Set Income	168,436,749	34,854,846
Interest Income	260,519,542	142,644,012
Miscellaneous Income	14,029,869	57,056,547
Wireless Router Income	1,059,361	2,552,621
GSM Data Card Income	7,530,472	14,557,906
Gain on Exchange Fluctuation	917,897,910	-
TOTAL	1,377,477,923	281,664,932
SCHEDULE - 13: MARKETING EXPENSES		
Salary & Allowances	96,337,700	103,022,184
Provident Fund	3,935,749	4,501,319
Advertisement	222,788,119	207,106,691
Business Promotion Expenses	281,295,248	225,703,853
Distributors' Commission	1,938,993,303	1,683,426,367
Hoarding Board Expenses	84,198,848	68,780,281
Travelling Expenses	55,494,145	49,644,611
Printing & Stationery	1,111,856	192,458
TOTAL	2,664,164,968	2,332,377,784
SCHEDULE - 14: ADMINISTRATIVE & GENERAL EXPENSES		
Salary & Allowances	197,736,225	92,776,078
Provident Fund	6,917,898	4,069,515
Earned Leave Expenses	5,515,558	3,464,807
Gratuity	32,840,378	27,065,073
Printing & Stationery	13,219,798	9,176,330
Electricity Charges & Water Charges	451,520,784	412,360,249
House Rent	135,062,524	114,615,018
Pantry Expenses	6,617,376	6,236,514
Vehicle Running Expenses	15,478,932	15,831,933
Repairs & Maintenance	39,632,181	39,240,482
Bank Charges	12,223,782	7,299,373
Newspaper Books & Periodicals	915,642	869,911
Registration & Renewals	961,374	656,341
Postage & Telephone Charges	4,824,806	7,892,559
Insurance	68,995,552	62,976,049
Travelling & Conveyance Expenses	104,451,428	82,661,326
Legal Expenses	10,539,900	7,009,774
Business Development Expenses	10,290,785	13,422,414
Audit Fee - Statutory	1,500,000	1,250,000
Audit Fee - Others	17,193,589	12,429,600
Audit Cost	290,270	142,362
Security Charges	41,366,394	34,854,415
Cleaning Expenses	14,156,978	10,619,027
Staff Recruitment Expenses	593,946	286,510
Miscellaneous Expenses	3,945,343	1,948,870
Other Software Support	38,795,984	33,325,971
Service Charges	1,196,800	388,200
Other Expenses	233,568,757	76,816,105
Tax Paid for Earlier Years	841,751,333	-
Donation	200,000,000	-
Loss on Exchange Fluctuation	-	118,049,423
TOTAL	2,312,208,337	1,196,936,229



118,049,423
1,196,936,229

Ncell Pvt. Ltd
Ncell

AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

Ncell Private Limited

Schedules forming part of the accounts as on Ashad 31, 2072 (July 16, 2015)

Schedule 15 – Significant Accounting Policies & Notes to Accounts

A. Company Background

Ncell Private Limited ('Company') is a Private Limited Company incorporated under the Company Act, 2053 (as amended by Company Act 2063) on Ashad 7, 2058 (June 21, 2001) and domiciled in Nepal. The Company has obtained a license to provide GSM Telecommunication Services in Nepal.

B. Basis of Preparation of Financial Statements

These Financial Statements have been prepared in accordance with the historical cost convention basis.

C. Use of Estimates

The preparation of the Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) and Nepal Accounting Standards (NAS) require that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the Financial Statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates, but that difference is not expected to be significant.

D. Significant Accounting Policies

These Financial Statements have been prepared in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of Nepal. A summary of significant accounting policies, which have been applied consistently, is set out below. The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063.

1. Revenue Recognition

Service revenue include amounts invoiced for airtime charges, activation fees, internet usage charges, roaming charges, hand set income, data card income and fees for value added services. Service revenue also includes revenues associated with access and interconnection for usage of the telephone network by the incumbent access service operator.

Service revenue from airtime charges, internet usage charges, roaming charges and value added service is recognized on completion of provision of services.

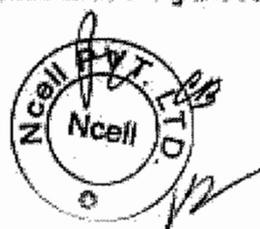
Revenue from SIM Card activation and reactivation is recognized on sale of SIM Cards.

Revenue from sale of Hand set and Data Card is recognized on sale basis.

2. Property, Plant and Equipment (PPE)

Property, Plant and Equipment (PPE) are stated at cost of acquisition/construction inclusive of incidental expenses related to such acquisition / construction, less accumulated depreciation. The cost of constructed assets includes the cost of materials, direct labor and other related cost.

The expenditure incurred on software and related implementation costs are capitalized to Property, Plant and Equipment where it is reasonably estimated that the software has an enduring useful life. Accordingly, the Company has capitalized the expenditure incurred on its billing and transmission and planning software along with the related equipment.



AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

Expenditures incurred and related to construction of BTS Sites including switches and related telecommunication equipment are capitalized to the relevant BTS Sites.

Assets on lease, under which all significant risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Expenditure incurred for the renovation and improvement of leased assets on operating lease whose benefit is expected to accrue to the Company for more than one accounting period are capitalized under leasehold assets.

The Company has obtained Telecommunication License to provide GSM Mobile Telephone Service and International Trunk Telephonic Service (ITTS) on payment of one-time fee termed as "License Fee" to obtain the right to provide services. Initial lump sum license fee and its renewal thereof has been recognized as intangible assets and is measured initially at cost.

Subsequent costs are included in the carrying amount of the assets or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

3. Depreciation and Amortization

- i. Property, Plant and Equipment are depreciated on a straight line basis, based on the following estimates of their useful economic life.

Description of Assets	Useful life (In Years)	Rate %
Building	33	3.33
Computer, Data Processing Equipment, Furniture & Fixtures and Office Equipment	5	20
Automobiles, Bus and Mini Bus	6.67	15
Plant & Machinery, GSM Equipment, Billing Equipment, BTS & Equipment	6.67	15

- ii. Leasehold assets are amortized uniformly over the period of lease.
- iii. License fee is amortized on a straight line basis from the date of commencement of commercial operation, and where applicable, from the year it is paid, over the remaining period of the license. Renewal license fee of ITTS and GSM Mobile is amortized over the renewal period.
- iv. Depreciation on addition of assets is charged from the next month from the date on which the assets are purchased / capitalized.
- v. Gains and losses arising from the retirement or disposal of fixed assets, if any, are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Income Statement on the date of the retirement or disposal.

4. Durable Goods

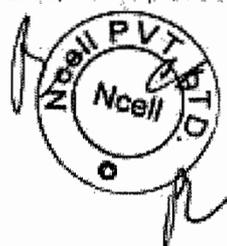
Durable goods amounting up to Rs. 5,000 are charged to Income Statement in the year incurred.

5. Inventories

Inventories comprising of SIM Card, Scratch Card, Data Card, Hand Set, Data Vouchers and others are valued at cost or market value whichever is lower. The cost is determined by using the weighted average cost method.

6. Sundry Debtors & Account Receivables

Sundry Debtors and Account Receivables are stated at book balance, net of provisions made. Provisions are made for amount considered doubtful.



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AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

7. Foreign Currency Transactions

Foreign Exchange transactions are recorded at the exchange rate prevailing at the time of transactions. Gain or loss arising on settlement is dealt with in the Income Statement. Unsettled transactions are translated at the exchange rate prevailing at the year-end and the exchange difference, if any, arising on such transaction is accounted for in the Income Statement as exchange fluctuation.

8. Borrowing Costs

Borrowing costs are recognized as an expense in the year in which it is incurred.

9. Royalty & Rural Telecommunication Development Fund (RTDF)

The Company is required to pay royalty fees as a percentage of Gross Annual Revenue subject to minimum amount as prescribed and annual contribution to Rural Telecommunication Development Fund as a percentage of Gross Annual Revenue to Nepal Telecom Authority. Both the royalty fee and contribution to RTDF are charged to Income Statement as incurred.

10. Income Taxes

Provision for current tax is made with reference to profit for the Financial Year based on the provisions of Income Tax Act, 2058.

Deferred Tax is recognized and provided for on timing differences between taxable income and accounting income subject to consideration of prudence.

Deferred tax assets are not recognized unless there is virtual/reasonable certainty that there will be sufficient future taxable income available to realize such assets.

11. Cash & Cash Equivalent

Cash and cash equivalent represent cash in hand and balance with commercial banks.

12. Retirement Benefits**a. Provident Fund**

Contributions to provident fund are made on a monthly basis at the applicable rates, which is charged to revenue. Contributions to provident fund together with the employees' contributions are deposited with Karmachari Sanchayakosh.

b. Gratuity

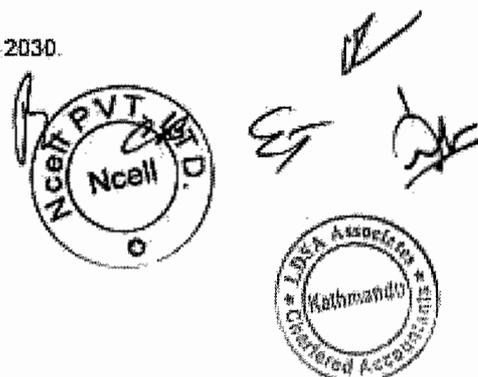
Gratuity payable to employees on termination/retirement of their services is provided on accrual basis. Gratuity liability has not been funded.

c. Leave Encashment

Leave encashment including accumulated leave payable to employees is accounted on accrual basis.

13. Employees Bonus

Employees' bonus is provided as per the Provision of Bonus Act, 2030.



AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

E. Notes to the Accounts

1. Equipment in Progress /Capital work-in-progress

Equipment in progress includes GSM equipment transferred to BTS sites under construction and Capital work in progress includes other construction costs of BTS sites under construction

2. Dividend

The board proposed the dividend distribution amounting to Nepalese Rupees 11,000,000,000 (In words Eleven Billion Only) in Fiscal Year 2068-69 (2011-12) and adopted by the shareholders in its Annual General Meeting (AGM) dated Mangsir 30, 2069 (December 21, 2012). The dividend payment is pending for its approval in Government Authorities.

The board has proposed to distribute the dividend to the shareholders amounting to Nepalese Rupees 9,000,000,000 (In words Nine Billion Only) during Fiscal Year 2070-71 (2013-14). However, the shareholders have declined the declaration of dividend vide annual general meeting (AGM) dated 2071/09/29 (January 12, 2015).

3. Housing Fund

Housing fund as required under the Labour Act has not been provided in the accounts. However, the Company has made an arrangement and entered into an agreement dated October 9, 2012 with Nabil Bank Ltd to provide Housing Loan facility to the employees.

4. GSM Cellular Mobile License Renewal Fee

Company's GSM Cellular License has expired on Bhadra 15, 2071 (August 31, 2014). License has been renewed from Bhadra 16, 2071 (September 01, 2014) for a period of five years from Nepal Telecommunication Authority pursuant to section 25 of Telecommunication Act 2053 (1997) vide letter dated Bhadra 05, 2071 (August 21, 2014).

The Company had paid three installments of NPR. 2,500,000,000 (Nepalese Rupees Two billion and Five Hundred Million) each vide letter dated 169/70-142 Mangsir 06, 2069 (November 21, 2012) of NTA as per decision of working group, 2069 of Government of Nepal, Council of Ministers (Economic & Infrastructure Committee).

5. Capital Commitments not provided for

Estimated amount of contract remaining to be executed on capital account Rs.5,780,174,368 as follows:

S.N.	Vendor	Currency	Amount (Rs)
1	Coromatic AB	USD	957,489,587
2	Neweld Oy	EUR	75,008,856
3	Proxion Solutions Oy	EUR	54,803,154
4	Huawei International Pte.Ltd.	USD	904,443,897
5	Ceragon Networks Ltd.	USD	24,179,589
6	Zte (HK) Ltd.	USD	27,867,671
7	Bumblebee Technologies Pte. Ltd.	USD	254,884,135
8	Zamil Infra Pvt. Ltd.	NPR	90,182,856
9	Gforce Systems & Technologies Pvt.	NPR	95,300,212
10	ZTE Nepal Pvt. Ltd.	NPR	612,371,949
11	Highway Link Pvt. Ltd.	NPR	47,572,486
12	Huawei Technologies Nepal Company	NPR	1,507,864,166



AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

13	GTL Nepal Pvt. Ltd.	NPR	785,346,835
14	Telecommunications Consultants India	NPR	162,799,752
15	All Tech Pvt. Ltd.	NPR	8,914,000
16	Aviat Networks (India) Pvt. Ltd.	NPR	171,145,323
Total			5,780,174,368

6. Related Party Transactions

The Company is controlled by Reynolds Holdings Limited, West Indies, which owns 80% of the Company's shares. The remaining 20% of the shares are held by Mr. Niraj Govinda Shrestha.

Ultimate Holding Company

TeliaSonera AB

Immediate Holding Company

Reynolds Holdings Limited

Entities having Significant Influence

TeliaSonera UTA Holding B.V

Key Managerial Personnel

Erim Taylanlar

Other Related Parties

TeliaSonera International Carrier Singapore

TeliaSonera International Carrier UK

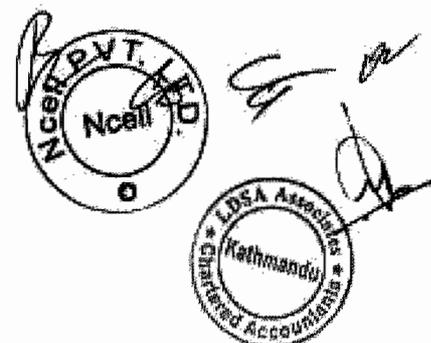
TeliaSonera International Carrier Finland

TeliaSonera Assignments BV

The transactions with related party groups for the year and closing balances have been narrated below:

(Figures in Rs)

Relationship	Entities having Significant Influence		Other Related Parties		Key Managerial Personnel	
	Ashad 31,2072 (July 18,2015)	Ashad 32,2071 (July 18,2014)	Ashad 31,2072 (July 18,2015)	Ashad 32,2071 (July 18,2014)	Ashad 31,2072 (July 18,2015)	Ashad 32,2071 (July 18,2014)
Nature of Transactions						
Purchase/(Sale) of Services	94,246,914	93,606,736	(4,378,842,231)	(5,025,194,458)		
Salary					3,120,800	1,480,217
Total	94,246,914	93,606,736	(4,378,842,231)	(5,025,194,458)	3,120,800	1,480,217
Closing Balance of Payable/(Receivable)	55,728,749	45,536,662	(799,838,235)	(515,074,193)	268,635	180,000



AUDITED FINANCIAL STATEMENTS OF NCELL FOR THE FYE 16 JULY 2015 (Cont'd)

7. Operating Lease

The Company has taken on leases the house and space for installing the Base Trans-receiver Station (BTS), Diesel Generator (DG), Solar from various vendors. The details are as follows.

(Figures in Rs.)				
Year	Lease Rent BTS	Lease Rent DG	Lease Rent Solar	Total
<1 year	200,886,535	7,733,263	4,881,678	213,501,476
1 to 5 years	855,412,581	15,723,427	16,884,521	886,020,530
>5 years	718,835,933	8,006,355	6,805,190	733,647,478
Total	1,775,135,048	31,463,046	28,571,390	

8. Deferred Tax

Component of Deferred Tax Assets/(Liabilities)

	(Figures in Rs.)	
	As at Ashad 31, 2072 (July 16, 2015)	As at Ashad 32, 2071 (July 15, 2014)
Deferred Tax Assets		
On employees' separation and retirement Accruals on Salary	28,315,284 3,764,478	19,320,629 -
Accruals on Provident Fund	238,458	-
On Fiscal allowance on fixed assets	885,600,760	490,439,476
Deferred Tax Asset (Liabilities) - Net	917,918,980	509,760,105

9. Previous year's Figures and Rounding Off

Previous year's figures have been regrouped and/or rearranged wherever necessary.

Figures in the Financial Statements are rounded off to the nearest rupee.



EST. [Signature]



LEGAL OPINIONS ON OWNERSHIP OF TITLE TO THE SECURITIES TO BE ACQUIRED

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Axiata Tower
9, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

29 January 2016

Dear Sirs

Reynolds Holdings Limited (the "Company")

We have acted as counsel as to the laws of the Federation of Saint Christopher and Nevis to Axiata Investments (UK) Limited (the "**Buyer**") in connection with its proposed acquisition of all the issued shares of the Company (the "**Shares**") from TeliaSonera Norway Nepal Holding AS (the "**Seller**").

1. Documents Reviewed

We have reviewed copies of the following documents:

- 1.1. A company search relating to the Company dated 15 December 2015 from the Nevis Registrar of Corporations (the "**Company Search**") which included the documents listed at paragraphs 1.2, 1.3, 1.5, 1.7, 1.8 and 1.9 below.
- 1.2. A copy of the Company's Certificate of Incorporation dated 4 July 2001.
- 1.3. A copy of the Company's Articles of incorporation filed on 4 July 2001.
- 1.4. A copy of the minutes and resolutions passed at a board meeting of the Company held on 20 January 2012.
- 1.5. A copy of the Company's Articles of Amendment dated 20 January 2012 and filed on 29 April 2013.

LEGAL OPINIONS ON OWNERSHIP OF TITLE TO THE SECURITIES TO BE ACQUIRED (Cont'd)

- 1.6. A copy of the Company's By-Laws adopted on 4 July 2001 provided to us by Hamilton Trust Company (Nevis) Limited, the Company's registered agent in Nevis, on 16 December 2015.
- 1.7. A copy of a certificate of good standing relating to the Company issued by the Nevis Registrar of Corporations dated 17 November 2015 (the "**Certificate of Good Standing**").
- 1.8. A copy of the filed Company's register of members, obtained from the Nevis Registrar of Corporations on 15 December 2015 which was filed on 6 June 2013 (the "**Register of Members**").
- 1.9. A copy of the filed Company's register of directors, obtained from the Nevis Registrar of Corporations on 15 December 2015 which was filed on 6 June 2013 (the "**Register of Directors**" and together with the Register of Members the "**Registers**").
- 1.10. The records of proceedings on file with and available for inspection on 16 December 2015 at the Nevis High Court Registry (the "**High Court Registry**").
- 1.11. An email from Henrik Biørnstad of Wikborg, Rein & Co. Advokatfirma DA, International Law Firm in Oslo, Norway dated 16 December 2015 confirming that their physical inspection of the Company's original corporate records maintained at the offices of Advokatfirmaet Simonsen Vogt Wiig AS in Oslo, Norway on 16 December 2015, revealed that the Company's original registers of members and directors provided to them were identical to the Registers.
- 1.12. The resolutions passed by the Company's shareholder and director dated 14 January 2016.

2. Assumptions

In giving this opinion we have assumed, without further verification, the completeness and accuracy of the Certificate of Good Standing and the Registers and that the information contained in such documents remains complete and accurate as at the date of this opinion. We have also relied upon the following assumptions, which we have not independently verified:

- 2.1. Copy documents, conformed copies or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.
- 2.2. All signatures, initials and seals are genuine.
- 2.3. The accuracy and completeness of all factual representations expressed in or implied by the documents we have examined.

