

## CHAPTER 10: RELATED PARTY TRANSACTIONS

### CONDITIONAL SHARE SUBSCRIPTION AGREEMENT BETWEEN INFRANATION SDN BHD (“CELCOMDIGI”), A WHOLLY-OWNED SUBSIDIARY OF CELCOMDIGI BERHAD (“CDB”), MINISTER OF FINANCE (INCORPORATED) (“MOF INC.”) AND DIGITAL NASIONAL BERHAD (“DNB”)

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#### 1. INTRODUCTION

We refer to the Announcements dated 1 December 2023 and 20 June 2024 in relation to the Proposed Transaction (“**Earlier Announcements**”). Unless otherwise defined, the definitions set out in the Earlier Announcements shall apply throughout this Announcement. This Announcement is to be read together with the Earlier Announcements.

#### 2. COMPLETION OF THE PROPOSED SUBSCRIPTION AND PROPOSED SHAREHOLDER ADVANCE

CDB is pleased to announce that its wholly-owned subsidiary, CelcomDigi had on 28 June 2024 completed the Proposed Subscription and Proposed Shareholder Advance in accordance with the terms and conditions of the SSA.

The completion of the Proposed Subscription and Proposed Shareholder Advance provide the telcos with the strategic optionality of further participation in the DN transition with the eligibility to potentially own and operate the Second 5G Network.

#### 3. SHAREHOLDERS’ AGREEMENT

On 28 June 2024, CelcomDigi had entered into a shareholders’ agreement with MoF Inc., DNB, YTL Power International Berhad (“**YTL**”), Maxis Broadband Sdn Bhd (“**Maxis**”) and U Mobile Sdn Bhd (“**U Mobile**”) to regulate the relationship of the shareholders of DNB (“**DNB Shareholders**”), and set out the basis upon which DNB will undertake the Government of Malaysia’s mandate to be a provider of 5G network and services in Malaysia and to finance, build, operate and maintain such infrastructure and utilise spectrum allocated for 5G (“**Shareholders’ Agreement**”).

For the purposes of this Announcement, CelcomDigi, Telekom Malaysia Berhad (“**TM**”), YTL, Maxis, and U Mobile are collectively referred to as the “**Investor Shareholders**”.

#### 4. SALIENT TERMS OF THE SHAREHOLDERS’ AGREEMENT

The salient terms of the Shareholders’ Agreement are set out below.

##### 4.1 Shareholding Structure

Upon completion of the subscription of the Subscription Shares and the provision of the Shareholder Advance under the terms of the respective share subscription agreements entered into between each Investor Shareholder (as defined below) (other than TM which has yet to complete its subscription agreement) with DNB and MoF Inc., the aggregate issued share capital and Shareholder Advance (which carries the right to vote) of each DNB Shareholder in DNB will be in the following proportions (“**Agreed Proportions**”):

Name of DNB Shareholder	Issued Share Capital Held (RM)	Shareholder Advance (RM)	Cumulative Percentage of Issued Share Capital and Shareholder Advance <sup>(1)</sup> (%)
(1) MOF Inc.	500,000,000	-	34.88%
(2) Telekom Malaysia Berhad (“TM”)	100,000	-	0.01
(3) YTL	100,000	233,233,333	16.28
(4) CelcomDigi	100,000	233,233,333	16.28
(5) Maxis	100,000	233,233,333	16.28
(6) U Mobile	100,000	233,233,333	16.28

Note:

<sup>(1)</sup> MoF Inc.’s and each Investor Shareholder’s cumulative percentage of issued share capital and Shareholder Advance in DNB will be adjusted to 30% and 14% respectively assuming TM subsequently completes its share subscription agreement with DNB and MoF Inc.

Please refer to **Appendix I** of this Announcement for further information on MoF Inc., TM, YTL, Maxis and U Mobile (collectively, the “**Other DNB Shareholders**”).

The Agreed Proportions are subject to adjustments in the event the number of DNB Shares, and/or Shareholder Advance and/or such other additional Shareholder Advance held by a DNB Shareholder changes in accordance with the terms of the Shareholders’ Agreement.

