

**Description:**  
**MAXIS BERHAD ("MAXIS")**  
**PROPOSED INVESTMENT IN DIGITAL NASIONAL BERHAD**

---

## **1. INTRODUCTION**

The Board of Directors of Maxis ("**Board**") wishes to announce that Maxis Broadband Sdn Bhd ("**Maxis Broadband**"), a wholly-owned subsidiary of Maxis, had on 1 December 2023, entered into a conditional share subscription agreement ("**SSA**") with Digital Nasional Berhad ("**DNB**") and Minister of Finance, Incorporated ("**MoF Inc.**") to subscribe for an equity stake in DNB ("**Proposed Investment**").

Per the Ministerial Direction No.3 of 2021 dated 31 May 2021, DNB was appointed by the Government of Malaysia ("**Government**") to be the single neutral party to undertake the deployment of 5G infrastructure and network nationwide, and to provide wholesale 5G services.

"**Maxis Group**" in this Announcement refers to Maxis and its subsidiaries.

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

2.1 The Proposed Investment involves:

- i) The subscription of 100,000 new ordinary shares ("**Share Subscription**") by Maxis Broadband in DNB, at an issue price of RM1.00 each, payable upon the satisfaction of the share subscription conditions precedent in the SSA; and
- ii) A prepayment towards products and services to be delivered by DNB to Maxis Broadband under the 5G Access Agreement signed on 14 August 2023 between Maxis Broadband and DNB ("**AA**"), amounting to RM233,233,333.00 ("**AA Prepayment**").

2.2 DNB is wholly-owned by MoF Inc. with an issued share capital of RM500,000,000 comprising of 500,000,000 ordinary shares.

2.3 The Share Subscription is conditional upon the satisfaction of conditions precedent which include the following:

- i) Letter from MoF Inc. waiving its pre-emptive right under Section 85 of the Companies Act 2016 on the issuance of the Share Subscription;
- ii) Written consent from the respective existing financiers and selected vendor of DNB for the changes in shareholding and board composition arising from the Proposed Investment;
- iii) Written confirmation from the Malaysian Communications and Multimedia Commission ("**MCMC**") granting forbearance to DNB for certain condition(s) required under the Network Facilities Provider licence and Network Services Provider licence held by DNB and the provisions of the DNB's board charter; and
- iv) Amendments to DNB's board charter to the extent necessary to reflect the terms of the SSA and shareholders agreement to be entered into between DNB, MoF Inc., Maxis Broadband and other investors ("**Shareholders Agreement**") and approved by MCMC when required.

(collectively, the "**Share Subscription Conditions Precedent**").

- 2.4 The Share Subscription becomes unconditional upon the satisfaction of all Share Subscription Conditions Precedents, unless otherwise waived (“**Share Subscription Unconditional Date**”). On the Share Subscription Unconditional Date, Maxis Broadband shall be entitled to nominate a director to the board of DNB for a fixed term until the CP Longstop Date (refer to definition in Section 2.9 below).
- 2.5 The AA Prepayment shall be regarded and treated as a shareholder advance to DNB (“**Shareholder Advance**”) subject to, among others, the following conditions precedent being obtained or fulfilled:
- i) Maxis Broadband being satisfied with the results of the due diligence findings carried out on DNB;
  - ii) Written confirmation from MoF Inc. to extend the tenure of its loan to DNB, until the date MoF Inc. is no longer the beneficial owner of the ordinary shares in DNB;
  - iii) Written confirmation from the Minister of Communications and Digital that only the investors which have subscribed for the Share Subscription and which have granted the Shareholder Advance to DNB will be eligible to own and operate a second 5G network;
  - iv) Written approval from relevant authorities confirming that (a) stamp duty will be exempted on the instruments and agreements executed by MoF Inc. in connection with the deployment of 5G network and infrastructure by DNB, (b) import duty and sales tax will be exempted for imported machinery and equipment used in deployment of 5G infrastructure, and (c) stamp duty will be exempted from the execution of all documents contemplated or permitted under the SSA in relation to the Proposed Investment and the Shareholders Agreement;
  - v) Written confirmation from MCMC that no merger approval is required in relation to the Proposed Investment; and
  - vi) Written consent from selected vendors of DNB for the changes in shareholding and board composition arising from the Proposed Investment.
- (collectively, the “**Shareholder Advance Conditions Precedent**”).
- 2.6 The Shareholder Advance becomes unconditional upon the satisfaction of all Shareholder Advance Conditions Precedents, unless otherwise waived (“**Shareholder Advance Unconditional Date**”).
- 2.7 The key terms of the Shareholder Advance are as follows:
- i) The Shareholder Advance carries with it the right to vote, with each Ringgit of Shareholder Advance having the same rights accorded to a holder of one ordinary share in DNB; and
  - ii) The Shareholder Advance may revert to being deemed as AA Prepayment in the circumstances set out in the Shareholders Agreement.
- 2.8 As part of the due diligence, DNB shall initiate a full review of its business and operations and ensure that the findings are shared with Maxis Broadband and DNB’s other investors in a timely manner.