LEGAL OPINIONS ON OWNERSHIP OF TITLE TO THE SECURITIES TO BE ACQUIRED (Cont'd)

- 2.4. That all information disclosed by the Company Search and the search at the High Court Registry is true and complete and that such information has not since then been altered and that such search did not fail to disclose any information which had been delivered for registration but did not appear on the public records at the date of our search.
- 2.5. There is nothing under any law (other than the laws of Nevis) which would or might affect the opinions hereinafter appearing.
- 2.6. There are no transfer restrictions noted on the face or the back of the share certificate relating to the Shares.
- 2.7. The Company is not "doing business in Nevis" as such term is defined in the Ordinance. Section 122(2) of the Ordinance makes it clear that the Company would not be deemed to be "doing business in Nevis" solely because it engages in one or more of the following activities:
 - (a) maintaining bank accounts in Nevis;
 - (b) holding shareholder or board meetings in Nevis;
 - (c) maintaining corporate or financial records in Nevis;
 - (d) maintaining a registered agent in Nevis.

3. Opinion

Based upon, and subject to, the foregoing assumptions and the qualifications set out in section 4 below, and having regard to such legal considerations as we consider relevant, we are of the opinion that:

- 3.1. The Company was duly incorporated under the Nevis Business Corporation Ordinance 1984, as amended (the "**Ordinance**"), is in good standing and possesses the capacity to sue and be sued in its own name.
- 3.2. Based on the Company's Articles of Amendment, the Company is authorised to issue 101,000 registered shares each with a par value of US\$1.00.
- 3.3. Based solely on our inspection of the Register of Directors, the sole director of the Company is TeliaSonera Norway Nepal Holding AS, having been appointed on 26 June 2009.
- 3.4. Based solely on our inspection of the Register of Members, the sole shareholder of the Company is TeliaSonera Norway Nepal Holding AS.

LEGAL OPINIONS ON OWNERSHIP OF TITLE TO THE SECURITIES TO BE ACQUIRED *(Cont'd)*

- 3.5. Based solely on our inspection of the High Court Registry there were no actions or petitions pending against the Company in the High Court of Nevis as at the time of our searches on 16 December 2015.
- 3.6. On the basis of our searches conducted at the Nevis Registrar of Corporations and at the Nevis High Court Registry, no currently valid order for dissolution of the Company or Articles of Dissolution appears on the corporate records maintained in respect of the Company as on 15 December 2015.
- 3.7. The Company is subject to the jurisdiction of the courts of Nevis and is not entitled to claim any immunity from suit or execution of any judgment on the grounds of sovereignty or otherwise.
- 3.8. There are no general policy restrictions in the Ordinance on foreign persons (i.e. individuals or companies) owning shares in a Nevis Business Corporation such as the Company.
- 3.9. There are no restrictions under the laws of the Federation of Saint Christopher and Nevis that would prohibit the Seller transferring the Shares of the Company to the Buyer or any other party.
- 3.10. No consent, licences, approval or authorisation of governmental, judicial or public bodies or authorities in the Federation of Saint Christopher and Nevis is required in connection with the disposal of the Shares by the Seller and the acquisition of the Shares by the Buyer.
- 3.11. Following the transfer of the Shares, the Company's register of shareholders should be updated to reflect the Buyer as the new registered holder of the Shares with effect from the date of the transfer.
- 3.12. Subject to paragraph 3.11 above, no notification, filing or other registration is required under the laws of the Federation of Saint Christopher and Nevis in connection with the disposal of the Shares by the Seller and the acquisition of the Shares by the Buyer.
- 3.13. The disposal of the Shares by the Seller and the acquisition of the Shares by the Buyer does not conflict with the constitutional documents of the Company nor any applicable laws of the Federation of Saint Christopher and Nevis.

4. Qualifications

The opinions expressed above are subject to the following qualifications:

- 4.1. This opinion is given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion. This opinion only relates to the laws of Nevis which are in force on the date of this opinion.

LEGAL OPINIONS ON OWNERSHIP OF TITLE TO THE SECURITIES TO BE ACQUIRED *(Cont'd)*

- 4.2. In providing this opinion we have not reviewed any documents other than those expressly listed in section 1 above. We do not and cannot opine on the existence, content or effect of any corporate documents or records of the Company (including minutes, resolutions and registers) that have not been supplied to us.

This opinion may be relied upon by the addressee only. It may not be relied upon by any other person except with our prior written consent. Without prejudice to this position, the Buyer may disclose this legal opinion to its shareholders in a circular.

Yours faithfully

A handwritten signature in black ink that reads "Forbes Hare". The signature is written in a cursive, slightly slanted style.

Forbes Hare LLP

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS

PRADHAN, GHIMIRE & ASSOCIATES
ATTORNEYS AT LAW

(Pradhan, Ghimire & Associates Pvt. Ltd.)
(Formerly Pradhan & Associates Pvt. Ltd.)

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Web: www.pradhanlaw.com

PRIVILEGED AND CONFIDENTIAL

January 29, 2016

VIA EMAIL AND COURIER

Axiata Group Berhad
Axiata Tower
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Re: Project Himalaya – Share Purchase Agreement in connection with Reynolds Holdings Limited
PG&A File No.: DP/M&A/14/335-01

Dear Sirs:

We have acted on the instruction of Axiata Group Berhad (“Axiata”) to provide Nepalese law advice in connection with the Share Purchase Agreement (“SPA”) relating to purchase of 101,000 shares of Reynolds Holdings Limited (“Reynolds”) by its subsidiary Axiata Investments (UK) Limited (“Axiata UK”). According to the wishes of Axiata, we have prepared this legal opinion letter and are delivering it to Axiata.

A. Assumptions:

For the purpose of this opinion letter, we have made following assumptions, without independent verification:

1. Axiata is a company duly incorporated under the laws of Malaysia.
2. Axiata UK, a wholly owned subsidiary of Axiata, is a company duly incorporated under the laws of England.
3. Reynolds is a company duly incorporated under the laws of West Indies.
4. Ncell Pvt. Ltd. (“Ncell”) is a company duly incorporated under the laws of Nepal.

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)**PRADHAN, GHIMIRE & ASSOCIATES**

Axiata Group Berhad

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5. The authorized share capital of Ncell is NPR 17,000,000,000 (Seventeen Billion Nepalese Rupees) which have been divided into 170,000,000 units of shares each in par value of NPR 100 (One Hundred Nepalese Rupees).

6. The issued and paid up share capital of Ncell is NPR 100,000,000 (One Hundred Million Nepalese Rupees) which have been divided into 1,000,000 units of shares each in par value of NPR 100 (One Hundred Nepalese Rupees).

7. On or about December 30, 2004, Daltotrade Limited (“Daltotrade”) entered into a Share Purchase Agreement with Raj Group Company Pvt. Ltd. (“Raj Group”), a company incorporated under the laws of Nepal and the previous shareholder of Ncell for the purchase of 57,000 issued shares of Ncell. On or about February 23, 2005, the Department of Industry (“DOI”) of Nepal granted its approval to transfer of 57,000 issued shares of Ncell from Raj Group to Daltotrade.

8. On or about March 7, 2005, Reynolds entered into a Share Purchase Agreement with Daltotrade for the purchase of 400,000 issued shares of Ncell. On or about March 30, 2005, the DOI granted its approval to transfer of 400,000 issued shares from Daltotrade to Reynolds.

9. On or about February 22, 2006, Reynolds entered into a Share Purchase Agreement with Raj Group for the purchase of 110,000 issued shares of Ncell. On or about March 2, 2006, the DOI granted its approval to transfer of 110,000 issued shares from Raj Group to Reynolds.

10. On or about February 22, 2006, Reynolds entered into a Share Purchase Agreement with Raj Group for the purchase of 76,000 issued shares of Ncell. On or about March 2, 2006, the DOI granted its approval to transfer of 76,000 issued shares from Raj Group to Reynolds.

11. On or about July 29, 2007, the Board of Directors of Ncell passed a resolution to forfeit 50,000 (5%) issued shares issued to Spice Cell Limited (“Spice Cell”), a company duly incorporated under the laws of India, for non-payment of the call amount against the shares. Ncell further allotted 30,000 (3%) issued shares to Daltotrade, 14,000 (1.4%) issued shares to Reynolds and 6,000 (0.6%) issued shares to Synergy Nepal Pvt. Ltd., a company duly incorporated under the laws of Nepal.

12. On or about June 15, 2008, Reynolds entered into a Share Purchase Agreement with Daltotrade for the purchase of 200,000 issued shares of Ncell. On or about July 2, 2008, the DOI granted its approval to transfer of 200,000 issued shares from Daltotrade to Reynolds.

13. On or about December 28, 2015, Ncell submitted an application to the DOI to record the allotment of these 14,000 (1.4%) and 30,000 (3%) issued shares from Ncell to Reynolds and Daltotrade respectively. In its letter dated January 22, 2016, the DOI recognizes that Reynolds is the owner of 14,000 (1.4%) issued shares and Daltotrade was the owner of 30,000 (3%) issued shares.

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)**PRADHAN, GHIMIRE & ASSOCIATES**

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14. On or about December 21, 2015, TeliaSonera UTA Holding B.V., SEA Telecom Investments B.V., TeliaSonera AB, TeliaSonera Norway Nepal Holdings AS, Axiata UK and Axiata entered into the SPA for the sale and purchase of 101,000 shares of Reynolds.

15. The SPA is governed in accordance with English law and all disputes or claims relating to the SPA are to be referred to arbitration under the Arbitration Rules of the London Court of International Arbitration ("LCIA").

16. Each party to each Share Purchase Agreement and SPA is duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

17. Each party to each Share Purchase Agreement and SPA has taken all necessary corporate action to authorize signing and delivery of the Share Purchase Agreement and SPA and the exercise of its rights and performance of its obligations under each Share Purchase Agreement and SPA.

18. The SPA constitutes legal, valid, binding and enforceable obligations of all of the parties thereto under the laws of England.

19. There are no agreements, undertakings or other arrangements (whether oral or written) having the contractual effect of modifying the terms or otherwise affecting the opinions and statements contained herein.

20. We have further assumed, without independent verification, the genuineness of all signatures, the legal capacity of natural persons, the authenticity of each Share Purchase Agreement and SPA as original, the conformity to authentic, original documents of all documents as copies, the due authority of the parties executing such documents, and the legal capacity of natural persons.

B. Opinion:

On the basis of and subject to the assumptions and qualifications set forth in this letter, it is our opinion that:

1. Ncell is a joint stock company duly incorporated and validly existing under the laws of Nepal.

2. Reynolds has been duly recorded as the owner of 800,000 (80%) issued shares of Ncell.

3. There are no restrictions under the laws of Nepal that would prohibit the shareholders of Reynolds to sell the shares of Reynolds to others.

4. No consent, licenses, approval or authorization of governmental, judicial or public bodies or authorities in Nepal is required in connection with the execution, delivery or performance of the SPA and for the sale or transfer of shares of Reynolds to Axiata UK.

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PRADHAN, GHIMIRE & ASSOCIATES

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5. No filing or registration is required under the laws of Nepal in connection with the execution, delivery or performance of the SPA and for the sale or transfer of shares of Reynolds to Axiata UK.

6. The execution of the SPA and the exercise of the rights of the parties to it and performance of their obligations thereunder do not:

- (i) conflict with the constitutional documents of Ncell; and
- (ii) any applicable laws of Nepal.

7. Any award rendered by the arbitrator/ arbitration tribunal under LCIA shall, in principle, be enforceable in Nepal under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 provided that the award fulfills the conditions stated in the Arbitration Act 1999 of Nepal.

C. Qualifications:

1. The opinions stated in this letter are limited to the laws of Nepal. We express no opinion with respect to laws of any other jurisdiction. Furthermore, we express no opinion with respect to compliance with any law, rule or regulation that as a matter of customary practice is understood to be covered only when an opinion refers to it expressly. Without limiting the generality of the foregoing and except as specifically stated herein, we express no opinion on antitrust, competition, tax, insolvency, fraudulent transfer, antiterrorism or money laundering laws and regulations.

2. We express no opinion as to the validity, applicability or enforceability of any provision of the SPA.

3. Upon closing of the transaction under the SPA, Reynolds must notify Nepal Telecommunications Authority, Department of Industry of Nepal and Nepal Rastra Bank about the changes of ownership in Reynolds.

4. The opinions stated in this letter are limited to the matters set forth herein; no opinion may be inferred or implied beyond the matters expressly stated in this letter; and the opinions must be read in conjunction with the assumptions, limitations, exceptions and qualifications set forth in this letter.

5. The opinions stated in this letter are subject to (a) reorganization, arrangement and other similar laws of general applicability relating to or affecting creditors' rights generally; and (b) general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether considered in a proceeding in equity or at law.

6. This opinion letter rendered in connection with the SPA and is solely for the benefit of Axiata and Axiata UK. Subject to the foregoing, this opinion letter may be relied upon only by Axiata and Axiata UK in connection with the SPA and the transactions contemplated thereby. Axiata and Axiata UK may not rely upon this opinion letter for any other purpose, and no other person or entity may rely upon this opinion letter for any purpose without our prior written

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
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Axiata Group Berhad

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consent. This opinion, however, may be disclosed by Axiata as an exhibit to the circular to its shareholders, provided that no person to whom this legal opinion is disclosed as consequence of its disclosure may rely on this opinion without our prior written consent.

Please feel free to write us should you have any question.

Very truly yours,
PRADHAN, GHIMIRE & ASSOCIATES

Pradhan Ghimire & Associates

By: Devendra Pradhan
Managing Partner

DP:tp

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

PRADHAN, GHIMIRE & ASSOCIATES
ATTORNEYS AT LAW

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PRIVILEGED AND CONFIDENTIAL

January 29, 2016

VIA EMAIL AND COURIER

Axiata Group Berhad
Axiata Tower
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Re: Project Himalaya – Acquisition of Reynolds Holdings Limited
Foreign Investment Under Nepalese Telecommunications Law
PG&A File No.: DP/M&A/14/335-01

Dear Sirs:

We have acted on the instruction of Axiata Group Berhad (“Axiata”) to provide Nepalese law advice in connection with the acquisition of the issued shares of Reynolds Holdings Limited (“Reynolds”) by its subsidiary Axiata Investments (UK) Limited (“Axiata UK”) (“Acquisition”). According to the wishes of Axiata, we have prepared this legal opinion letter and are delivering it to Axiata.

A. Assumptions:

For the purpose of this opinion letter, we have reviewed the documents posted to the Data Room as of December 17, 2015 maintained by Merrill Corporation. Based on the review of the documents posted to the Data Room, in rendering the opinions herein expressed, we have made following assumptions, without independent verification:

1. Axiata is a company duly incorporated under the laws of Malaysia.
2. Axiata UK, a wholly owned subsidiary of Axiata, is a company duly incorporated under the laws of England.
3. Reynolds is a company duly incorporated under the laws of West Indies.
4. Ncell Pvt. Ltd. (“Ncell”) is a company duly incorporated under the laws of Nepal.

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

PRADHAN, GHIMIRE & ASSOCIATES

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5. Axiata UK entered into a Share Purchase Agreement with the shareholders of Reynolds to purchase of 101,000 shares of Reynolds.

6. Reynolds is the owner of 800,000 (80%) issued shares of Ncell.

7. We have further assumed, without independent verification, the genuineness of all signatures, the legal capacity of natural persons, the authenticity of each document we have reviewed as original, the conformity to authentic, original documents of all documents as copies, the due authority of the parties executing such documents, and the legal capacity of natural persons.

B. Opinion:

On the basis of and subject to the assumptions and qualifications set forth in this letter, it is our opinion that:

1. Foreign Investment and Technology Transfer Act, 1992 (“FITTA”) is the primary law governing foreign investment in Nepal. A foreign investor may make: (i) investment in equity or shares; (ii) investment in the form of loans; or (iii) make reinvestment of the earnings derived from investment, whether in a new company or in an existing company. In order to make an investment by a foreign investor, prior approval must be obtained from the Department of Industry of Nepal (“DOI”) for a company which has fixed capital up to NPR 2 billion. For a company which has fixed capital of more than NPR 2 billion, such approval must be obtained from the Industrial Promotion Board (“IPB”) formed under Ministry of Industry of the Government of Nepal (“GON”). The DOI or the IPB are the authorities responsible for granting approval for foreign investment in any sector including telecommunications sector.

2. Foreign investment in telecommunications sector is permissible. With regard to obtaining an approval for foreign investment under FITTA in telecommunication sector, prior approval of Nepal Telecommunications Authority (“NTA”), a regulatory agency solely responsible to regulate the telecommunication sector in Nepal, is required before DOI or IPB grants its approval.

3. Telecommunications Policy 2004 (“Telecom Policy”) encourages foreign investment in the telecommunication sector. However, the Telecom Policy prescribes the maximum cap of foreign ownership in the telecommunication sector of 80%. A minimum native ownership of 20% is a prerequisite for an entity to obtain and hold a telecommunication license.

4. Foreign investors making investment in Nepal are allowed to repatriate: (a) the amount derived from sale of shares owned by such foreign investor; (b) dividend; (c) loan and interest, where investment is made in the form of loans; (d) technology transfer fees (management fees or royalty fees); and (e) salaries and allowances of expatriates.

5. NTA, DOI and the central bank of Nepal, Nepal Rastra Bank (“NRB”) are the concerned regulators in telecommunications sector, which provide necessary facilities and recommendations to telecommunication service providers in matters, such as, entry of foreign investment, repatriation of capital, dividends, principal and interest on loans, visa and work permits to the expatriate employees, etc. However, these facilities are subject to the telecommunication service providers complying with all statutory compliances, especially those relating to foreign

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
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investment, DOI compliances, compliance with telecommunication laws and the guidelines, Directives and orders issued from time to time by NTA.

6. Under the Foreign Exchange (Regulation) Act 1962, a foreign investor who has obtained permission to make investment in securities shall be entitled to repatriate dividends. In order for foreign investors to repatriate dividends derived from the foreign investment in Nepal, NRB has made provisions to allow such dividends repatriated directly through banking channels. For repatriation of dividends, recommendations of DOI and NTA and approval of NRB are necessary.

7. For the repatriation of dividends earned by a foreign investor through its investment in a company in Nepal, such foreign investor must submit applications with the DOI and NTA to obtain their recommendation addressed to NRB along with the following documents:

- documentary proof of investment made in Nepal issued by a commercial bank;
- an auditor's report including balance sheet and profit and loss account;
- tax clearance certificate; and
- proof of dividend declaration.

8. A company may distribute dividends to its shareholders out of the amount of profits set aside for the distribution of dividends. In order for a company to declare dividends in any financial year, the company must fully deduct pre operation expenses, depreciation, any amount required to be paid or set aside out of the profits under the prevailing law, the amount or accumulated loss in previous financial years, etc.