## 4.2 Special Share

A redeemable preference share in DNB shall be issued to MoF Inc. at an issue price of RM1.00 (“**Special Share**”) on or before the coming into force of the Shareholders’ Agreement. The holder of the Special Share has certain rights including the right to appoint one director of DNB (“**DNB Director**”). The Special Share is not transferable and shall be immediately redeemed by DNB at its issue price 24 months from the date MoF Inc. ceases to hold any DNB Shares (“**MoF Inc. Exit Date**”), or if so requested in writing by MoF Inc., subject to compliance with applicable laws by DNB.

## 4.3 MoF Put Option and Investor Shareholders Call Option

4.3.1 Upon the exercise by MoF Inc. of the put option granted to it under the Shareholders’ Agreement, each Investor Shareholder is required to purchase from MoF Inc., 100,000,000 DNB Shares at a price of RM1.00 for each DNB Share (“**MoF Inc. DNB Share**”), and RM90,000,000 of MoF Inc. total advances to DNB (which were advanced by MoF Inc. to DNB for the 5G network rollout (“**MoF Loan**”), and any part of which may be deemed as an additional shareholder advance (“**MoF Additional Shareholder Advance**”) in the event the board of directors of DNB (“**DNB Board**”) determines that additional shareholder advances are to be made by DNB Shares in the Agreed Proportions) including any accrued interests (“**MoF Put Option**”). The MoF Put Option is exercisable any time within one month upon DNB achieving the 80% COPA target and the determination by the Ministry of Communications and/or the MCMC that the Second 5G Network is permitted and enabled to provide 5G services (“**Option Trigger Event**”). Notwithstanding the foregoing, MoF Inc. has agreed to extend the MoF Put Option for a period of six months from the date of the Option Trigger Event or such other period as may be agreed by the parties.

4.3.2 If MoF Inc. fails to exercise the MoF Put Option, each Investor Shareholder may within one month of the expiry of the MoF Put Option, exercise the call option granted to it under the Shareholders’ Agreement (“**Investor Shareholders Call Option**”). Upon the exercise of Investor Shareholders Call Option, MoF Inc. is required to sell to the

Investor Shareholder, 100,000,000 DNB Shares at a price of RM1.00 for each DNB Share, and RM90,000,000 of MoF Loan and/or MoF Additional Shareholder Advance (if any) including any accrued interests.

- 4.3.3 If any of the Investor Shareholder fails to complete the purchase under the MoF Put Option or Investor Shareholders Call Option (“**Non-Completing Investor**”), MoF Inc. undertakes to sell all such part of DNB Shares, and MoF Loan and/or MoF Additional Shareholder Advance which the Non-Completing Investor failed to complete under the MoF Put Option or Investor Shareholders Call Option to the Investor Shareholders which have completed the purchase under the MoF Put Option or Investor Shareholder Call Option in accordance with the terms of the Shareholders’ Agreement.