- 2.9 The longstop date for the fulfilment of the Share Subscription Conditions Precedent and Shareholder Advance Conditions Precedent shall be the later of nine (9) weeks from the date of SSA or twenty (20) business days after the first board of directors meeting of DNB (where all the directors including the nominee director of Maxis Broadband are invited) or such other date as may be mutually agreed by the parties ("**CP Longstop Date**").
- 2.10 If the conditions precedent are not fulfilled prior to the CP Longstop Date through no fault of any party despite all the reasonable efforts taken, the SSA may be terminated and shall cease to have any effect.
- 2.11 Completion shall take place within five (5) business days from the Shareholder Advance Unconditional Date. Upon the completion date, the parties will sign the Shareholders Agreement and Maxis Broadband will issue a notice confirming that the AA Prepayment shall be regarded and treated as a Shareholder Advance as stated in Section 2.7 above.
- 2.12 As part of the completion of the Proposed Investment, the Shareholders Agreement will set out terms for the transition to a dual 5G network model. This includes a put option for MoF Inc. to sell its shares and transfer its shareholder advance in DNB, and a corresponding call option for Maxis Broadband to buy a proportion of MoF Inc's shares in DNB and take over the shareholder advance.

### **3. RATIONALE OF THE PROPOSED INVESTMENT**

The entry into the Proposed Investment is the first step of the transition to a dual 5G network model, which Maxis Group is committed to play an active role in. This is in line with the Government's announcement on 3 May 2023 to first focus on achieving 80% 5G coverage of populated areas (CoPA) by the end of 2023 under DNB, followed by the transition to dual 5G network model.

### **4. RISKS OF THE PROPOSED INVESTMENT**

- 4.1 The Proposed Investment is subject to risk of non-completion, which includes but not limited to, the breach of the terms in the SSA by the parties, and any changes in statutory laws, regulations and/or Government policies. The completion of the Proposed Investment is conditional upon the Share Subscription Conditions Precedent and Shareholder Advance Conditions Precedents, respectively being fulfilled or waived in accordance with the terms of the SSA. In the event any of the Share Subscription Conditions Precedent and/or Shareholder Advance Conditions Precedents is not fulfilled, the Proposed Investment may be delayed or terminated.
- 4.2 The Proposed Investment is also subject to investment risk that is typical of a transaction of this nature.
- 4.3 There may be a requirement for additional funding for DNB arising from events such as cost overruns in rolling out the 5G network. As part of the terms of the SSA, Maxis Broadband is able to monitor and assess DNB's financial and operational performance to mitigate this risk.

## **5. FINANCIAL EFFECT**

- 5.1 The Proposed Investment is expected to be funded via internally generated funds and/or bank borrowings.
- 5.2 The Proposed Investment will not have any effect on Maxis' issued share capital and substantial shareholders' shareholdings as it does not involve any issuance of new ordinary shares in Maxis.
- 5.3 The Proposed Investment is not expected to have any material effect to the earnings per share, net assets per share and gearing of Maxis Group for the financial year ending 31 December 2023.

## **6. PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed Investment pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 3.66% based on the net assets of the Maxis Group as of 31 December 2022.

## **7. APPROVAL / CONSENT REQUIRED**

The Proposed Investment is not subject to Maxis' shareholders' approval or any other relevant regulatory authorities other than as contemplated in the Share Subscription Conditions Precedent and Shareholder Advance Conditions Precedent.

## **8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of the directors, major shareholders of Maxis and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Investment.

## **9. RECOMMENDATION BY THE DIRECTORS**

The Board, having considered all aspects of the Proposed Investment, including but not limited to the participation in the Proposed Investment allows Maxis to play an active role in bringing 5G to Malaysia, believes that the Proposed Investment is in the best interest of Maxis Group.

This Announcement is dated 1 December 2023.