9. After receiving recommendations from DOI and NTA for the repatriation of dividends, NRB initiates review of documents. In the event foreign investment is not found to be made through proper banking channel and/or if the company having foreign investment is found not to be in compliance with the applicable laws, especially those relating to companies, foreign investment, sectorial laws, etc., NRB may seek required documents and clarifications from the company as well as regulatory agencies. Where the company having foreign investment has observed all the compliances under the prevailing laws, NRB shall provide foreign exchange approval to such company to repatriate dividends.

10. Under the prevailing telecommunications laws of Nepal, Reynolds, as a foreign investor, is permitted to hold up to 80% of the issued shares of Ncell.

11. There are no restrictions under the laws of Nepal that would prohibit the shareholders of Reynolds to sell the shares of Reynolds to others.

12. No consent, licenses, approval or authorization of governmental, judicial or public bodies or authorities in Nepal is required in connection with the Acquisition of shares of Reynolds by Axiata UK.

13. No filing or registration is required under the laws of Nepal in connection with the Acquisition of shares of Reynolds by Axiata UK.

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)**PRADHAN, GHIMIRE & ASSOCIATES**

Axiata Group Berhad

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C. Qualifications:

1. The opinions stated in this letter are limited to the laws of Nepal. We express no opinion with respect to laws of any other jurisdiction. Furthermore, we express no opinion with respect to compliance with any law, rule or regulation that as a matter of customary practice is understood to be covered only when an opinion refers to it expressly. Without limiting the generality of the foregoing and except as specifically stated herein, we express no opinion on antitrust, competition, tax, insolvency, fraudulent transfer, antiterrorism or money laundering laws and regulations.
2. We express no opinion as to the validity, applicability or enforceability of documents related to the Acquisition.
3. Upon closing of the Acquisition, Reynolds must notify NTA, DOI and NRB about the changes of ownership in Reynolds.
4. The opinions stated in this letter are limited to the matters set forth herein; no opinion may be inferred or implied beyond the matters expressly stated in this letter; and the opinions must be read in conjunction with the assumptions, limitations, exceptions and qualifications set forth in this letter.
5. The opinions stated in this letter are subject to (a) reorganization, arrangement and other similar laws of general applicability relating to or affecting creditors' rights generally; and (b) general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether considered in a proceeding in equity or at law.
6. This opinion letter rendered solely for the benefit of Axiata and Axiata UK. Subject to the foregoing, this opinion letter may be relied upon only by Axiata and Axiata UK in connection with the Acquisition and the transactions contemplated thereby. Axiata and Axiata UK may not rely upon this opinion letter for any other purpose, and no other person or entity may rely upon this opinion letter for any purpose without our prior written consent. This opinion, however, may be disclosed by Axiata as an exhibit to the circular to its shareholders, provided that no person to whom this legal opinion is disclosed as consequence of its disclosure may rely on this opinion without our prior written consent.

Please feel free to write us should you have any question.

Very truly yours,
PRADHAN, GHIMIRE & ASSOCIATES

Pradhan Ghimire & Associates

By: Devendra Pradhan
Managing Partner

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

To: Axiata Group Berhad, a company incorporated and registered in Malaysia with registration number 242188-H (the "Addressee").

Gothenburg, 29 January 2016

Reference is made to a share purchase agreement dated on 21 December 2015 and entered into between, inter alia, TeliaSonera UTA Holding B.V. and SEA Telecom Investments B.V. as sellers and Axiata Investments (UK) Limited as buyer for the sale and purchase of shares in Reynolds Holdings Limited (the "Share Purchase Agreement").

We have been asked, in connection with the publication of a stock market circular by the Addressee (the "Circular"), to provide this legal opinion in relation to the entering into of the Share Purchase Agreement by TeliaSonera Aktiebolag (publ), a company incorporated and registered in Sweden with registration number 556103-4249, (the "Company") in its capacity as guarantor.

1. *Examined documents*

For the purpose of this opinion we have examined and exclusively relied upon the following documents:

- (i) an executed copy of the Share Purchase Agreement;
- (ii) an extract from not yet signed minutes relating to a board meeting held in the Company on 15 December 2015 certified by Jonas Bengtsson, in his capacity as secretary of the board of directors, that the board has decided as set out in the extract (the "Extract");
- (iii) a power of attorney dated 19 December 2015 granted by the Company and signed by Johan Dannelind in his capacity as CEO;
- (iv) a pdf-copy of the articles of association of the Company adopted on 6 April 2011; and
- (v) a pdf-copy of the certificate of registration of the Company dated 29 January 2016.

The parties to the Share Purchase Agreement are collectively referred to as the "Relevant Parties". (iv) and (v) above are together referred to as the "Constitutional Documents".

On the date of this opinion we have made searches in the public registers maintained by the Swedish Companies Registration Office (Sw. *Bolagsverket*) (the "Swedish

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

Companies Registration Office”) with regard to the status of the Company as relates to bankruptcy, liquidation and reorganisation (the “**Searches**”).

2. *Assumptions*

For the purpose of rendering this opinion we have assumed:

- (i) that each Relevant Party (other than the Company) has legal personality and is duly incorporated, duly organised and validly existing under the laws of its place of incorporation or organisation;
- (ii) that the Share Purchase Agreement imposes legally valid, binding and enforceable obligations upon each Relevant Party (other than the Company) under any other laws (other than the laws of Sweden) of any jurisdiction where any obligations are expressed to be performed or fulfilled or which may otherwise be applicable;
- (iii) that each Relevant Party (other than the Company) has the capacity, power and authority to enter into, to execute and deliver and to perform their respective obligations under the Share Purchase Agreement;
- (iv) that the execution, delivery and performance by each Relevant Party (other than the Company) of the Share Purchase Agreement have been and remain duly approved and authorised by all necessary corporate, governmental and other actions in accordance with its constitutive documents, the laws of its place of incorporation or organisation and all other applicable laws (other than the laws of Sweden);
- (v) that the Share Purchase Agreement has been entered into by each party thereto for bona fide commercial reasons for the benefit of each such party and on arms’ length commercial terms;
- (vi) the genuineness of all signatures and accuracy of all copies;
- (vii) the authenticity, correctness and completeness of all documents submitted to us and the conformity to authentic and complete original documents of all documents submitted to us as certified, conformed, photo static, facsimile or electronic copies;
- (viii) that all documents, authorisations, powers and authorities produced to us remain in full force and effect and have not been revoked, amended or affected by any subsequent action or event not disclosed to us;
- (ix) that all facts set forth in the public registers maintained by the Swedish Companies Registration Office are complete, true and accurate;
- (x) that even though the Searches gave no indication that any bankruptcy, liquidation or reorganisation proceedings regarding the Company have been registered or otherwise are evident, none of the Relevant Parties is insolvent or has taken any corporate or other action, nor have any steps been taken or legal proceedings been initiated against any of the Relevant Parties, for the bankruptcy, liquidation, winding-up, dissolution, reorganisation or

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

administration of, or for the appointment of a liquidator, receiver, trustee, administrator, administrative receiver or similar officer of the Company or all or any of its or their respective assets and that none of the Relevant Parties is insolvent, unable to pay its debts or has been dissolved and that no event analogous to any of the foregoing has occurred in relation to any of the Relevant Parties under the laws of any jurisdiction applicable to such Relevant Party;

- (xi) that the Share Purchase Agreement and any statement made therein are effective, remain up-to-date, true and correct in all respects (other than representations and warranties with respect to legal issues explicitly opined on herein);
- (xii) that no agreement (other than the Share Purchase Agreement) exists which modifies the rights and obligations under the Share Purchase Agreement and which has not been disclosed to us;
- (xiii) that the submission to arbitration in England according to the Rules of the London Court of International Arbitration and the choice of laws of England to govern the Share Purchase Agreement are valid choices under the laws of England and the laws of any other applicable jurisdiction other than Sweden and would be recognised and given effect to by the courts of England and the courts of any other jurisdiction other than Sweden; and
- (xiv) that no other laws than the laws of Sweden may apply to or impact on any opinion statement made herein.

3. *Opinion*

Based upon the foregoing, and subject to the exceptions, limitations and qualifications set forth herein, we are of the opinion that:

- (i) the Company is duly incorporated and validly existing as a company limited by shares under the laws of Sweden;
- (ii) provided that the board of directors of the Company has at a board meeting held in the Company on 15 December 2015 taken the decisions as set out in the Extract, the Share Purchase Agreement has been duly authorised and duly executed by the Company under the laws of Sweden, the obligations of the Company under the Share Purchase Agreement constitute legal, valid and binding obligations of the Company and the Company has taken all necessary corporate action to authorise the execution, delivery and performance of the Share Purchase Agreement;
- (iii) the Company has the capacity, corporate power and authority to enter into the Share Purchase Agreement and perform its obligations under the Share Purchase Agreement and;
- (iv) neither the execution of, nor the performance of the obligations under the Share Purchase Agreement by the Company will conflict with the Constitutional Documents;

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

- (v) no filing or registration of the Share Purchase Agreement is necessary under the laws of Sweden in order to ensure the legality, validity or enforceability of the Share Purchase Agreement; and
- (vi) the choice of arbitration in England according to the Rules of the London Court of International Arbitration and the choice of the laws of England to govern the Share Purchase Agreement are valid choices under Swedish law that would be upheld in Swedish courts and a final, conclusive and enforceable (according to English law) arbitration award obtained against the Company would be recognized and enforceable in the courts of Sweden without re-examination of the merits of the relevant case.

4. *Qualifications*

This opinion is subject to the following qualifications:

- (i) this opinion is confined to matters of Swedish law as in force at the date hereof, and no opinion is expressed as to the laws of any other jurisdiction;
- (ii) anything contained in this opinion is subject to all limitations resulting from bankruptcy, insolvency, liquidation, moratorium, reorganisation and similar laws affecting creditors' rights generally;
- (iii) anything contained in this opinion is subject to all limitations following from Chapter 17 (transfers of value) of the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*);
- (iv) pursuant to the Swedish Contracts Act (Sw. *lag (1915:218) om avtal och andra rättshandlingar på förmögenhetsrättens område*) (the "**Swedish Contracts Act**") a contractual provision may at the request of a party be modified or set aside by a court if it is deemed to be unreasonable having regard to the contents of the contract, the circumstance at the making of the contract, later events and other circumstances;
- (v) the occurrence of such events as referred to in sections 28 through 33 of the Swedish Contracts Act may give rise to invalidation or modification of any provision of the Share Purchase Agreement. The sections referred to in the preceding sentence relate to duress, fraud, undue influence and similar events;
- (vi) the recognition of the laws of jurisdictions other than the laws of Sweden by Swedish courts or enforcement authorities does not include those foreign laws which such courts or authorities consider (a) to be procedural in nature, (b) to be revenue or penal laws, (c) to involve the exercise of sovereign powers or powers of public or administrative law or (d) the application of which would (i) amount to an attempt to circumvent Swedish conflict of law rules, (ii) lead to or entail a contravention of mandatory Swedish law, or (iii) be inconsistent with public policy, as such term is interpreted under the laws of Sweden, and such courts may require proof of the relevant provisions of those laws;
- (vii) the recognition and enforcement in the courts of Sweden of an arbitration award obtained against the Company in England according to the Rules of the London Court of International Arbitration are subject to the provisions of the convention on the recognition and enforcement of foreign arbitral awards

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

adopted on 10 June 1958 and entered into force on 7 June 1959 as implemented in the Swedish Arbitration Act (Sw. lag (1999:116) om skiljeförfarande) and to (i) the fulfilment of the requirements for an application for recognition and enforcement to the relevant competent authority and (ii) that no condition for the recognition and enforcement to be refused is at hand; and

- (viii) in this opinion Swedish legal concepts are described in English terms and not by their original Swedish terms. The concepts concerned may not be exactly identical to the concepts described by the same English terms as they exist under the laws of other jurisdictions. This opinion may, therefore, only be relied upon on the express condition that any issues of interpretation or liability arising hereunder will be governed by Swedish law and be brought exclusively before a Swedish court.

5. *Restrictions*

This opinion is strictly limited to the matters stated herein and is not to be read as extending by implication to any other matters in connection with the Share Purchase Agreement and it does not extend to any matters (a) relating to Swedish taxation or Swedish tax law or (b) any EU, EC or other supranational legislation, rules or treaties which does not have effect under Swedish law.

6. *Governing law*

This opinion is given in Sweden and shall be governed by and construed in accordance with Swedish law.

7. *Addressee*

This opinion is given solely for the benefit of the Addressee and may only be relied upon by the Addressee in connection with the Share Purchase Agreement. It may not be relied upon by or disclosed to any person, firm, company or institution without our prior written consent, except that a copy of this opinion may be disclosed without our prior written consent;

- (i) to any person to whom disclosure is required by law, court order or the mandatory rules or regulations of any competent supervisory or regulatory authority;
- (ii) where required in connection with any judicial proceedings;
- (iii) to the Addressee's professional advisors; or
- (iv) for inclusion in the Circular

however, only on the basis that: (a) such disclosure is made solely to inform that an opinion has been given, (b) we do not assume any duty or liability to any person to whom such disclosure is made and (c) such person or entity agrees not to further disclose this opinion or its contents to any other person, other than as permitted above, without our prior written consent.

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

Yours faithfully,

A handwritten signature in black ink, written in a cursive style, which reads "Advokatfirman Delphi".

ADVOKATFIRMAN DELPHI

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

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Date
29 January 2016

SEA Telecom Investments B.V. and TeliaSonera UTA Holding B.V.

Ladies and Gentlemen,

- (1) We have been asked by Axiata Group Berhad, a company incorporated and registered in Malaysia with registration number 242188-H and whose registered office is at Corporate Headquarters, Level 5, Axiata Tower, 9, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470, Kuala Lumpur, Malaysia, to render an opinion in connection with the English law governed share purchase agreement for the sale and purchase of shares in Reynolds Holdings Limited dated 21 December 2015 between, among others, (1) Axiata Investments (UK) Limited (as Buyer), (2) Axiata Group Berhad (as Buyer Guarantor), (3) TeliaSonera AB (as TS Guarantor), (4) TeliaSonera Norway Nepal Holdings AS, (5) SEA Telecom Investments B.V. ("**SEA Telecom Investments**") and (6) TeliaSonera UTA Holding B.V. ("**TeliaSonera UTA Holding**") (as Sellers) (the "**Agreement**").

Capitalised terms used in this opinion shall have the meanings ascribed to them in the Agreement, unless otherwise defined in this opinion.

- (2) For the purpose of this opinion, we have examined and exclusively relied upon photocopies or copies received by fax or by electronic means, or originals if so expressly stated, of the following documents:
- (a) the Agreement;
 - (b) the deed of incorporation of SEA Telecom Investments dated 30 July 2008 including its articles of association (*statuten*), which according to the relevant Extract referred to below are the articles of association of SEA Telecom Investments as currently in force;
 - (c) the deed of incorporation of TeliaSonera UTA Holding dated 27 September 2000 and its articles of association (*statuten*) as amended on 1 August 2007, which according to the relevant Extract referred to below are the articles of association of TeliaSonera UTA Holding as currently in force;

DoB M.

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- (d) extracts from the Trade Register of the Chamber of Commerce (*Kamer van Koophandel, afdeling Handelsregister*) relating to each of the Dutch Companies (as defined below) dated the date hereof (collectively, the "**Extracts**");
 - (e) written resolutions of the managing board of SEA Telecom Investments adopted on 20 December 2015 reflecting *inter alia*, the execution by SEA Telecom Investments of the Agreement and including a power of attorney in favour of Mr M. Sauer and Mr R.D. Korbijn to execute and deliver on its behalf, *inter alia*, the Agreement and written resolutions of the managing board of SEA Telecom Investments adopted on 11 January 2016 reflecting the written confirmation of the authorisation of the execution by SEA Telecom Investments of the Agreement and the performance of its obligations thereunder;
 - (f) the redacted written resolutions of the managing board of TeliaSonera UTA Holding adopted on 20 December 2015 reflecting resolutions authorising, *inter alia*, the execution by TeliaSonera UTA Holding of the Agreement and the performance of its obligations thereunder and including a power of attorney in favour of any managing director of TeliaSonera UTA Holding, J. Dannelind or C. Luiga, or any person or persons authorized by any of the aforementioned persons to execute and deliver on its behalf, *inter alia*, the Agreement; and
 - (g) written resolutions of the general meeting of TeliaSonera UTA Holding adopted on 17 December 2015 reflecting resolutions approving, *inter alia*, the execution by the TeliaSonera UTA Holding of the Agreement and the performance of its obligations thereunder.
- (3) SEA Telecom Investments and TeliaSonera UTA Holding are hereinafter collectively also referred to as the "**Dutch Companies**" and each a "**Dutch Company**". The articles of association listed in paragraphs 2(b) and (c) are hereinafter collectively also referred to as the "**Articles of Association**". The resolutions listed in paragraphs (2)(e) - (g) (inclusive) are hereinafter collectively also referred to as the "**Resolutions**". The powers of attorney contained in the resolutions listed in paragraphs 2(e) and (f) are hereinafter collectively also referred to as the "**Powers of Attorney**".

References to the Civil Code, the Bankruptcy Act, the Code of Civil Procedure, the Financial Supervision Act and any other Codes or Acts are references to the *Burgerlijk Wetboek*, the *Faillissementswet*, the *Wetboek van Burgerlijke Rechtsvordering*, the *Wet op het financieel toezicht* and such other Codes or Acts of the Netherlands, as amended. In this opinion, "**the Netherlands**" refers to the European part of the Kingdom of the Netherlands and "**EU**" refers to the European Union.