#### 4.4 Shareholder Restructuring on the Occurrence of the Option Trigger Event

- 4.4.1 On or before 1 month after the completion date of each Investor Shareholder’s share subscription agreement or such other date agreed in writing, the Investor Shareholders shall propose who among them shall remain as DNB Shareholders (“**Group A Shareholders**”), or shall be shareholders of a new special purpose company, namely SPV B, which will receive a licence under the Communications and Multimedia Act (“**CMA**”) to own and operate a second network for 5G products and services (“**Group B Shareholders**”), after the Option Trigger Event. For avoidance of doubt, an Investor Shareholder or its related corporation is not permitted to be both a Group A Shareholder and a Group B Shareholder.
- 4.4.2 Each Investor Shareholder which will not remain as a DNB Shareholder (“**Exiting Shareholder**”) may exercise its put option to require such Group A Shareholder to purchase all its DNB Shares at a price of RM1.00 for each DNB Share and any part of the MoF Loan it acquired under the MoF Put Option or Investor Shareholders Call Option at a price it paid for such part of the MoF Loan in accordance with the terms of the Shareholders’ Agreement (“**Restructuring Put Option**”). The Restructuring Put Option is exercisable on or after and within one month from the completion of the MoF Put Option or Investor Shareholders Call Option.
- 4.4.3 If the Exiting Shareholders fail to exercise the Restructuring Put Option, each Group A Shareholder may exercise its call option to require the sale by each Exiting Shareholder all its DNB Shares and any part of the MoF Loan acquired under the MoF Put Option or Investor Shareholders Call Option in accordance with the terms of the Shareholders’ Agreement (“**Restructuring Call Option**”). The Restructuring Call Option is exercisable within one month after the expiry of the Restructuring Put Option.
- 4.4.4 All Shareholder Advance and Additional Shareholder Advance of the Exiting Shareholder shall be deemed to be prepayments under its access agreement from the date the Exiting Shareholder is no longer the beneficial owner of any DNB Shares.
- 4.4.5 If any Group A Shareholder fails to complete the purchase under the Restructuring Put Option or Restructuring Call Option (“**Defaulting Group A Shareholder**”), each Group A Shareholder which has exercised and completed the Restructuring Put Option or Restructuring Call Option (“**Completing Group A Shareholder**”) is entitled to call upon and require the Exiting Shareholder to sell all such DNB Shares and any part of the MoF Inc. Loan acquired under the MoF Put Option or Investor Shareholders Call Option which the Defaulting Group A Shareholder failed to purchase (“**Defaulting Group A Shareholder Shares & MoF Inc. Loan**”) (“**Completing Group A Shareholder Call Option**”). If 2 or more Completing Group A Shareholders exercise the Completing Group A Shareholder Call Option, the Completing Group A Shareholder is entitled to purchase the Defaulting Group A Shareholder Shares & MoF Inc. Loan calculated based on the number of DNB Shares, Shareholder Advance and Additional Shareholder Advance the Group A Shareholder owns on the completion of the Restructuring Put Option or Restructuring Call Option (“**Restructuring Completion Date**”). The Completing Group A Shareholder Call Option is exercisable within 2 months after the Restructuring Completion Date.

#### **4.5 Number of DNB Directors**

**4.5.1** The initial composition of the DNB Board upon the execution of the Shareholders' Agreement shall comprise:

- (i) 2 nominees of MoF Inc., one of whom shall be designated as the Chairman of the DNB Board; and
- (ii) 1 nominee of each Investor Shareholder.

**4.5.2** From the MoF Inc. Exit Date until the date of termination of the Special Share, the composition of the DNB Board shall comprise:

- (i) 1 nominee of MoF Inc.; and
- (ii) 5 nominees of one or more of the Investor Shareholders, one of whom shall be designated as the Chairman of the DNB Board.

#### **5. APPROVALS REQUIRED**

The Shareholders' Agreement is not subject to shareholders or any other government authorities' approval.

#### **6. FINANCIAL EFFECT**

##### **6.1 Share Capital and Substantial Shareholders' Shareholdings**

The Shareholders' Agreement will not have any effect on the issued and paid-up share capital of CDB as well as the substantial shareholders' shareholdings in CDB.

##### **6.2 Earnings, Net Assets and Gearing**

The completion of the Proposed Shareholder Advance is premised on among others CelcomDigi agreeing to regard the AA Prepayment as Shareholder Advance in DNB. This provides CelcomDigi with the strategic optionality of further participation in the nation's 5G DN transition and the eligibility to potentially own and operate the Second 5G Network. Further, under the Shareholders' Agreement, CelcomDigi will purchase the MoF Inc. DNB Share and MoF Loan and/or MoF Additional Shareholder Advance (if any) including any accrued interests upon the exercise of the MoF Put Option or Investor Shareholders Call Option as described in Section 4.3 of this Announcement.

Subject to the outcome of the 5G DN transition process, the Minister of Communications' determination of the second 5G network provider and whether CelcomDigi continues to be a shareholder of DNB, the Proposed Transaction will be recognised as investment and CelcomDigi will only be able to determine the eventual financial effects upon finalisation of the 5G DN transition process.

#### **7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS & PERSONS CONNECTED**

Save as disclosed below, none of our directors, major shareholders and/or persons connected to them have any interest, direct or indirect, in the Shareholders' Agreement.

MoF Inc. as an indirect shareholder of CDB by virtue of the following:

- (i) MoF Inc., a body corporate established under the Minister of Finance (Incorporation) Act, 1957, is the holding company of DNB and Khazanah Nasional Berhad (“**Khazanah**”);
- (ii) Khazanah is a major shareholder of Axiata Group Berhad (“**Axiata**”) with an equity interest of 36.72%;
- (iii) Axiata is a major shareholder of CDB with an equity interest of 33.1%; and
- (iv) Vivek Sood, Dr. Shridhir Sariputta Hansa Wijayasuriya and Tengku Dato’ Sri Azmil Zahrudin Raja Abdul Aziz (collectively, “**Interested Directors**”) are CDB directors nominated by Axiata.

is interested in the Shareholders’ Agreement (“**Interested Major Shareholder**”).

## **8. TRANSACTION WITH SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS**

Save for the Shareholders’ Agreement, the Proposed Transaction, the recurrent related party transactions that have been disclosed in the circular dated 16 April 2024 to CDB’s shareholders and approved by its shareholders on 27 May 2024, as well as the related party transactions disclosed in its audited financial statements for the financial year ended (“**FYE**”) 31 December 2023, there were no transactions entered into by the Group with the Interested Major Shareholder and / or persons connected with them for the preceding 12 months up to the date of this Announcement.

## **9. BOARD AUDIT COMMITTEE (“BAC”) STATEMENT**

CDB BAC, having considered all aspects of the Proposed Transaction, are of view that the Shareholders’ Agreement is necessary towards securing CDB with the strategic optionality of further participation in the 5G DN transition to build Malaysia’s second 5G network and lead in shaping the country’s 5G landscape as well as delivering innovative 5G services to Malaysian consumers and enterprises. Therefore, CDB BAC is of the opinion that the Shareholders’ Agreement is:

- (i) in the best interest of CDB;
- (ii) fair and reasonable; and
- (iii) not detrimental to the interest of the minority shareholders of CDB.

## **10. BOARD OF DIRECTORS’ (“BOARD”) STATEMENT**

CDB Board (excluding the Interested Directors), having considered the views of the BAC, all aspects of the Proposed Transaction, are of view that the Shareholders’ Agreement is necessary towards securing CDB with the strategic optionality of further participation in the 5G DN transition to build Malaysia’s second 5G network and lead in shaping the country’s 5G landscape as well as delivering innovative 5G services to Malaysian consumers and enterprises. Therefore, CDB Board (excluding the Interested Directors) is of the opinion that the Shareholders’ Agreement is

- (i) in the best interest of the CDB;
- (ii) fair and reasonable; and
- (iii) not detrimental to the interest of the minority shareholders of CDB.

**11. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed Transaction pursuant to paragraph 10.02(g)(iii) of the Main Market Listing Requirements, is 1.4% with the possibility of rising to 2.6%, upon the completion of the SSA and execution of the Shareholders' Agreement, based on the audited consolidated financial statements of CDB as at 31 December 2023.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

The Shareholders' Agreement is available for inspection at CDB's registered office at Level 30, Menara CelcomDigi, No. 6, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this Announcement.

This announcement is dated 28 June 2024.

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**APPENDIX I – FURTHER INFORMATION ON THE OTHER DNB SHAREHOLDERS**

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**1. MoF Inc.**

MoF. Inc is a body corporate established under the Minister of Finance (Incorporation) Act 1957.

**2. TM**

TM was incorporated in Malaysia under the Companies Act 1965 on 12 October 1984 and is deemed registered under the Companies Act 2016. TM is listed on the Main Market of Bursa Securities.

TM is principally involved in the establishment, maintenance and provision of telecommunications related services.

**3. YTL**

YTL was incorporated in Malaysia under the Companies Act 1965 on 18 October 1996 and is deemed registered under the Companies Act 2016. YTL is listed on the Main Market of Bursa Securities.

YTL is principally involved in investment holding and provision of administrative and technical support services.

**4. Maxis**

Maxis was incorporated in Malaysia under the Companies Act 1965 on 12 February 1992 and is deemed registered under the Companies Act 2016.

Maxis is principally involved in the provision of full suite converged telecommunication, digital and related services and solutions, and corporate support and services functions to its related parties.

**5. U Mobile**

U Mobile is incorporated in Malaysia under the Companies Act 1965 on 29 August 1991 and is deemed registered under the Companies Act 2016.

U Mobile is principally involved in the provision of multimedia, telecommunication and such related services.