- (4) In rendering this opinion we have assumed:
 - (a) the genuineness of all signatures on, and the authenticity and completeness of, all documents submitted to us as copies of drafts, originals or execution copies and the exact conformity to the originals of all documents submitted to us as

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
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photocopies or copies transmitted by facsimile or by electronic means and that the unspecified signature on behalf of SEA Telecom Investments on the Agreement is the signature of Mr R.D. Korbijn;

- (b) (i) the power, capacity and authority of all parties thereto other than the Dutch Companies to enter into and execute the Agreement; (ii) that the Agreement has been duly authorised by all parties thereto other than the Dutch Companies; and (iii) that the Agreement has been validly executed and delivered (where such concept is legally relevant) by each of the parties thereto (including but not limited to the Dutch Companies) under all applicable laws, including the laws by which the Agreement is expressed to be governed, other than the laws of the Netherlands;
- (c) that the Agreement constitutes legal, valid and binding obligations of the parties thereto and is enforceable in accordance with its terms under all applicable laws, including the laws of England by which the Agreement is expressed to be governed, other than the laws of the Netherlands;
- (d) that the Dutch Companies have not established, have not been requested to establish, nor are in the process of establishing any works council (*ondernemingsraad*) or central works council (*centrale ondernemingsraad*) within the meaning of the Netherlands Works Councils Acts (*Wet op de ondernemingsraden*) and there is no works council which has jurisdiction over the transactions contemplated by the Agreement;
- (e) that the general meeting of SEA Telecom Investments has not designated certain decisions of the managing board of SEA Telecom Investments to be subject to the prior approval of the general meeting pursuant to the relevant Articles of Association (although not constituting conclusive evidence thereof, this assumption is supported by the contents of the relevant Resolutions);
- (f) that the redacted parts of the resolutions of the managing board of TeliaSonera UTA Holding listed in paragraph 2(f) do not contain any information, consideration, resolution or condition which affect the resolutions of the managing board regarding the approval and authorisation of the execution by TeliaSonera UTA Holding of the Agreement, the performance of its obligations thereunder or the granting of the relevant Powers of Attorney;
- (g) that any and all authorisations and consents of, or other filings with or notifications to, any public authority or other relevant body or person in or of any jurisdiction which may be required in respect of the execution or performance of the Agreement have been or will be duly obtained or made, as the case may be;
- (h) that the information set forth in the Extracts is complete and accurate on the date hereof and consistent with the information contained in the files kept by the Trade Register with respect to the respective Dutch Companies;



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- (i) that the Resolutions and the Powers of Attorney have not been annulled, revoked or rescinded and are in full force and effect as at the date hereof and that there is no law of a jurisdiction other than the Netherlands applicable under the 1978 Hague Convention on the Law applicable to Agency which adversely affects the existence or extent of the authority expressed to be granted in any Power of Attorney;
 - (j) that the Dutch Companies have not been declared bankrupt (*failliet verklaard*), granted suspension of payments (*surseance van betaling verleend*) or dissolved (*ontbonden*), nor has ceased to exist due to merger (*fusie*) or demerger (*splitsing*); although not constituting conclusive evidence, this assumption is supported by the contents of the Extracts and by our online search of the Central Insolvency Register of the courts in the Netherlands (*Centraal Insolventieregister*) on the date hereof, which did not reveal any information which would render this assumption to be untrue;
 - (k) that none of the insolvency proceedings listed in Annex A, as amended, to Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings has been declared applicable to any of the Dutch Companies by a court in one of the member states of the EU (with the exception of Denmark), other than the Netherlands; although not constituting conclusive evidence, this assumption is supported by our online search of the section on EU Registrations of the Central Insolvency Register (*Centraal Insolventieregister*) on the date hereof, which did not reveal any information which would render this assumption to be untrue; and
 - (l) that none of the members of the managing board of any of the Dutch Companies has a conflict of interests within the meaning of section 2:239 of the Civil Code with the relevant Dutch Company with respect to the Agreement or the transactions contemplated thereby.
- (5) We have not investigated the laws of any jurisdiction other than the Netherlands. This opinion is limited to matters of the laws of the Netherlands as they presently stand. We do not express any opinion with respect to (i) any public international law or the rules of or promulgated under any treaty or by any treaty organisation, other than any provisions of EU law having direct effect, (ii) matters of competition law, and (iii) matters of taxation.
- (6) Based upon and subject to the foregoing and to the further qualifications, limitations and exceptions set forth herein, and subject to any factual matters not disclosed to us and inconsistent with the information revealed by the documents reviewed by us in the course of our examination referred to above, we are as at the date hereof of the following opinion:
- (a) each of the Dutch Companies has been duly incorporated and is validly existing under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) and has the necessary corporate capacity, power and authority to enter into the Agreement and to

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exercise its rights and perform its obligations thereunder;

- (b) all corporate action required to be taken by each of the Dutch Companies to authorise the execution of the Agreement by it or on its behalf and the performance of its obligations thereunder has been duly taken;
 - (c) the Agreement has been duly executed on behalf of each of the Dutch Companies in accordance with the laws of the Netherlands and the relevant Articles of Association;
 - (d) on the face of the Agreement, there is nothing in the laws of the Netherlands which would prevent the Agreement from constituting legal, valid and binding obligations of the relevant Dutch Company;
 - (e) no filing or registration of the Agreement is necessary under the laws of the Netherlands in order to ensure the admissibility in evidence in the courts of the Netherlands of the Agreement;
 - (f) the submission by the Dutch Companies to arbitration as provided in the Agreement will be treated by the courts of the Netherlands as valid and binding on the Dutch Companies;
 - (g) the choice of the laws of England to govern the Agreement is valid and binding upon the Dutch Companies and will be recognised and upheld by the courts of the Netherlands; and
 - (h) an arbitral award duly obtained on the basis of the submission to arbitration contained in the Agreement in accordance with its terms will be recognised and enforced by the courts of the Netherlands in accordance with and subject to the provisions of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of New York, 10 June 1958, and the applicable provisions of the Code of Civil Procedure.
- (7) This opinion is subject to the following qualifications:
- (a) we express no opinion as to the accuracy of any representations given by the Dutch Companies or any other party (express or implied) under or by virtue of the Agreement;
 - (b) we express no opinion as to the correct meaning of the terms of the Agreement as they are not governed by the laws of the Netherlands;
 - (c) the opinions expressed above are limited by any applicable bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*), insolvency, moratorium, reorganisation, liquidation, fraudulent conveyance, or similar laws affecting the enforceability of rights of creditors generally (including rights of set-

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
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off) in any relevant jurisdiction including but not limited to section 3:45 of the Civil Code and section 42 of the Bankruptcy Act concerning fraudulent conveyance, as well as by any sanctions or measures under the Sanctions Act 1977 (*Sanctiewet 1977*) or by EU or other international sanctions;

- (d) the terms "*legal*", "*valid*", "*binding*" or "*enforceable*" (or any combination thereof), where used in this opinion, mean that the relevant obligations are of a type which the courts of the Netherlands generally recognize and enforce; the use of these terms does not suggest that the obligations will necessarily be enforced in accordance with their terms in all circumstances; in particular, enforcement of such obligations in the courts of the Netherlands may be subject to applicable statutes of limitation, interpretation by the court (taking into account the intention of the parties to a contract), the effect of general principles of law including (without limitation) the concepts of reasonableness and fairness (*redelijkheid en billijkheid*) and abuse of circumstances (*misbruik van omstandigheden*), and defences based on error (*dwaling*), fraud (*bedrog*), duress (*dwang*), force majeure (*overmacht*) and set-off (*verrekening*);
- (e) no opinion is given as to whether any legal act (*rechtshandeling*) performed by any of the Dutch Companies in entering into the Agreement or exercising its rights or performing its obligations thereunder is not contrary to the corporate interest of the relevant Dutch Company for purposes of section 2:7 of the Civil Code in which case the relevant legal act of the Dutch Company might be held invalid and/or the obligations of the Dutch Company thereunder might be held unenforceable in whole or in part;
- (f) when applying the law of a jurisdiction expressed in an agreement to be the governing law of that agreement, the courts of the Netherlands (assuming they have jurisdiction over the matter):
- will apply overriding mandatory provisions of the laws of the Netherlands irrespective of the law otherwise applicable to the relevant agreement;
 - may give effect to the overriding mandatory provisions of the law of the jurisdiction where the obligations arising out of the agreement have to be or have been performed, in so far as those overriding mandatory provisions render performance of the agreement – in accordance with the law otherwise applicable to it – unlawful;
 - may refuse to apply the law of another jurisdiction if such application is manifestly incompatible with the public policy of the Netherlands; and
 - if all the elements relevant to the situation at the time of the choice of law are located in another country, may apply provisions of the law of that other country and, if that country is an EU member state, provisions of EU law, in so far as those provisions cannot be derogated from by

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LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
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agreement;

- (g) the concepts of "trust" and of "delivery of documents" as known in common law jurisdictions are not known as such under the laws of the Netherlands; and
 - (h) service of process of any proceedings before the courts of, and enforcement of judgments in, the Netherlands must be performed in accordance with applicable Netherlands rules of civil procedure.
- (8) In this opinion, Netherlands legal concepts are expressed in English terms and not in their original Dutch terms. The concepts concerned may not be identical to the concepts described by the same English terms as they exist under the laws of other jurisdictions. This opinion may, therefore, only be relied upon under the express condition that any issues of interpretation or liability arising hereunder will be governed by the laws of the Netherlands and will be brought exclusively before a court of the Netherlands.
- (9) We assume no obligation to update this opinion or to inform any person of any changes of law or other matters coming to our knowledge occurring after the date hereof which may affect this opinion in any respect.
- (10) This opinion is addressed to you and given for your sole benefit for the purposes of the Agreement only and may not be disclosed or quoted to any person or relied upon by any person or be used for any other purpose, without our prior written consent in each instance. You may, however, disclose a copy of this legal opinion in a circular to be despatched to your shareholders in connection with the transactions contemplated by the Agreement. Neither your shareholders nor any other person may rely on this opinion, nor for their own benefit nor for that of any other person. We accept no responsibility or legal liability in connection with this opinion to any person other than you.

Yours faithfully,

Stibbe N.V.

Duco de Boer

Allard Metzelaar

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

WIKBORG | REIN

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Axiata Tower
9 Jalan Stesen Sentral 5
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50470 Kuala Lumpur
Malaysia

Our ref.: 532627-001

Responsible partner: Per Anders Sæhle

29 January 2016

Dear Sirs,

TELIASONERA NORWAY NEPAL HOLDING AS – LEGAL OPINION

1. We have been requested by Axiata Group Berhad, company registration number 242188-H, whose registered office is at Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, to give this legal opinion ("**Opinion**") in connection with the publication of a stock market circular (the "**Circular**") in relation to the execution of the share purchase agreement dated 21 December 2015 for the sale and purchase of 100% of the issued shares in Reynolds Holding Limited, a private company organized and existing under the laws of Nevis, entered into by the following parties (the "**Agreement**");

(i) Teliasonera Norway Nepal Holding AS, a private company with limited liability organized and registered in Norway, with business register number 893062572 ("**TS Norway**");

(ii) Teliasonera UTA Holding B.V., a private company with limited liability organized and registered in the Netherlands;

(iii) SEA Telecom Investments B.V., a private company with limited liability organized and registered in the Netherlands;

(iv) Teliasonera AB, a company incorporated and registered in Sweden;

(v) Axiata Investments (UK) Limited, a private limited company incorporated and registered in the United Kingdom; and

(vi) Axiata Group Berhad.

2. We have for the purpose of this Opinion examined the following documents (the "**Documents**");

(a) A copy of the executed Agreement;

(b) A copy of the articles of association (vedtekter) of TS Norway, expressed to be updated as of 17 December 2015 (the "**Articles of Association**");

Wikborg, Rein & Co. DA Advokatfirma · International Law Firm

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- (c) A certificate of registration (firmaattest) of TS Norway dated 5 November 2015;
 - (d) A certificate of registration (firmaattest) of TS Norway dated 22 December 2015;
 - (e) A certificate of registration (firmaattest) of TS Norway dated 8 January 2016;
 - (f) A certificate of registration (firmaattest) of TS Norway dated 29 January 2016 (the "**Certificate of Registration**");
 - (g) A copy of the written resolutions of the board of directors TS Norway dated 19 December 2015;
 - (h) A copy of the minutes from an extraordinary general meeting of TS Norway dated 19 December 2015; and
 - (i) A copy of the confirmation and ratification of authorization dated 11 January 2016 confirming the authority of Mr. Peter Lav to represent TeliaSonera Asia Holding BV at the extraordinary general meeting of TS Norway on 19 December 2015 (the "**POA**").
3. In giving this Opinion, we have relied upon the following assumptions, which we have not independently verified:
- (a) the genuineness of all signatures and the authenticity of all of the Documents submitted to us as originals and the conformity with the originals of all of the Documents submitted to us in electronic form or as copies thereof;
 - (b) that there have been no amendments to any of the Documents as compared with the Documents provided to us for the purpose of this Opinion, and that no resolutions of TS Norway have been made requiring a filing to be made to the Norwegian Register of Business Enterprises (Nw: *Brønnøysundregistrene*) which will have the effect that the Certificate of Registration or the Articles of Association of TS Norway is or will be amended;
 - (c) that each party to the Agreement (other than TS Norway in respect of the Agreement) has the requisite capacity and power to execute and deliver the Agreement;
 - (d) that, other than in respect of TS Norway, the Agreement has been executed by duly authorized persons on behalf of the parties thereto and will be valid and binding on each of the parties to it;
 - (e) the accuracy and completeness of all factual matters and other information described or set forth in the Documents or otherwise;
 - (f) that all factual circumstances that may have an influence on the opinions expressed herein, have been disclosed to us;
 - (g) the absence of any other arrangements or agreements which modify, vary or supersede any of the terms of the Documents;

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- (h) that there are no provisions of the laws of any jurisdiction which would be contravened by the execution or delivery of the Agreement, or the performance of any of the obligations under the Agreement and that none of the opinions expressed below will be affected by the laws of any jurisdiction outside Norway,
 - (i) that the purchase monies payable for the sale and purchase of 100% of the issued shares in Reynolds Holding Limited pursuant to the Agreement are paid to TS Norway;
 - (j) that the POA and all documents referred to therein have been validly executed and contains valid, binding and enforceable obligations pursuant to Dutch law; and
 - (k) that Reynolds Holding Limited does not have turnover in Norway in excess of NOK 100 million.
5. Based on the foregoing and subject to the qualifications set out herein, we are of the opinion as of the date hereof, and as far as Norwegian law is concerned, that:
- (a) TS Norway is a Norwegian limited liability company (Nw: *Aksjeselskap*), validly existing under Norwegian law and registered in the Norwegian Register of Business Enterprises (Nw: *Brønnøysundregistrene*);
 - (b) TS Norway has the requisite capacity, corporate power and authority to enter into the Agreement and perform its obligations under the Agreement and has taken all necessary corporate action to authorise the execution, delivery and performance of the Agreement;
 - (c) the Agreement has been validly executed by TS Norway in accordance with the requirements of Norwegian law and the obligations of TS Norway under the Agreement constitute legal, valid and binding obligations of TS Norway;
 - (d) the execution, delivery, and performance by TS Norway of the Agreement will not violate the Articles of Association, in light of the background and resolutions set out in item 6 of the extraordinary general meeting in TS Norway dated 19 December 2015;
 - (e) no filing or registration of the Agreement is necessary under the laws of Norway in order to ensure the legality, validity or enforceability of the Agreement; and
 - (f) the submission to arbitration in England according to the Rules of the London Court of International Arbitration and the choice of laws of England to govern the Agreement are valid and binding on TS Norway and a final, conclusive and enforceable (according to English law) arbitration award obtained against TS Norway would be recognized and enforceable in the courts of Norway without re-examination of the merits of the relevant case subject only to the mandatory provisions of each of the Norwegian Arbitration Act of 14 May 2004 no. 25 and the Norwegian Enforcement Act of 26 June 1992 no. 86.
6. This Opinion is subject to the following qualifications:

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

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- (a) This Opinion is subject to all insolvency and other laws affecting the rights of creditors generally;
- (b) If and to the extent that proceedings have already been instituted or are pending in the relevant courts of any country other than Norway at the time the matter is brought before a court of Norway, the court of Norway may think it proper in accordance with its rules not to entertain or to stay an action in respect of a matter on which a court of another such country has already given judgement or is entertaining proceedings;
- (c) Norwegian courts may award a judgement in currencies other than Norwegian kroner, but a debtor is nevertheless entitled to pay the amount awarded by such judgement in Norwegian kroner at the rate of exchange prevailing at the date of payment;
- (d) We express no opinion on the laws or regulations of any jurisdiction other than Norway. We have made no investigation of the laws or regulations of any jurisdiction other than Norway as a basis for this opinion and do not purport to express or imply any opinion thereon. No opinion is expressed as to matters of fact;
- (e) The opinions given herein are as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or to any changes in law which may occur;
- (f) As a general rule under Norwegian law, any type or form of authorisation granted by or pursuant to board resolutions, signed powers of attorney, contracts or otherwise may be revoked or withdrawn by the grantor at any time; and
- (g) This Opinion letter is governed by and construed in accordance with Norwegian law. The Norwegian courts, with Oslo district court as the court of first instance, shall have exclusive jurisdiction over any dispute arising out of or in connection with this Opinion.

This Opinion shall be governed by Wikborg Rein's confirmation of assignment and standard terms, as separately provided to Axiata Group Berhad, and Axiata Group Berhad accepts that these standard terms shall govern the issuance of the Opinion. This Opinion is strictly limited to the matters set out above, and is not to be extended by implication to any other matter. This Opinion is furnished by us for the sole benefit of Axiata Group Berhad and, save as set forth below, may not be relied upon, used by, quoted, circulated, disclosed or distributed to, any other person or for any other purpose without our prior written consent. Subject to the foregoing, this Opinion may be disclosed by Axiata Group Berhad to its professional advisors and may be included in the Circular, provided in each and all cases that this Opinion shall not be relied upon in any way by any person other than Axiata Group Berhad.

Yours faithfully,
WIKBORG, REIN & CO. DA ADVOKATFIRMA


Per Anders Sæhle
Partner

LEGAL OPINIONS ON ENFORCEABILITY OF SPA, REPRESENTATIONS AND UNDERTAKINGS
(Cont'd)

MORRISON | FOERSTER

A LIMITED LIABILITY PARTNERSHIP

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29 January 2016

Writer's Direct Contact

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JJenningsMares@mofocom

Re: **Share Purchase Agreement dated 21 December 2015 between Teliasonera UTA Holding B.V., SEA Telecom Investments B.V., Teliasonera AB, Teliasonera Norway Nepal Holdings AS, the Buyer and the Buyer Guarantor**

Dear Sirs

1. **Introduction**

We have acted as the legal advisers to the Buyer Guarantor (as defined below) as to English law in connection with the Share Purchase Agreement dated 21 December 2015 between Teliasonera UTA Holding B.V., SEA Telecom Investments B.V., Teliasonera AB (the "TS Guarantor"), Teliasonera Norway Nepal Holdings AS ("TS Norway"), the Buyer and the Buyer Guarantor (the agreement being the "SPA"). We have taken our instructions solely from the Buyer Guarantor.

Terms used but not defined in this opinion shall bear the respective meanings given to them in the SPA.

2. **Documents**

For the purpose of this opinion we have examined:

- (a) a copy of the executed SPA; and
- (b) a copy of the signed minutes of the meeting of the board of directors of the Buyer (the "Documents").

We express no opinion in relation to any transaction, agreement, instrument or document other than the SPA.

Save for the Documents, we have not examined any agreements, instruments or other documents entered into by or affecting the parties to the SPA or any corporate records of any of them and we have not made any other enquiries concerning the parties to the SPA. In particular, we have not investigated whether any of the parties is, or will be, by the execution, delivery and performance of the SPA or any document referred to therein, in breach of its obligations under any other agreements, instruments or documents. In addition, we have not examined any corporate or other records of any of the parties to

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A list of Partners of Morrison & Foerster (UK) LLP, a Delaware Limited Liability Partnership, (registered number 4569482 8100 080747141) is available at our offices.

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SPA nor made any enquiries concerning any of the parties to the SPA for the purposes of this opinion.

3. Scope

This opinion is limited to English law as applied by the English courts at the date of this opinion and is given on the basis that it (and any non-contractual obligations arising out of it) will be governed by and construed in accordance with English law. We do not undertake any responsibility to advise you of any change to this opinion after the date hereof.

We have made no investigation into the laws of any other jurisdiction as a basis for this opinion and consequently do not express or imply any opinions thereon. We express no opinion on European Union law as it affects any jurisdiction other than England. We also express no opinion as to whether or not a foreign court or arbitration tribunal applying its own conflict of laws rules will act in accordance with the parties' choice of law and/or jurisdiction. To the extent that the laws of any jurisdiction other than England may be relevant, we have made no independent investigation thereof and our opinion is subject to the effect of such laws.

We express no opinion on matters of fact.

We have not advised or assisted any party to the SPA except for the Buyer Guarantor in relation to the content of, the negotiation of, or the commercial or financial implications of the SPA or any part or component thereof or any other SPA referred to therein, whether currently existing or which may be entered into after the date of this letter. You may rely on this letter, subject to the assumptions and reservations set out below.

4. Assumptions

For the purpose of this opinion we have assumed, without investigation, that:

- 4.1 the original SPA and any signatures thereon are genuine and that the signatories are the persons who they hold themselves out to be and that none of the signatures have been transferred from any earlier version of the original SPA or are signatures which had been obtained prior to the final version of the original SPA being available and had subsequently been attached to the final version;
- 4.2 all originals supplied to us are authentic, accurate and complete, and all copies of the SPA supplied to us as photocopies, or facsimiles or by email (including those obtained on a website) conform to the originals;
- 4.3 no amendment, alteration, variation or modification has been made to any of the respective forms of the SPA as examined by us;

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- 4.4 the results of the searches and enquiries referred to in paragraph 6.2 were accurate and complete and disclosed all information which is material for the purposes of this opinion and there has been no change in the positions reflected in those results since they were obtained or made;
- 4.5 each of the parties to the SPA (other than the Buyer) is duly incorporated, formed or organised, validly existing and in good standing (where such concept is legally relevant) under the laws of its jurisdiction of incorporation, formation or organisation, and has the capacity, power and authority to execute, deliver, exercise its rights and perform its obligations under the SPA;
- 4.6 each party to the SPA (other than the Buyer) has duly authorised the SPA, and each of such parties (other than the Buyer) has duly executed and delivered the SPA;
- 4.7 the SPA constitutes legal, valid and binding obligations of each of the parties thereto enforceable under all applicable laws (other than English law, in the case of the Buyer Guarantor and the Buyer) and that (save as expressly set out below) all consents, approvals, notices, filings, recordings, publications and registrations that are necessary under any applicable law or regulations in order to permit the execution, delivery or performance of the SPA or to protect or preserve any of the interests created by SPA have been made or obtained (or will be made or obtained) within the period permitted by such laws or regulations;
- 4.8 the execution, delivery and performance of the SPA by each of the parties thereto (other than the Buyer) will not in any respect contravene, violate, conflict with, or result in the breach of the constitutional documents of the parties thereto, or breach any law, statute, regulation or other legislative or quasi-legislative rule or measure or any order or decree of any governmental, judicial, public or other body or authority applicable in or under the laws of any jurisdiction outside England, and that insofar as any obligation under the SPA falls to be performed in, or is otherwise subject to, any jurisdiction outside England, its performance will not be unlawful, illegal or ineffective by virtue of any such laws or any jurisdiction outside England;
- 4.9 all warranties, representations and statements of fact or law (other than matters of law on which we opine in this opinion) made in the SPA are true, accurate and complete in all respects;
- 4.10 the resolutions of the board of directors of the Buyer were duly passed at a properly convened meeting of the board of directors of the Buyer; at such meeting a quorum was present throughout and the resolutions referred to in such minutes are complete and correct, have not subsequently been amended, rescinded or superseded and are in full force and effect; and each of the directors of the Buyer

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- having any interest in any of the matters discussed at such meeting duly disclosed his interest therein and was entitled to form part of the quorum of such meeting and to vote on the resolutions proposed thereat; and in ratifying the execution of the SPA the directors of the Buyer have exercised their powers in good faith, for a proper purpose and in the best interests of Buyer;
- 4.11 the persons who have executed the SPA on behalf of the Buyer have been authorised by the resolutions of the board of directors of the Buyer;
- 4.12 in authorising the execution of the SPA, the directors of each party to the SPA have exercised their powers in good faith, for a proper purpose and in the best interests of such party to the SPA;
- 4.12 the SPA is not subject to any escrow or similar arrangement, and any conditions to the SPA have been, or will be satisfied, and there are no contractual or similar restrictions which are binding on any party to the SPA or any other agreement, undertaking or arrangement between all or any of the parties which would or might affect the conclusions in this opinion or which would or might make the information contained in the SPA inaccurate, incomplete or misleading in any way;
- 4.13 the copies of the Memorandum and Articles of Association of the Buyer that we have viewed are in each case an accurate and complete copy of the Memorandum and Articles of Association of the Buyer which were at all relevant times and are currently in force and in each case has embodied within it or attached to it all resolutions and agreements required by the Companies Act 1985 and the Companies Act 2006 to be so embodied or attached;
- 4.14 none of the opinions expressed below is affected by any law or public policy of any jurisdiction other than England;
- 4.15 there has been no mutual mistake of fact, and no arrangement, document, agreement or course of conduct or prior dealing has been entered into or taken place between any of the parties to the SPA, which modifies or supersedes any of the terms of the SPA or would result in the inclusion of any additional terms therein;
- 4.16 the SPA has been entered into, and the transactions referred to therein are carried out by each of the parties thereto in good faith, for the purposes of carrying on their respective businesses, for the benefit of each of them respectively, and on arm's length commercial terms;
- 4.17 all the terms of the SPA will be observed and performed by all the parties thereto in accordance with the terms thereof;

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- 4.18 the SPA has not been entered into in connection with money laundering or any other unlawful activity;
- 4.19 no party to the SPA, is or was at the time of execution and delivery of the SPA or at the time of any transaction in respect of which the SPA forms part or immediately thereafter or in consequence thereof has become, insolvent, or deemed to be insolvent, under any applicable law and neither has any such party passed any resolutions, commenced or entered into any winding-up, dissolution, administration, insolvency, bankruptcy or other similar proceedings under any applicable law and no receiver or administrator has been appointed in respect of any party to the SPA or any of their respective assets;
- 4.20 there has been no bad faith, fraud, undue influence, coercion or duress on the part of any party to the SPA or their respective employees or agents; and
- 4.21 the choice of law provisions contained in the SPA were made in good faith and for bona fide purposes.

5. Opinion

On the basis of, and subject to, the foregoing and to the reservations set out below, and subject to any matters not disclosed to us, we are of the opinion that:

- 5.1 there are no laws or regulations having the force of law in the United Kingdom which prohibit the Buyer Guarantor from owning 100% of the shares of the Buyer;
- 5.2 the Buyer is a private limited company, duly incorporated and existing under the laws of England and Wales and the searches and enquiries referred to in paragraph 6.2 below reveal that no order or resolution for the winding up of the Buyer or notice of appointment of a liquidator, receiver, administrative receiver or administrator and no petition for the winding up of the Buyer had been presented at the time of the searches and enquiries referred to in paragraph 6.2;
- 5.3 the Buyer has the requisite corporate power, capacity and authority to enter into and perform its obligations under the SPA to which it is a party and has taken all necessary corporate action to authorise the execution, delivery and performance of the SPA;
- 5.4 the Buyer has duly executed the SPA in accordance with the requirements of the law of England, and the obligations of the Buyer and the Buyer Guarantor under the SPA constitute the legal, valid and binding obligations of those parties, enforceable in the English courts;

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- 5.5 the execution, delivery, and performance by the Buyer of the SPA will not violate its Memorandum and Articles of Association;
- 5.6 no consents, licences, approvals or authorisations of governmental, judicial or regulatory agencies or authorities in the United Kingdom are required by law by any of the parties to the SPA in connection with the execution, delivery or performance of the SPA;
- 5.7 no filing or registration of the SPA is necessary under the laws of England in order to ensure the legality, validity, enforceability or admissibility in evidence in the English courts of the SPA;
- 5.8 the choice of the laws of England as the governing law of the SPA constitutes a valid choice of law; and
- 5.9 the agreement to arbitrate in England under the Rules of the London Court of International Arbitration imposes an obligation on the parties to submit all disputes to arbitration, and the English courts will recognise and give effect to binding and valid arbitral awards.

6. Reservations

This opinion is subject to the following reservations:

- 6.1 the opinion we express that the Buyer is duly incorporated and existing under the laws of England and Wales is based solely on the searches and enquiries referred to in paragraph 6.2 below;
- 6.2 following a request by us, information about the public documents of the Buyer filed at the Companies Registry was made available to us by Legalinx Limited on 27 January 2016. We have assumed that the information provided to us by Legalinx Limited and Companies House Direct is correct, but we express no opinion to that effect.

We have not conducted any other enquiry into whether this information is an accurate and complete copy of what is filed in respect of the Buyer at the Companies Registry.

A search at the Companies Registry is not capable of revealing conclusively whether or not a winding-up petition or a petition for an administration order or scheme of arrangement has been presented, whether an order has been made following such a petition or whether a liquidator, receiver or administrator has been appointed. Notification of such events may not have been filed immediately and when filed may not be entered on the public record relating to the relevant company immediately.

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On 27 January 2016, we made enquiry of the Central Registry of Winding-Up Petitions which revealed that no petition for the winding up or administration of the Buyer had been presented. Such enquiries relate only to petitions for compulsory winding up and administration orders, and are not conclusive as to the presentation of such petitions since details of any petition may not have been entered on the records of the Companies Court immediately, and in the case of a petition in the County Court may not have been notified to the Companies Court and entered on such records at all, and the response to such an enquiry relates only to the period of six months prior to the date on which the enquiry was made. Such enquiries do not reveal the passing of resolutions for voluntary winding up or for administration without a Court Order.

We have not examined any charge or mortgage documents, short particulars of which are contained in the filings made at the Companies Registry and revealed by the searches and enquiries set out above, and express no opinion as to such documents;

- 6.3 this opinion is subject to all applicable laws relating to bankruptcy, liquidation, insolvency, forfeiture, dissolution, reorganisation, schemes sanctioned by the courts, moratorium, administration, receivership and other insolvency procedures and laws of general application affecting the rights of creditors;
- 6.4 any provision in the SPA providing for any party to pay amounts imposed in circumstances of default or breach, such as provision for default interest or liquidated damages, may be held to be unenforceable if it amounts to a penalty;
- 6.5 the term “enforceable” as used in this opinion means that the obligations assumed by the relevant party under the relevant SPA are of a type which English courts enforce. It does not mean that every obligation would necessarily be enforced in all circumstances in accordance with its terms. In particular:
 - (A) enforceability of certain rights and obligations may be limited by general principles of equity (for example, equitable remedies may not be available where damages are considered by the court to be an adequate remedy), and affected by mistake, misrepresentation, fraud, the doctrines of good faith and fair conduct, public policy, frustration of contract, defences of set off and counterclaim raised, the Limitation Act 1980 (as amended) or the Foreign Limitation Periods Act 1984 (as amended) or lapse of time, directors’ duties to exercise their powers bona fide in the best interests of their company and other matters;
 - (B) some remedies, including an order by the court requiring specific performance of an obligation or the issue of an injunction, are entirely within the discretion of the court, in particular, equitable and discretionary

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- remedies may not be available where damages are considered to be an adequate remedy;
- (C) failure or delay in exercising a right or remedy may operate as a waiver of that right or remedy notwithstanding a provision to the contrary;
 - (D) any provision in the SPA providing for a matter to be agreed on in the future may be unenforceable or void for uncertainty;
 - (E) any provision in the SPA purporting to restrict the exercise of any statutory power by any person may be void;
 - (F) a provision requiring payments to be made without deduction or withholding will not be enforced if a deduction or withholding is made pursuant to a legal obligation;
 - (G) a currency indemnity may not be effective in all circumstances;
 - (H) confidentiality obligations may be overridden by the requirements of legal process; and
 - (I) where an obligation is to be performed or observed or is based upon a matter arising in a jurisdiction outside England or a party's obligations are subject to the laws of a jurisdiction outside England then such obligations may not be enforceable under English law if the same would be unlawful, unenforceable or contrary to public policy under the laws of such jurisdiction;
- 6.6 a certificate, determination, notification or opinion given under or in connection with the SPA as to any matter might be held by the English courts not to be conclusive and binding for a number of reasons including if it could be shown to have been made fraudulently or under duress or on an unreasonable or arbitrary basis or in the event of manifest error;
- 6.7 where any party to the SPA is vested with a discretion or may determine a matter in its opinion, an English court may require that such a discretion be exercised reasonably and in good faith or that such an opinion be based on reasonable grounds;
- 6.8 depending upon the nature of the illegality, invalidity or unenforceability in question, a provision in any Document providing for the severability of a provision held to be void, illegal or unenforceable might not be effective;
- 6.9 notwithstanding provisions to the contrary in the SPA, any term of an agreement may be varied, amended or discharged by the parties thereto, and any consent

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- required by the terms of the SPA may be given, in each case by a further agreement which may be effected in writing, orally or by a course of dealing;
- 6.10 the effectiveness of terms in the SPA exculpating a party from liability or duty otherwise owed are limited by law;
- 6.11 English courts may refuse to give effect to any undertakings with respect to the costs of any proceedings brought before the English courts and may not award by way of costs all of the expenditure incurred by a litigant in proceedings brought before such courts, and an English court may, in its sole discretion, order a claimant to provide security for costs; in particular an English court may refuse to give effect to a provision in the SPA in respect of the costs of unsuccessful litigation brought before an English court where the court has itself made an order for costs, or which would involve the enforcement of foreign revenue or penal laws or which would be contrary to English public policy;
- 6.12 English courts have the power to give judgment in currencies other than sterling if, subject to the terms of the contract, it is the currency which most fairly expresses the claimant's loss. However, such judgments may be required to be converted into sterling for enforcement purposes;
- 6.13 any person who is not a party to a contract governed by English law may not be able to enforce any provisions of that contract which are for the benefit of that person if and to the extent that the Contracts (Rights of Third Parties) Act 1999 has been disapplied;
- 6.14 to the extent that any operative provision of a Document is reliant on a provision in another contract, and such provision or other contract is held to be void, then such operative provision would also be unenforceable to the extent of such reliance;
- 6.15 we express no opinion as to any provision of any Document to the extent that it purports to declare or impose a trust in respect of any payments or assets received from any person;
- 6.16 an undertaking to assume liability for or to indemnify against non-payment of United Kingdom stamp duty may be void pursuant to section 117 of the Stamp Act 1891;
- 6.17 we express no opinion on the taxation consequences of the transactions contemplated by the SPA;
- 6.18 we express no opinion on any provision of an English law document which purports to waive certain rights and defences which the Buyer or the Buyer Guarantor or another person might otherwise have. Certain waivers and other

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- provisions may be limited or rendered unenforceable by applicable law or by public policy;
- 6.19 neither the Buyer nor the Buyer Guarantor has complete and unlimited power to procure the actions or conduct of any of their respective subsidiaries. Such power will be limited, inter alia, by the fiduciary duties of such subsidiaries' directors and the rights and powers of any minority shareholders, together with any contractual restrictions thereon;
- 6.20 save in certain circumstances where it is required to exercise jurisdiction under Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) ("Brussels Regulation (recast)") or the 2007 Lugano Convention (Lugano Convention on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters) (the "Lugano Convention"), an English court has power to stay an action where it decides that the action can, without prejudice to the claimant and in the interests of justice, be tried in a more appropriate forum unless the claimant can establish that it would be unjust to require it to sue there;
- 6.21 an English court may refuse to accept jurisdiction or stay proceedings in certain other circumstances, for example, if related proceedings are being brought concurrently elsewhere, and the English courts may be required to decline jurisdiction or stay an action brought in these courts, in relation to any matter falling within the Brussels Regulation (recast) or the Lugano Convention where another Member State's court is first seised of the matter or has exclusive or mandatory jurisdiction;
- 6.22 the choice of English law to govern the SPA would not be recognised or upheld by the English courts where to do so would be inconsistent with Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I Regulation) or the Law Applicable to Contractual Obligations (England and Wales and Northern Ireland) Regulations 2009;
- 6.23 the choice of English law to govern non-contractual relations (such as a dispute in tort) would not be recognised or upheld by the English courts where to do so would be inconsistent with Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual relations (Rome II Regulation) or the Law Applicable to Non-Contractual Obligations (England and Wales and Northern Ireland) Regulations 2008;

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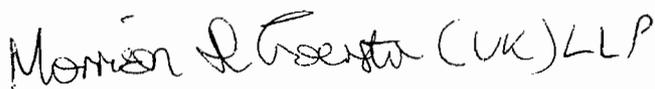
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- 6.24 despite any provision in any Document to the effect that the written terms of that Document constitute the entire agreement between the parties to it, a court may hold that oral or other assurances given in the course of negotiations may be binding.
- 6.25 the appointment of a person as the attorney of a company may not, despite the terms of the power of attorney, be irrevocable to the extent that the power of attorney does not secure the performance of an obligation owed to the person;
- 6.26 the Guarantee given by the Buyer Guarantor under the SPA is subject to the applicable principles of English law which may operate to exonerate, discharge, reduce or extinguish the liabilities of guarantors;
- 6.27 there is limited case law in English law relating to the concept of bad faith. As such, the scope of enforceability of any provisions relying on a test of bad faith is uncertain; and
- 6.28 this opinion is subject to any matters of fact not disclosed to us.

7. Disclosure

This opinion is for your sole benefit. This opinion may not be relied upon by or communicated to any other person nor quoted or referred to in any public document or filed with any governmental agency or made public in any way without our prior written consent; provided, however, that a copy of this opinion may be provided for the purposes of information only to (i) your shareholders, (ii) the professional advisers, auditors, insurers and regulators of the addressee(s) and (iii) any person to whom disclosure is required by law, court order or the mandatory rules or regulations of any competent supervisory or regulatory authority or where required in connection with any judicial proceedings relating to the SPA.

Yours faithfully,

**Morrison & Foerster (UK) LLP**

EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS

S. R. PANDEY & Co.
Chartered Accountants

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The Board of Directors
Axiata Group Berhad
Corporate Headquarters, Axiata Tower
9 Jalan Stesen Sentral 5
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50470 Kuala Lumpur

29 January 2016

Dear Sirs,

EXPERT'S OPINION ON THE TAXATION POLICIES OF NEPAL

We have been requested to provide an expert's opinion on the taxation policies of Nepal in connection with the acquisition by Axiata Investments (UK) Limited of the entire issued and paid-up capital of Reynolds Holdings Limited which in turn holds 80.0% of the equity interest in Ncell Private Limited ("Ncell").

1. TAXATION POLICIES

a) Tax Residency

Income Tax Act, 2002 (ITA) is applicable throughout Nepal and is also applicable to the residents of Nepal having income outside Nepal. In the case of a non-resident person, the person's income is subject to tax only to the extent the income has a source in Nepal. Generally an individual, whose normal place of abode is in Nepal and who is present in Nepal for 183 days or more in a period of 365 days. Resident companies are those that have been:

- Incorporated in Nepal, or
- Have effective control and management in Nepal

Nepal resident companies are subject to income tax on their worldwide income. Non-resident companies are only subject to Nepalese income tax on their Nepal source income.

b) Corporate Income Tax

Standard corporate tax in Nepal is 25% for the year ended on July 15, 2016. Differential tax rate has been provided based on the nature of business and priority of the Nation. Besides differential tax rate, the ITA also provides series of concession and exemptions. Effective tax rate vary from nil to 30% after considering the concession and exemption. Normally, all business related expenses incurred by the person for the purpose of business in the income year is available for deduction, except for certain treatments. Generally, unabsorbed tax loss is available for set-off for a period seven years.

Financial year and Income Year of Nepal is Mid-July to next Mid-July (1st of Shrawan to End of Ashad). Income tax return is required to be submitted within three months from the end of income year; i.e.; Mid-October.



EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)

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c) Tax on Dividends

Dividends declared by resident company to resident and non-resident person are taxed at the rate of 5% under final withholding method.

Repatriation of profit by Permanent Establishment of foreign entity is treated similar as dividend and is subject to withholding tax at the rate of 5%.

d) Transfer pricing

The concept of transfer pricing has been referred in the - ITA while dealing transaction between associate persons and requires arm's length principle. In any arrangement between persons who are associates, Nepal Inland Revenue Department (NIRD) may, by notice in writing, distribute, apportion, or allocate amounts to be included or deducted in calculating income between the persons as is necessary to reflect the taxable income or tax payable that would have arisen for them if the arrangement had been conducted at arm's length.

Tax authority is yet to issue transfer pricing guidelines. Separate disclosure/report on transfer pricing is not required. However, the companies are required to disclose transactions with associated persons.

e) General anti-avoidance rule ("GAAR")

The concept of GAAR is introduced from 2002. The NIRD is given right to correct/re-characterize arrangements targeted at minimizing the taxable income or tax liability. This refers to indirect payments, transfer pricing and other arrangements between associates if the agreement has not been conducted at arm's length.

f) Double Tax Avoidance Agreement ("DTAA")

Government of Nepal may enter into an international agreement with the concerned foreign government to avoid double taxation. Currently, Nepal has DTAA with 10 countries; namely - Austria, China, India, Korea, Mauritius, Norway, Pakistan, Qatar, Sri Lanka, Thailand.

g) Thin Capitalization

ITA of Nepal restricts the deductibility of interest paid by exempt-controlled entities to their associated entities in Nepal. "Exempt-controlled entity" is defined as a company where 25% of the company's shares are owned (including underlying ownership) by persons not subject to full Nepal income tax (exempt person/non-resident person). Further to this, the payment of interest on a loan from associated company (e.g. foreign parent company) is to be based on arm's length principle. The rate of interest paid to foreign parent company is also regulated by Nepal Rastra Bank, central bank of Nepal; where the rate of interest shall not exceed LIBOR plus 2% and debt-to-equity ratio should not exceed 60:40 where such loans are procured from associated person

h) Withholding Taxes ("WHT")

The resident person is required to withhold tax on certain payment (tax deduction at source). Payment of Interest, Royalty and Service Charge to non-



EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)

S. R. PANDEY & Co.
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resident is subject to WHT at the rate of 15%. Payment of Dividend is subject to WHT at the rate of 5%.

i) Capital Gain Tax

Gain on disposal of asset and/or liability is treated as capital gain. There is no specific head for capital gain tax. Net gain on disposal of asset and/or liability shall be included in income from business/investment and is subject to tax.

Advance tax (also known as capital gain tax, CGT) shall be collected from gain on disposal of interest in an entity. In the case of the entity registered with Security Board of Nepal; the Stock Exchange shall deduct advance tax at the rate of 5% on gain from the natural resident person and 10% in any other case. In the case of the entity not registered with Security Board of Nepal; the entity whose interest is being disposed-off shall collect advance tax at the rate of 10% on gain from the natural resident person and 15% in any other case. The tax so deducted is not final tax. Non-resident person and entity shall include such gain as income and tax is payable using normal rate (i.e., 25%). The tax so deposited is available for set-off against the total tax liability of the person disposing such interest in the target-company. The difference of tax, if any, shall be paid separately by the person.

There is no stamp duty in the case of transfer (disposal) of share. The transfer has to be approved by the regulators and needs to be recorded in Company Registrar's Office.

Every change in shareholding and further capital injection has to be approved by regulator. Disposal of shareholding requires may be done through share purchase agreement (SPA) or liquidation of the company. Both requires due approval from the regulators.

j) Change of Control

Where there is a change of 50% or more in the ownership (change of control/ ownership) of an entity in a period of three years; the entity shall be treated as disposing-off any assets owned by it and any liabilities owed by it. Where there is a change in ownership during the income-year of an entity, the parts of the income-year before and after the change in ownership are treated as separate income years.

k) Other Taxes

(i) Value Added Tax (VAT)

VAT at the rate of 13% is chargeable on the transactions of goods and services, including goods and services imported in Nepal except in the case of exempted goods and services and export of goods or services.

Export of service is subject to VAT at the rate of 0% (i.e., no VAT on output and VAT paid on input is available for credit/refund), provided the service is delivered to the entity which does not have PE in Nepal and the payment is received in foreign currency in Nepal through banking channel.



EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)

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A person importing service from non-resident has to deposit the VAT (reverse VAT @ 13%) amount at the time of payment for such service. The amount VAT paid by VAT-registered person is available for set-off (input tax).

Threshold for VAT registration is NPR 5,000,000 for the person carrying business other than service and NPR 1,000,000 for the person carrying service activity.

Generally, amount of tax paid by the taxpayer (input tax) is available for set-off with the amount of VAT payable on sales (output VAT). Refund of VAT is available if there is VAT credit (i.e., excess of input over output) for a period of six months or more. Refund to exporter and diplomat shall be done on regular basis on verification of document

(ii) Telephone Ownership Tax

Telephone ownership tax is levied as per the rate and manners prescribed in Finance Act every year. As per Finance Act 2015, owner of each telephone (post-paid) is required to pay NRs. 1,000. Prepaid sim-card and recharge card is subject to ownership tax at the rate of 2%.

The telephone ownership tax has to be collected by the service provider from the subscriber at the time of sale of service.

(iii) Telephone Service charge

Telephone Service Charge (TSC) tax is levied as per the rate and manners prescribed in Finance Act every year. As per Finance Act 2015, telephone service (excluding data service) is subject to TSC at the rate of 11%.

The TSC has to be collected by the service provider from the subscriber at the time of sale of service.

(iv) Local Self Governance Act/Rules

Local Self Governance Act/Rules, 1999 empowers the local authorities (District Development Committee, Municipalities and VDC) to levy certain taxes in their jurisdiction. Professional Taxes, Property Taxes, Rental Taxes, Advertisement Taxes, etc. are some of the example.

2. REPATRIATION OF PROFITS

a) Regulatory approval

As per Foreign Investment and Technology Transfer Act of Nepal, investment in Capital (Equity), Loan and Technology Transfer of a telecommunication service provider in Nepal has to be approved from the Department of Industry ("DoI") and National Telecom Authority ("NTA"). Repatriation dividend on capital, interest on loan, repatriation of capital and loan may not be granted if such investment is made without getting approval from the regulators.

Approval from Tax Authority is not required for capital injection and procurement of loan.

Repatriation of dividends is subject to regulatory approval of DOI, NTA and Nepal Rastra Bank ("NRB" - Central Bank) in Nepal.



EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)

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b) Foreign Exchange Controls

Under Foreign Exchange Regulation Act ("FERA"), 1962, NRB had issued guidelines for the investment in capital and in loan from foreign investors, on 3 April 2012 which was subsequently replaced on 22 January 2013, 6 May 2013 and 11 September 2013. Rate of interest on foreign loan shall not exceed LIBOR) plus 5.5%.

The foreign currency shall be imported in Nepal through banking channel as per the guidelines prescribed by NRB.

Repatriation of capital in foreign currency requires NRB approval along with the recommendation from NTA and DoI as foreign currency is highly regulated in Nepal.

This expert's opinion is prepared based on current tax laws and policies that are in force in Nepal and are subject to change in such laws or in the interpretation thereof and may impact our opinion materially. While the comments are considered to be a correct interpretation of existing laws in force as at the latest practicable date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

We have no obligation to update the contents of this expert opinion as laws or practices change, unless specifically requested to do so.

The opinion may not purport to be a comprehensive description of all tax considerations that may be relevant in the jurisdictions. It does not cover every aspect of investments and cannot provide information regarding individual circumstances. We would further inform you that the information given in this letter limited to the tax regulations and does not constitute legal advice.

This expert's opinion has been prepared to be included in the circular to the shareholders of Axiata and was prepared solely for Axiata on the basis of the engagement letter concluded between Axiata and ourselves. And hence this report shall not be used for any other purpose and/or by anybody other than Axiata.

Yours faithfully




CA. Sudarshan Raj Pandey
Senior Partner
S. R. Pandey & Co.
Chartered Accountants

EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)

**Private and Confidential**

The Board of Directors
 Axiata Group Berhad
 Corporate Headquarters, Axiata Tower
 9 Jalan Stesen Sentral 5
 Kuala Lumpur Sentral
 50470 Kuala Lumpur

29 January 2016

Dear Sirs

**EXPERT'S OPINION ON THE TAXATION POLICIES OF SAINT KITTS AND NEVIS
 OR NEVIS AND UNITED KINGDOM**

We have been requested to provide an expert's opinion on the taxation policies of Saint Kitts and Nevis or Nevis ("St. Kitts & Nevis"), United Kingdom and exit tax in Norway in connection with the acquisition by Axiata Investments (UK) Limited of the entire issued and paid-up capital of Reynolds Holdings Limited which in turn holds 80.0% of the equity interest in Ncell Private Limited ("Ncell").

DETAILS OF THE PROPOSED ACQUISITION

Axiata Investments (UK) Limited ("Buyer"), a wholly-owned subsidiary of Axiata Group Berhad ("Axiata"), had on 21 December 2015 entered into a sale and purchase agreement ("SPA") and other ancillary agreements for the acquisition of the entire issued and paid-up capital of Reynolds Holdings Limited ("Reynolds") for a total cash consideration (and subject to closing adjustments in accordance with the terms of the SPA) of approximately US\$1,365.1 million (equivalent to approximately RM5,963.7 million). Reynolds in turn holds 800,000 shares representing 80.0% of the equity interest in Ncell.

The remaining 20.0% equity interest in Ncell currently held by Niraj Govinda Shrestha will be transferred to Sunivera Capital Ventures Pvt. Ltd. ("Sunivera") prior to completion of the Proposed Acquisition. Incidentally, Axiata, Sunivera and Bhavana Singh Shrestha (the ultimate sole shareholder of Sunivera) had on the same day entered into a shareholders' agreement for the purposes of regulating the operation and management of Ncell and the relationship between the signing parties upon completion of the Proposed Acquisition.

The SPA was entered into between the Buyer and the following parties:

- (i) TeliaSonera UTA Holdings B.V.;
- (ii) SEA Telecom Investments B.V.;
- (iii) TeliaSonera AB, as the guarantor for TeliaSonera UTA Holdings B.V.;
- (iv) TeliaSonera Norway Nepal Holdings AS ("TS Norway"); and
- (v) Axiata, as the guarantor for the Buyer.

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EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)

TS Norway is the legal and beneficial owner of the entire issued and paid-up share capital of Reynolds of US\$101,000.00 comprising 101,000 shares with a par value of US\$1.00 each ("Shares"). TS Norway is indirectly held by TS UTA and SEA Telecom Investments B.V. (through TeliaSonera Asia Holdings B.V.), (collectively, the "Sellers") will have effective equity interest of 75.5% and 24.5%, respectively. TS Norway has agreed to sell all of the Shares to Buyer, subject to the terms and conditions of the SPA.

Reynolds is a company located in the Federation of St. Kitts & Nevis and incorporated pursuant to the Nevis Business Corporation Ordinance, 1984. However, currently, for income tax purposes it is considered a tax resident of Norway as the management at the level of the Board of Directors is undertaken in Norway. Subsequent to the proposed acquisition and due to a change in the Board of Directors, Reynolds shall cease to be tax resident of Norway.

A. ST. KITTS & NEVIS

1. TAXATION POLICIES

Tax residency

Generally, a corporation is deemed to be a tax resident of St. Kitts & Nevis if it is incorporated in St. Kitts & Nevis or if it is registered as external company doing business in St. Kitts & Nevis under the Companies Act.

However, a company incorporated under the laws of the Island of Nevis pursuant to the Nevis Business Corporation Ordinance 1984, would only be considered as a tax resident of St. Kitts & Nevis when the company is carrying on business in St. Kitts & Nevis.

An investment holding company not engaged in any business activities in the country would not be considered as a tax resident of St Kitts and Nevis.

Corporate income tax

Generally, companies incorporated in St. Kitts & Nevis pay corporate income tax on their worldwide income. St. Kitts & Nevis imposes corporate income tax at a flat rate of 33%.

However, pursuant to Section 122 of Part XIV (Tax Exemption) of the Nevis Business Corporation Ordinance ("NBCO"), any company which does no business in Nevis except for activities with respect to the management of the office, shall not be subject to any corporate tax, income tax, withholding tax, stamp tax, asset tax, exchange controls or any other taxes or fees on income originating outside of Nevis. Such a company will not have to submit any tax return in St. Kitts & Nevis.

Tax on dividends

In addition, pursuant to the tax exemption provision of the NBCO any dividends or distribution by a company which does no business in St. Kitts & Nevis to another company which is not resident of St. Kitts or Nevis would be exempt from income tax and withholding taxes.

Axiata Group Berhad
29 January 2016

EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)***Withholding Tax***

Where a person resident in St. Kitts & Nevis makes a payment to another person not resident of St. Kitts & Nevis, then withholding tax at the rate of 10% must be deducted. Withholding tax could be lower with respect to treaty countries.

Pursuant to the tax exemption provision of the NBCO, company which does no business in Nevis shall not be subject to any withholding tax.

Transfer pricing

There are no provisions for transfer pricing in the tax law of St. Kitts & Nevis.

Thin capitalization

There are no provisions for thin capitalization in the tax law of St. Kitts & Nevis.

Capital gains tax

Generally, capital gains tax will be imposed if an asset is sold within one year of the date of acquisition. The maximum rate of tax will be 16.5%. Assets sold after one year will not attract capital gains tax.

Pursuant to the tax exemption provision of the NBCO, sale of shares by an investment holding company which does no business in St. Kitts & Nevis would not be subject to capital gains tax.

Other taxes***Value-added tax ("VAT")***

The standard rate of 17% applies to most goods and services. Exemptions and reduced rates are available for certain selected goods and services. Persons that make taxable supplies over the threshold of 96,000 East Caribbean dollars for certain professional services and 150,000 East Caribbean dollars for other business activities in a twelve month period are required to register for VAT.

An investment holding receiving dividend income would not be subject to VAT in St. Kitts & Nevis.

There is no VAT implication in St. Kitts & Nevis and Norway on sale of shares of Reynolds.

2. REPATRIATION OF PROFITS***Regulatory approvals***

There are no regulatory approvals required in order to repatriate dividends from St Kitts & Nevis to other countries.

Foreign exchange controls

Pursuant to the tax exemption provision of the NBCO, there are no foreign exchange controls in St Kitts & Nevis on repatriation of profits by a company which does no business in St. Kitts & Nevis.

Axiata Group Berhad
29 January 2016

EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)***Norway Exit tax***

A company ceases to be a tax resident of Norway when the management and control is no longer in Norway. This process is not automatic and requires a change of the Board of Directors. A change of tax residency would trigger exit taxation in Norway on the assets and liabilities which are deemed transferred out of Norway. The exit tax would be calculated on the difference between the tax value and the fair market value of the assets. Any gains would be subject to 27% tax in Norway.

The exit tax is a liability of the company exiting from Norway and will be payable at the time of exit.

B. UNITED KINGDOM (“UK”)**1. TAXATION POLICIES*****Tax residency***

UK incorporated companies are generally treated as UK tax residents. However, companies resident in the UK under domestic law, but treated as solely resident in a different country under that country's double tax treaty with the UK, are not treated as UK tax resident for the purposes of UK domestic law.

Companies incorporated overseas are also treated as UK resident if their central management and control is situated in the UK.

Corporate income tax

UK tax resident companies are taxable in the UK on their worldwide profits. Non-resident companies are subject to UK corporation tax only on the trading profits attributable to a UK permanent establishment (“PE”) though may be subject to UK income tax generally by way of withholding tax on certain UK source income.

The current rate of UK corporation tax is 20%.

Tax on dividends

Most foreign and UK dividends received by UK companies are exempt from corporation tax. However, one of several criteria has to be met, but these are widely drawn (one test, for example, is that the recipient controls the dividend payer). For certain exemptions to apply, the dividend must not be deductible for tax purposes by the dividend payer.

For non-exempt foreign source dividends (not UK source), double tax relief will be available on a dividend-by-dividend basis. It is unusual for companies to be taxed on UK dividends because of the breadth of the dividend exemptions.

EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (*Cont'd*)***Transfer pricing***

The transfer pricing rules apply to UK-to-UK transactions as well as cross-border transactions and are intended to apply to almost any kind of transaction made or imposed between related parties that give rise to a provision that differs from one that would have been made between third parties, and gives rise to a UK tax advantage to one or more of the parties.

This regime also applies to financing arrangements, including both the rate of return charged and the amount of loan principle (or equivalent) made available. It is therefore the mechanism by which the UK's revenue authorities address the issue of thin capitalisation.

Companies are required to prepare their tax returns in accordance with the arm's-length principle, and retain adequate records or other documentation to support their compliance with that principle. By approving the UK corporate tax return, the approver is implicitly confirming that the return has been prepared under arm's length principles.

Thin capitalisation

Anti-avoidance measures to address excessive debt of UK resident companies and PEs of foreign companies are included as part of the transfer pricing rules. When considering whether the interest on a loan, for example, from a foreign parent is deductible, the arm's length principle must be followed. Generally, the ability of a borrower to support the loan is looked at on a stand-alone basis (ignoring the status of the group of which it is a part and any guarantees made to support the borrower's loan), except that assets that it owns (including subsidiaries) can be taken into account. There are no safe harbour provisions.

UK debt capping rules

The rules seek to restrict the amount of finance expenses a UK company can deduct for corporation tax purposes. Very broadly, the rules seek to limit the net borrowing costs of the UK members of a large group by reference to the gross borrowing costs of the group as a whole. A group is defined by reference to international accounting standards. The UK members of the group must be 75% subsidiaries of the ultimate parent of the group. Finance expenses for both the UK and worldwide measures are interest and interest-like costs, such as a discount. Certain financing costs, such as foreign exchange and interest arising on derivatives are secluded from the debt cap rules.

In addition, interest deductions may be denied if the loan has been entered into for an unallowable purpose which includes a tax avoidance scheme. Recently debts push down schemes have been challenged by the tax authorities.

Control foreign company ("CFC")

A UK resident company may be taxed on a proportion of the undistributed profits of certain UK-controlled non-resident companies in which the UK resident company has an interest.

Broadly, profits of non-UK resident CFC will be taxed, using normal corporation tax rates and rules, on the person controlling the CFC if (i) the profits pass through the CFC "gateway" and (ii) are not exempt.

Axiata Group Berhad
29 January 2016

EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)

The CFC regime has an initial “gateway” test that eliminates certain companies from the scope of a CFC charge, and it is possible to seek a clearance from Her Majesty’s Revenue & Customs (“HMRC”) as to whether a particular company meets this gateway.

The gateway test eliminates companies trading income if any of the following four conditions are met:

- The CFC’s purpose is not mainly to achieve a UK tax advantage.
- The management and control of the CFC’s “risks and assets” is not carried out in the UK, other than through a UK permanent establishment of the CFC.
- The CFC can carry out its activities independently of the UK.
- The CFC has only property business and/or non-trading finance profits.

Further exemptions apply to a company as a whole if any of the following circumstances exist:

- The CFC’s local tax liability is 75% or more of the equivalent UK liability.
- The CFC has low profits or a low profit margin.
- The CFC is resident in certain qualifying territories.
- A foreign company has become a CFC for the first time.

Diverted profit tax (“DPT”)

DPT is a new tax separate from other corporate taxes, introduced on 1 April 2015. It is levied at 25% on diverted profits.

It may apply under 2 circumstances i.e. where a group creates a tax benefit by using transactions or entities that lack economic substance, and/or where foreign companies have structured their UK activities to avoid a UK PE.

Companies are required to notify HMRC if they are potentially within the scope of DPT within 3 months of the end of the accounting period to which it relates (extended to 6 months for the first year).

General anti-abuse rule (“GAAR”)

The GAAR targets artificial and abusive tax avoidance schemes and is intended to apply to the main taxes but not VAT. Generally, GAAR implications would not apply to a UK investment holding company which only received foreign source dividend income as it is unlikely that there would be a UK tax advantage given the breadth of the UK dividend exemption.

Withholding tax

No withholding tax is applicable on dividends paid by UK resident companies. Payments of interest and royalties are subject to withhold tax at 20%, however, there are a number of exceptions to the rate where tax treaties are in place with other countries

Double tax treaties

UK has entered in double tax treaties with a large number of states including Malaysia for the purposes of avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains.

*Axiata Group Berhad
29 January 2016*

EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)***Capital gains tax***

Generally, gains on capital assets are taxed at corporation tax rates. However, the Substantial Shareholdings Exemption broadly exempts from UK tax any capital gain on disposals made by a standalone trading company or a company which is a member of a trading group with substantial shareholdings (more than 10%) in other trading companies or groups.

Broadly, both the investing company and the investee company must be a trading company, or a member of a trading group or subgroup for 12 months before the disposal and immediately afterwards.

Other taxes**(a) Value-added tax ("VAT")**

The standard rate of 20% applies to most goods and services. Exemptions and reduced rates are available for certain selected goods and services. UK persons (including UK incorporated companies) that make taxable supplies over the threshold (currently £82,000 in a twelve month period) are required to register and account for UK VAT.

An investment holding company incorporated in the UK whose main revenue stream is dividend, are not liable for UK VAT. As such, input VAT on procurement of services by such a company has to be absorbed as cost of the company since the company has no output VAT.

(b) Exit Tax on UK Tax Residency

UK imposed exit tax when UK companies changes its UK tax residency. UK SPV would be required to notify the HMRC three months prior to the lapse of UK tax residency. On exit a company is deemed to sell all of its assets at market value and reacquire them on the same day. This can lead to tax on any embedded gains.

There are some reliefs to defer the exit charge which are subject to fulfilment of certain conditions.

2. REPATRIATION OF PROFITS***Foreign exchange controls***

Foreign-exchange regulations were suspended in 1979 and subsequently abolished. No restrictions are imposed on inward or outward investments. The transfer of profits and dividends, loan principal and interest, royalties and fees is unlimited.

Non-residents may repatriate capital, together with any accrued capital gains or retained earnings, at any time, subject to company law or tax considerations.

For example there is a requirement to report to HMRC the details of certain international transactions whose value exceeds £100 million.

EXPERTS' OPINIONS ON THE TAXATION POLICIES AND REPATRIATION OF PROFITS (Cont'd)



NOTES TO THIS EXPERT'S OPINION

The following areas have been excluded from our opinion:

- Indirect taxes
- Stamp duty
- Other repatriation mechanism such as management and technical fees or royalties.

This Expert's Opinion is based on the completeness and accuracy of the facts and/or representation provided by you. If any of the aforementioned facts, representations or assumptions is not entirely complete or accurate, it is imperative that we be informed immediately, as inaccuracy and incompleteness could have a material effect on the validity of this Expert's Opinion.

This Expert's Opinion reflects our interpretation of the applicable laws and the corresponding jurisprudence.

This Expert's Opinion is prepared based on current tax laws and policies that are in force in St. Kitts & Nevis, UK and Norway at the date of this letter and are subject to changes in such laws, or in the interpretation thereof. Such changes may be retrospective and may impact our opinion materially. While the comments are considered to be a correct interpretation of existing laws in force as at the latest practicable date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

We have no obligation to update the contents of this Expert Opinion as laws or practices change, unless specifically requested to do so.

No inference beyond their normal meaning should be drawn from the use of the words "will", "should", etc as they relate to the relative strengths of a particular position outlined in the document.

The opinion does not purport to be a comprehensive description of all tax considerations that may be relevant in the jurisdictions. It does not cover every aspect of investments and cannot provide information regarding individual circumstances. We would further inform you that the information given in this letter limited to the tax regulations and does not constitute legal advice.

This Expert's Opinion has been prepared to be included in the circular to the shareholders of Axiata and was prepared solely for Axiata on the basis of the engagement letter concluded between Axiata and ourselves. Third parties' notice of its content is entirely at their own risk.

We have no obligation, responsibility or duty of care towards third parties (reliance restricted), unless otherwise confirmed to a third party in advance in writing.

Yours faithfully

Heather Khoo
Senior Executive Director

Axiata Group Berhad
29 January 2016

EXPERT'S REPORT ON THE FAIRNESS OF THE PURCHASE CONSIDERATION**DELTA PARTNERS**

Delta Partners Corporate Finance Limited

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29 January 2016

Axiata Group Berhad
The Board of Directors
Level 5, Corporate Headquarters,
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9 Jalan Stesen Sentral 5,
Kuala Lumpur Sentral
50470 Kuala Lumpur**EXPERT'S REPORT BY DELTA PARTNERS CORPORATE FINANCE LIMITED ON THE FAIRNESS OF THE CONSIDERATION TO BE PAID BY AXIATA GROUP BERHAD IN CONNECTION WITH THE PROPOSED ACQUISITION OF THE ENTIRE PAID-UP CAPITAL OF REYNOLDS HOLDINGS LIMITED WHICH IN TURN HOLDS 80.0% EQUITY INTEREST IN NCEL PVT. LTD.**

Dear Members of the Board of Directors,

Delta Partners Corporate Finance Limited, ("**DPCFL**") has been engaged by Axiata Group Berhad ("**Axiata**") to give an expert opinion in relation to the fairness of the purchase considerations (described and defined below) strictly from a financial point of view (the "**Fairness Opinion**"). DPCFL understands that this letter (the "**Letter**") will be included in the circular to the shareholders of Axiata in connection with the Proposals (the "**Circular**") in accordance with clause 4, Part F of Appendix 10B of the Listing Requirements of Bursa Malaysia Securities Berhad. This Letter and the Fairness Opinion is given in accordance with the terms and subject to the conditions as set out in DPCFL's engagement letter signed with Axiata dated 1 July 2015.

A. Introduction

We understand that Axiata Group Berhad proposes to acquire the entire issued and paid-up capital of Reynolds Holdings Limited which in turn holds 80.0% equity interests in NCell Pvt. Ltd. (the "**Company**") (the "**Acquisition**"), at a purchase consideration price of USD1,365.1 million subject to closing adjustments (the "**Consideration**").

B. Information Reviewed for the Fairness Opinion

For purposes of the Fairness Opinion set forth herein, we have, amongst other things:

1. Reviewed certain publicly available information on the Company and the market, as well as certain publicly available financials relating to the Company included in research reports covering TeliaSonera AB; the Company's major shareholder with an aggregated indirect equity and economic interest of 80.4%.
2. Reviewed a number of documents containing operational and financial information on the Company obtained through access to the virtual data room ("**VDR**") which includes amongst others the following:

EXPERT'S REPORT ON THE FAIRNESS OF THE PURCHASE CONSIDERATION (Cont'd)

- a. Historical financial statements for Year Ending ("YE") 2013 and 2014, and detailed net cash schedule (YE 2014);
 - b. Historical operational KPIs;
 - c. Corporate structure;
 - d. Impact of earthquake presentation;
 - e. Network Presentation;
 - f. Licenses;
 - g. Budget and Projections over 10 years covering both P&L and operating data, prepared by the Company and SEA Telecom's advisor (the "Company's Forecasts")
3. Reviewed an Information Package provided by SEA Telecom's advisor covering business overview, product and branding, corporate organization, network rollout plan, as well as market and regulatory overview;
 4. Compared the key operational indicators and the financial performance of the Company with that of certain publicly-traded companies which we believe to be the most adequate comparables to the business model of the Company;
 5. Compared the financial terms of the Acquisition with the publicly-available financial terms of certain transactions which we believe to be generally relevant;
 6. Conducted benchmarks of other Telecom markets considered to be the most similar and relevant to Nepal
 7. Conducted such other financial studies, analyses and investigations, and considered such other factors, as we have deemed appropriate.

C. Methodology and Approach

Based on the information as described in the above section headed "Information Reviewed for the Fairness Opinion", DPCFL has performed an independent business plan and valuation exercise of the Company using the following methodology:

1. The development of an Adjusted Business Plan detailing out two additional scenarios aimed at assessing the potential impact of the most likely market developments which would drive the expected Company's operational and financial performance.
2. The consideration of multiple valuation methods used to estimate the value of the Company:
 - a) Discounted Cash Flow analysis ("DCF") to ascertain the value of the Company on a standalone basis;
 - b) Analysis of the Company's value by brokers based on SOTP valuation of TeliaSonera;
 - c) Transaction multiple levels paid in selected comparable markets for the acquisition of majority stakes in companies with similar business models to the Company;
 - d) Trading multiple levels of certain other publicly traded comparable companies.

Alongside the process to elaborate this Fairness Opinion report we have interacted with the management of Axiata as well as with other members of the transaction team. .

The analysis leading to this Fairness Opinion is based on forward-looking statements which by their nature involve risks and uncertainties as they relate to events and depend on circumstances that may or may not occur in the future. There is no guarantee that any of these estimates or projections will be achieved and the actual financial performance of the Company may vary significantly. Further, DPCFL has not implemented an analysis of the potential risk factors that could affect the Acquisition.

D. Assumptions, Qualifications and Disclaimers Relating to the Fairness Opinion

In arriving at the Fairness Opinion, we have assumed and relied upon, without independently verifying, the accuracy and completeness of the financial and other information supplied or otherwise discussed or made available to us (including information available from generally recognized public sources) for purposes of this

EXPERT'S REPORT ON THE FAIRNESS OF THE PURCHASE CONSIDERATION (Cont'd)

opinion, and have further relied upon the assurances of the Company to Axiata that the information furnished for purposes of our analysis does not contain any material omissions or any misstatements of material facts. With respect to the Company Forecasts, we have assumed that Forecasts have been reasonably prepared based on best currently available estimates and good faith judgments of the Company's management and SEA Telecom's advisor with regards to the future financial performance of the Company and other matters covered thereby, and we express no view as to such analyses or forecasts or as to the assumptions on which they are based. In arriving at our opinion, we have not made any independent valuation or appraisal of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company, nor have we been furnished with any such valuations or appraisals, nor have we assumed any obligation to conduct, nor have we conducted, any physical inspection of the properties or facilities of the Company. In addition, we have not evaluated the solvency of either Axiata or the Company under any applicable laws relating to bankruptcy, insolvency or similar matters. In addition, we have assumed that all the governmental, regulatory, or other consents or approvals required in connection with the proposed Acquisition will be forthcoming and that no delays, limitations, conditions or restrictions on any such consents or approvals will be imposed that could have any material adverse effect on the Acquisition or the Company.

This Letter and Fairness Opinion addresses only the fairness from a financial point of view, as of the date hereof, of the Consideration to be paid by Axiata to the shareholders of the Company pursuant to the Sale and Purchase Agreement dated 21 December 2015 ("Acquisition Agreement"). We have not been asked to, nor do we, offer any opinion as to any other term of the Acquisition Agreement (or any related agreement). We are not legal, regulatory or tax experts, accordingly, we do not express any opinion as to any legal, tax, regulatory or accounting matters, as to which we understand the Company has received such advice as it deems necessary from qualified professionals. Our opinion does not address the underlying business decision of Axiata to enter into the Acquisition or the relative merits of the Acquisition as compared with any other strategic alternative which may be available to Axiata.

Our opinion is necessarily based on market, financial, economic and other conditions as in effect on, and the information made available to us as of the date hereof. It should be highlighted that subsequent developments may affect this opinion and the assumptions used in preparing it, and we do not have any obligation to update, revise, or reaffirm this opinion.

Neither Delta Partners Corporate Finance Limited nor any of its affiliates (nor any of their respective directors, officers, employees or agents) shall be liable to any person for any claim, loss, damage, liability, cost or expense suffered or incurred arising out of or related to, whether directly or indirectly, this letter. This disclaimer extends to any statement, opinion or conclusion contained in or any omissions from this letter, and the Fairness Opinion contained herein, and no representation or warranty, expressed or implied, is made in respect thereof.

E. Disclosure of Interests

We have acted as financial advisor to the Board of Directors of Axiata in connection with the Acquisition and will receive a fee for our services, which is payable upon the rendering of this opinion. This fee is not contingent upon consummation of the Acquisition. In addition, Axiata has agreed to indemnify us for certain liabilities and other items arising out of our provisions of this Fairness Opinion.

DPCFL and its affiliates have in the past provided, and may in the future provide, investment banking and other financial and advisory services to Axiata and its respective affiliates for which they have received, or would expect to receive, a compensation in line with market practices. As such none of this compensation may be, directly or indirectly, related in any manner to the provision of this Fairness Opinion.

F. Fairness Opinion

EXPERT'S REPORT ON THE FAIRNESS OF THE PURCHASE CONSIDERATION (Cont'd)

The proposed Acquisition price of USD 1,365.1 million for 80% of the Company's issued share capital implies an Enterprise Value of USD 1,706.4 million for 100% of the Company's issued share capital, which is within the Enterprise Value range resulting from the valuation analysis that we have performed.

Based upon and subject to the above, including the various assumptions and limitations contained in this Letter, we are of the opinion that, on the date hereof, the Consideration to be paid by Axiata pursuant to the Acquisition Agreement is fair from a financial point of view.

G. Reliance on the Fairness Opinion

This Letter and Fairness Opinion is exclusively for the information and assistance of the Board of Directors of Axiata in connection with, and for the purposes of its evaluation of, the Acquisition. This Letter and Fairness Opinion is not intended to be and does not constitute a recommendation to any shareholder of Axiata as to how such holder should vote or otherwise act with respect to any resolution in connection with the approval of the Acquisition or any other matter related to the Acquisition.

This Letter and Fairness Opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval. This Letter and Fairness Opinion may, however, be reproduced in full in the Circular to be provided to shareholders of Axiata but may not otherwise be disclosed publicly in any manner without DPCFL's prior written approval.

Yours faithfully,



Federico Membrillera, Senior Executive Officer,
for and on behalf of Delta Partners Corporate Finance Limited

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular. They collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and 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.

Information on Reynolds, Ncell, TS Norway, TS UTA, and SEA Telecom was obtained from their respective directors and/or management. Therefore, the responsibility of our Board is restricted to the accurate reproduction of the information in this Circular.

2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST**2.1 CIMB**

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

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

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

FURTHER INFORMATION (Cont'd)

2.2 J.P. Morgan

Our Board has appointed J.P. Morgan as the International Financial Adviser to advise the Company on the appropriate structure, purchase price and terms and conditions in relation to the Proposed Acquisition (but such appointment does not include advising on, or preparing, this Circular).

J.P. Morgan, being the International Financial Adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all reference thereto, in the form and context in which they appear in this Circular. J.P. Morgan and its affiliates (collectively, "**Morgan**") comprise a full service securities firm and a commercial bank engaged in securities trading and brokerage activities, as well as providing investment banking, asset management, financing, and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. In the ordinary course of its trading, brokerage, asset management, and financing activities, Morgan may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or loans of Ncell, any Seller, the Axiata Group or any other company or person that may be involved in the Proposed Acquisition. In addition, Morgan may have and may in the future have investment and commercial banking, trust and other relationships with parties other than the Company, which parties may have interests with respect to the Axiata Group, Ncell, a Seller, or the Proposed Acquisition. In addition to providing the financial advisory services to the Company in connection with the Proposed Acquisition, Morgan may pursue opportunities to arrange and/or provide new financing to the Axiata Group in connection with the Proposed Acquisition. Furthermore Morgan may have fiduciary or other relationships whereby Morgan may exercise voting power over securities of various persons, which securities may from time to time include securities of the Axiata Group, Ncell, the Seller(s), or others with interests with respect to the Proposed Acquisition.

J.P. Morgan confirms that as at the date of the LPD, it is not aware of any conflict of interest which exists or is likely to exist which would prevent it from acting as the International Financial Adviser to the Company in respect of the Proposed Acquisition.

2.3 Forbes Hare

Forbes Hare, being the legal counsel to render certain legal opinions for the purposes of this Circular, has given and has not subsequently withdrawn its written consent to the inclusion of its name, legal opinions and all reference thereto, in the form and context in which they appear in this Circular. Forbes Hare confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the legal counsel to render certain legal opinions for the purposes of this Circular.

2.4 Pradhan, Ghimirie & Associates

Pradhan, Ghimirie & Associates, being the legal counsel to render certain legal opinions for the purposes of this Circular, has given and has not subsequently withdrawn its written consent to the inclusion of its name, legal opinions and all reference thereto, in the form and context in which they appear in this Circular. Pradhan, Ghimirie & Associates confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the legal counsel to render certain legal opinions for the purposes of this Circular.

2.5 Stibbe N. V.

Stibbe N. V., being the legal counsel to render certain legal opinions for the purposes of this Circular, has given and has not subsequently withdrawn its written consent to the inclusion of its name, legal opinions and all reference thereto, in the form and context in which they appear in this Circular. Stibbe N. V. confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the legal counsel to render certain legal opinions for the purposes of this Circular.

FURTHER INFORMATION *(Cont'd)*

2.6 Advokatfirman Delphi

Advokatfirman Delphi, being the legal counsel to render certain legal opinions for the purposes of this Circular, has given and has not subsequently withdrawn its written consent to the inclusion of its name, legal opinions and all reference thereto, in the form and context in which they appear in this Circular. Advokatfirman Delphi confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the legal counsel to render certain legal opinions for the purposes of this Circular.

2.7 Wikborg, Rein & Co. Advokatfirma DA

Wikborg, Rein & Co. Advokatfirma DA, being the legal counsel to render certain legal opinions for the purposes of this Circular, has given and has not subsequently withdrawn its written consent to the inclusion of its name, legal opinions and all reference thereto, in the form and context in which they appear in this Circular. Wikborg, Rein & Co. Advokatfirma DA confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the legal counsel to render certain legal opinions for the purposes of this Circular.

2.8 Morrison & Foerster (UK) LLP

Morrison & Foerster (UK) LLP, being the legal counsel to render certain legal opinions for the purposes of this Circular has given and has not subsequently withdrawn its written consent to the inclusion of its name, legal opinions and all reference thereto, in the form and context in which they appear in this Circular. Morrison & Foerster (UK) LLP confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the legal counsel to render certain legal opinions for the purposes of this Circular.

2.9 PricewaterhouseCoopers Taxation Services Sdn Bhd

PricewaterhouseCoopers Taxation Services Sdn Bhd, being the expert advising the Company on taxation policies and repatriation of profits of St. Kitts and Nevis, or Nevis, and the UK has given and has not subsequently withdrawn its written consent to the inclusion of its name, report and all reference thereto, in the form and context in which they appear in this Circular. PricewaterhouseCoopers Taxation Services Sdn Bhd confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the expert advising on taxation policies and repatriation of profits of St. Kitts and Nevis, or Nevis, and the UK.

2.10 S.R. Pandey & Co

S.R. Pandey & Co, being the expert advising the Company on taxation policies and repatriation of profits of Nepal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, report and all reference thereto, in the form and context in which they appear in this Circular. S.R. Pandey & Co confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the expert advising on taxation policies and repatriation of profits of Nepal.

2.11 Delta Partners Corporate Finance Limited

Delta Partners Corporate Finance Limited, being the expert advising the Company on fairness of the Purchase Consideration, has given and has not subsequently withdrawn its written consent to the inclusion of its name, report and all reference thereto, in the form and context in which they appear in this Circular. Delta Partners Corporate Finance Limited confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the expert advising on fairness of the Purchase Consideration.

FURTHER INFORMATION (Cont'd)

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES
3.1 Material commitments

Save as disclosed below, as at 31 December 2015 (unaudited), our Group is not aware of any commitment incurred or known to be incurred by our Company or our subsidiaries which upon becoming enforceable may have a material impact on the financial position of our Group.

	RM'000
Commitments in respect of expenditure approved and contracted for	1,543,642
Commitments in respect of expenditure approved but not contracted for	1,001,459
	<u>2,545,101</u>

3.2 Contingent liabilities

Save as disclosed below, as at 31 December 2015 (unaudited), our Group is not aware of any contingent liability which upon becoming enforceable may have a material impact on the financial position of our Group.

- (a) There has been no significant change in contingent assets or contingent liabilities from that disclosed in the Axiata Group Berhad 2014 Audited Financial Statements; and
- (b) There has been no significant change in contingent liabilities of an associate from that disclosed in the Axiata Group Berhad 2014 Audited Financial Statements except the following:
 - (i) Income tax demands

During the financial year to date, an associate of the Group received two demands from income tax authorities in respect of its income tax returns for the financial years 2008/09 and 2009/10 amounting to RM2,205.9 million (INR34,147.0 million) and RM414.0 million (INR6,408.0 million) respectively. The tax demands are mainly on the difference between fair value of investment made in Indus Towers Limited and net book value of the assets transferred to Idea Infrastructure Services Limited (a 100.0% subsidiary of the associate, which further through a scheme of merger got merged with Indus Towers Limited under High Court approved scheme). The associate has filed an appeal against these demands at the Commissioner of Income Tax appeals.

4. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, there were no material contracts (not being contracts entered into in the ordinary course of business), entered by Axiata or its subsidiaries during the two (2) years immediately preceding the date of this Circular.

- (a) An asset purchase agreement dated 30 September 2014 was entered into between PT XL Axiata Tbk ("**XL**") and PT Solusi Tunas Pratama Tbk ("**STP**") where XL agreed to sell, transfer and assign to STP, and STP agreed to purchase and accept the transfer and assignment from XL of all of XL's rights, title and interest in and to 3,500 telecommunication towers with all related equipment located on a leased property in Indonesia, at the cash consideration of Indonesian Rupiah 5.6 trillion. The sale and purchase transaction was completed on 23 December 2014.

FURTHER INFORMATION (Cont'd)

- (b) An asset purchase agreement dated 1 March 2015 was entered into between Robi Axiata Limited (“**Robi**”) and edotco Bangladesh Co. Ltd (“**EBCL**”) (which was subsequently amended and restated vide the Amended and Restated Asset Purchase Agreement dated 29 July 2015), where EBCL agreed to purchase and accept the transfer and assignment from Robi of all of Robi’s rights, title and interest in and to the telecommunication towers with all related equipment located at the site in Bangladesh, at the case consideration of US\$161,081,633. The sale and purchase transaction was completed on 29 July 2015.
- (c) A share purchase agreement dated 21 December 2015 was entered into between TS UTA, SEA Telecom, TeliaSonera AB, TS Norway, AIL and Axiata for the acquisition of the entire issued and paid-up capital of Reynolds by AIL for a total cash consideration of approximately US\$1,365.1 million subject to closing adjustments.
- (d) A shareholders’ agreement dated 21 December 2015 was entered into between Bhavana Singh Shrestha, Sunivera and Axiata for the purposes of regulating the operation and management of Ncell and the relationship between the parties thereto upon completion of the Proposed Acquisition.

5. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, the Axiata Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of the Axiata Group.

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

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

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

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

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

FURTHER INFORMATION (Cont'd)

(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) Dato' Bistamam Ramli ("DBR"), (iii) Dato' Lim Kheng Yew ("DLKY"), (iv) Axel Hass ("AH"), (v) Oliver Tim Axmann ("OTA"). In the Writ of Summons, Celcom and Celcom Resources also named DeTeAsia Holding GmbH ("DeTeAsia") and Beringin Murni Sdn Bhd ("BM") as co-defendants (collectively with the former directors referred to as "Defendants").

Celcom and Celcom Resources are seeking damages for conspiracy against the Defendants. Celcom and Celcom Resources claim that the Defendants wrongfully and unlawfully conspired with each other to injure Celcom and Celcom Resources by causing and/or committing them to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 ("**Supplemental Agreement**") and the Amended and Restated Supplemental Agreement ("**ARSA**") dated 4 April 2002 with DeTeAsia in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and DBR.

TSDTR and DBR filed an application to strike out the Writ of Summons. On 17 July 2009, the Court dismissed TSDTR and DBR's striking out application with costs. TSDTR and DBR 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, DBR, AH, OTA and DeTeAsia. The Court of Appeal also ordered that the proceedings in the High Court be stayed pending disposal of the defendants' applications for leave to appeal to the Federal Court. On 8 and 9 April 2014, an application for leave to appeal to the Federal Court was filed by TSDTR, DBR, AH, OTA and DeTeAsia respectively. The hearing of their application for leave to appeal to the Federal Court has now been fixed on 31 March 2016. The matter in the High Court has been fixed for case management on 4 April 2016 pending determination of the aforesaid appeals.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

(c) Celcom & Another vs TSDTR & 8 Others

Pursuant to an award granted by the arbitral tribunal to DeTeAsia's on 2 August 2005, Celcom and Celcom Resources instituted proceedings against 9 of its former directors alleging that they had breached their fiduciary duties in entering into a Subscription Agreement on its behalf on 25 June 1996 with Deutsche Telekom AG ("**Subscription Agreement**"), and the ARSA whilst they were directors of Celcom and Celcom Resources. In addition, Celcom and Celcom Resources have also made a claim against TSDTR for alleged unauthorised profits made by him in connection with the execution of the abovementioned agreements. Celcom and Celcom Resources are seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the Award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446.0 million, all monies received by the directors arising out of such breaches, losses and damages in connection with the entry of Celcom and Celcom Resources into the Subscription Agreement and the ARSA. TSDTR and DBR filed an application to strike out the proceedings. On 6 February 2009, the Court

FURTHER INFORMATION (Cont'd)

dismissed TSDTR and DBR's striking out application with costs. TSDTR and DBR 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 DBR against the decision of the High Court dated 6 February 2009; and (ii) the German directors against the decision of the High Court dated 30 June 2010. The Court of Appeal also ordered that the proceedings in the High Court be stayed pending the disposal of the defendants' applications for leave to appeal to the Federal Court. On 8 and 9 April 2014, an application for leave to appeal to the Federal Court was filed by TSDTR, DBR and German directors respectively. The hearing of their application for leave to appeal has now been fixed on 31 March 2016. The matter in the High Court has been fixed for case management on 4 April 2016 pending determination of the aforesaid appeals.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

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

The Large Tax Unit ("LTU") of the NBR of Bangladesh, had issued a show cause letter dated 23 February 2012 to Robi. The letter alleged that Robi had evaded payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi on the pretext that the issuance were for replacement purposes with regards to Robi's existing customers. The amount in question amounts to BDT6,549,944,826 (US\$81,874,310.325). The show cause letter accompanied a demand to pay the amount, if the response to the show cause letter is not satisfactory.

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

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

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

FURTHER INFORMATION (Cont'd)

In August 2013, a Review Committee was formed consisting of representatives from four mobile operators, BTRC (the telecoms regulator), NBR, LTU and a representative from Association of Mobile Telecom Operators of Bangladesh to produce a report with a view to resolve the matter amicably. The Review Committee is yet to finalise an agreed version of the final report. LTU filed a revised claim on 17 May 2015 claiming for BDT4,145,455,400 (US\$51,818,192.5). A writ hearing is pending at the High Court of Bangladesh challenging the revised claim. Meanwhile, Robi has filed an appeal with the Customs, Excise and VAT Appellate Tribunal. The appeal is currently pending for hearing.

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

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

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

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

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

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

The appeal matter in the Supreme Court of Sri Lanka is currently fixed for hearing on 19 February 2016.

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

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

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

FURTHER INFORMATION *(Cont'd)*

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by our shareholders at our registered office at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) the Memorandum and Articles of Association of Axiata, Reynolds and Ncell;
- (ii) the audited consolidated financial statements of Axiata for the past two financial years, i.e. FYE 31 December 2013 and FYE 31 December 2014;
- (iii) the audited financial statements of Reynolds, for the past two financial years, i.e. FYE 31 December 2013 and FYE 31 December 2014;
- (iv) the audited financial statements of Ncell, for the past two financial years, i.e. FYE 16 July 2014 and 16 July 2015;
- (v) the unaudited results of Axiata Group for the financial period ended 30 September 2015;
- (vi) the unaudited financial statements of Reynolds for the 12-month period ended 31 December 2015;
- (vii) the unaudited financial statements of Ncell for the 12-month period ended 31 December 2015;
- (viii) the expert's opinion on the taxation policies and repatriation of profits from St. Kitts and Nevis or Nevis, and the UK by PricewaterhouseCoopers Taxation Services Sdn Bhd;
- (ix) the expert's opinion on policies on taxation policies and repatriation of profits from Nepal by S.R. Pandey & Co;
- (x) the expert's report on the fairness of the Purchase Consideration of the Proposed Acquisition by Delta Partners Corporate Finance Limited;
- (xi) the legal opinions issued by:
 - (a) Forbes Hare referred to in Appendix IV;
 - (b) Pradhan, Ghimirie & Associates referred to in Appendix V;
 - (c) Stibbe N. V. referred to in Appendix V;
 - (d) Advokatfirman Delphi referred to in Appendix V;
 - (e) Wikborg, Rein & Co. Advokatfirma DA referred to in Appendix V;
 - (f) Morrison & Foerster (UK) LLP referred to in Appendix V;
- (xii) the letters of consent referred to in Section 2 of this Appendix;
- (xiii) the material contracts referred to in Section 4 of this Appendix; and
- (xiv) the relevant cause papers in respect of the material litigation referred to in Section 5 of this Appendix.



AXIATA GROUP BERHAD

(Company Number: 242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY GENERAL MEETING OF AXIATA GROUP BERHAD ("AXIATA" OR THE "COMPANY") WILL BE HELD AT THE GRAND BALLROOM, 1ST FLOOR, SIME DARBY CONVENTION CENTRE, 1A JALAN BUKIT KIARA 1, 60000 KUALA LUMPUR, MALAYSIA ON WEDNESDAY, 17 FEBRUARY 2016 AT 3.00 P.M. FOR THE PURPOSE OF CONSIDERING AND IF THOUGHT FIT, PASSING THE FOLLOWING RESOLUTION, WITH OR WITHOUT MODIFICATION:

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF ENTIRE ISSUED AND PAID-UP CAPITAL OF REYNOLDS HOLDINGS LIMITED ("REYNOLDS") WHICH IN TURN HOLDS 80.0% EQUITY INTEREST IN NCELL PVT. LTD. ("NCELL") ("PROPOSED ACQUISITION")

"**THAT**, subject to the approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to Axiata Investments (UK) Limited ("AIL"), a wholly-owned subsidiary of the Company, to acquire the entire issued and paid-up capital of Reynolds, which in turn holds 80.0% of the equity interest in Ncell, for a total cash consideration of approximately US\$1,365.1 million subject to adjustments and upon such terms and conditions set out in the share purchase agreement dated 21 December 2015 entered into between TeliaSonera UTA Holding B.V., SEA Telecom Investments B.V., TeliaSonera AB, TeliaSonera Norway Nepal Holdings AS, AIL and Axiata.

THAT, authority be and is hereby given to the Board of Directors of AIL and/or the Company to assent to any modifications to the share purchase agreement and to sign and execute any other ancillary agreements and documents in relation thereto (as may be amended from time to time by further agreement between the parties) in connection with the Proposed Acquisition, for and on behalf of AIL and/or the Company.

THAT, in order to implement, complete and give full effect to the Proposed Acquisition, authority be and is hereby given to the Board of Directors of AIL and/or the Company to give full effect to the Proposed Acquisition with full powers to do or procure to be done all acts, deeds and things (including all applications and submissions to the relevant regulatory authorities and bodies) and take all such decisions as they may in their absolute discretion deem fit, necessary, expedient or appropriate in the best interest of AIL and/or the Company and to execute or enter into all such agreements, arrangements, undertakings, indemnities, transfers, extensions, assignments, deeds, confirmations, declarations and/or guarantees, with any party or parties, to deliver or cause to be delivered all such documents and to do all such acts and matters as they may consider necessary to implement, finalise and give full effect to and complete the Proposed Acquisition with full powers to assent to any arrangements, conditions, modifications, variations and/or amendments thereto as the Board of Directors of AIL and/or the Company may deem fit and/or as may be imposed by any relevant authorities in connection with the Proposed Acquisition."

**By Order of the Board
AXIATA GROUP BERHAD**

Suryani Hussein (LS0009277)
Group Company Secretary

Kuala Lumpur
2 February 2016

Notes:

Proxy and/or Authorised Representative

1. *A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the restrictions provided in Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.*
2. *The Company shall be entitled to reject any instrument of proxy lodged if the Member is not shown to have any shares entered against his name in the Register and/or subject to Article 34A of the Company's Articles of Association in relation to the Record of Depositors made available to the Company.*
3. *A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.*
4. *Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.*
5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy shall:-*
 - (a) *in the case of an individual, be signed by the appointer or by his/her attorney; or*
 - (b) *in the case of a corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation. If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received". If the instrument appointing a proxy is signed by the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney, which is still in force, no notice of revocation has been received".*
7. *A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 89 of the Company's Articles of Association.*
8. *The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.*

Members Entitled to Attend, Speak and Vote

9. *For purposes of determining a member who shall be entitled to attend, speak and vote at the Extraordinary General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 66 of the Company's Articles of Association and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 10 February 2016. Only a depositor whose name appears in the General Meeting Record of Depositors as at 10 February 2016 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.*

Proxy Form

(Before completing the form, please refer to the notes overleaf)



AXIATA GROUP BERHAD

(Company Number: 242188-H)

(Incorporated in Malaysia under the Companies Act, 1965)

"A" I/We, _____
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)
with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____ (COMPANY NO.)
_____ of _____
(FULL ADDRESS)

(TELEPHONE/MOBILE NO.) _____
being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint
_____ with
(NAME AS PER NRIC IN CAPITAL LETTERS)
(NEW NRIC NO.) _____ (OLD NRIC NO.) _____
of _____
(FULL ADDRESS)

or failing him/ her, _____
(NAME AS PER NRIC IN CAPITAL LETTERS)
(NEW NRIC NO.) _____ (OLD NRIC NO.) _____
of _____
(FULL ADDRESS)

of failing him/her, the Chairman of the Meeting as *my/our **first** proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of **AXIATA GROUP BERHAD** to be held at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, on Wednesday, 17 February 2016 at 3.00 p.m., and at any adjournment thereof.

"B" If you wish to appoint a second proxy, please complete this section.

I/We, _____
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)
with (NEW NRIC NO.) _____ (OLD NRIC NO.) _____ (COMPANY NO.)
_____ of _____
(FULL ADDRESS)

(TELEPHONE/MOBILE NO.) _____
being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint
_____ with
(NAME AS PER NRIC IN CAPITAL LETTERS)
(NEW NRIC NO.) _____ (OLD NRIC NO.) _____
of _____
(FULL ADDRESS)



or failing him/ her, _____
 (NAME AS PER NRIC IN CAPITAL LETTERS)
 (NEW NRIC NO.) _____ (OLD NRIC NO.) _____
 of _____
 (FULL ADDRESS)

of failing him/her, the Chairman of the Meeting as *my/our **second** proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, on Wednesday, 17 February 2016 at 3.00 p.m., and any adjournment thereof.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-	
	Percentage (%)
Proxy "A"	
Proxy "B"	
TOTAL	

*Please fill in the proportion of the holding to be presented by each proxy

*My/Our proxy/proxies is/are to vote as indicated:-

Please indicate with an "X" in the appropriate box how you wish your proxy to vote on the resolution. If no instruction is given, this form will be taken to authorise the proxy to vote or abstain at his/her discretion.

Resolution	Proxy "A"		Proxy "B"	
	For	Against	For	Against
Ordinary Resolution – Proposed Acquisition				

No. of ordinary shares held	CDS Account No. of Authorised Nominee*												

*Applicable to shares held through a nominee account

Signed this _____ day of _____ 2016

 Signature(s)/Common Seal of Shareholder(s)

NOTES:

Proxy and/or Authorised Representative

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Fold this flap for sealing

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AFFIX
STAMP

The Share Registrar
Tricor Investor Services Sdn Bhd (118401-V)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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