

DIGI.COM BERHAD
(Company No. 425190-X)

MINUTES OF THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT PYRAMID 1, LEVEL CP3, SUNWAY PYRAMID CONVENTION CENTRE, PERSIARAN LAGOON, BANDAR SUNWAY, 47500 PETALING JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 7 MAY 2015 AT 10.00 A.M.

PRESENT

Mr Sigve Brekke	-	Chairman (Also as proxy for shareholders set out in the Attendance Summary attached)
Datuk Seri Saw Choo Boon	-	Director
Dato' Ab. Halim Bin Mohyiddin	-	Director
Mr Tore Johnsen	-	Director
Ms Yasmin Binti Aladad Khan	-	Director
Mr Morten Karlsen Sorby	-	Director

ABSENT WITH APOLOGY

Mr Hakon Bruaset Kjol	-	Director
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IN ATTENDANCE

Ms Choo Mun Lai	-	Company Secretary
Ms Tan Ai Ning	-	Company Secretary

BY INVITATION

Mr Albern Murty	-	Chief Executive Officer ("CEO")
Mr Karl Erik Broten	-	Chief Financial Officer ("CFO")
Mr Christian Thrane	-	Chief Marketing Officer
Mr Haroon Bhatti	-	Chief Human Resource Officer
Mr Eugene Teh	-	Chief Corporate Affairs Officer
Mr Loh Keh Jiat	-	Chief Sales Officer
Mr Kesavan Sivabalan	-	Chief Network Officer
Ms Orsolya Sekerka	-	Chief IT Officer
Mr Choy Kum Fatt	-	Head of Sourcing & Logistic
Ms Winnie Ooi Guat Suan	-	Head of Investor Relations
Ms Alice Suryani M Kamel	-	Head of Treasury
Ms Chow Wai Harn	-	Head of Accounting and Financial Reporting
Mr Cheong Kei Keat	-	Head of Taxation
Ms Jenny Koay Chia Yin	-	Head of Assurance
Mr Ola Hanson	-	Head of Legal and Compliance
Mr Ong Chong Kit	-	Head of Risk and Revenue Management
Encik Nik Rahmat Kamarulzaman Bin Nik AB Rahman	-	Partner, Messrs Ernst & Young
Mr Chong Tse Heng	-	Partner, Messrs Ernst & Young
Mr Desmond Tseu Tet Khong	-	Senior Manager, Messrs Ernst & Young

BY INVITATION (cont'd)

Ms Fong Sok Yee	}	Representatives from Boardroom Corporate Services (KL) Sdn Bhd, Secretarial Agent
Ms Carra Foo		
Ms Yap Hui Yin		
Ms Christina Lim		
Ms Nurhani Binti Mohd Idris		
Mr Muhammad Izzat Bin Razali	}	Representing Universiti Teknologi Mara – Faculty of Administrative Science and Policy Studies
Ms Nur Athirah Binti Mohd Raffee		
Ms Nur Farah Ilyana Binti Idros		
Ms Nur Shabila Binti Kamaruddin		
Ms Siti Nur Afiqah Binti Zarni	}	Representing CIMB
Mr Christopher Chan Choun Sien		
Mr Goo Jui Pian		
Mr Ho Tat Heng	}	Representing Zaid Ibrahim & Co.
Ms Joan Ting Pang Chun		
Ms Carmen Wong Hui Lin		

The list of shareholders, corporate representatives and proxies who attended the Meeting are set out in the Attendance Summary attached and shall form an integral part of these Minutes.

1. CHAIRMAN

- 1.1 Mr Sigve Brekke, being the Chairman of the Board of Directors presided as Chairman of the Meeting and welcomed all members and guests to the Meeting.

2. QUORUM

- 2.1 The Secretary confirmed that a quorum was present in accordance with the Company's Articles of Association. With the requisite quorum being present, the Meeting was called to order at 10.10 a.m.
- 2.2 The Chairman introduced the Directors, the CEO, the CFO, the Company Secretary and the Auditors of the Company who were in attendance.

3. NOTICE

- 3.1 With the consent of the members present, the Notice convening the Meeting having been circulated within the prescribed period was with the permission of the Meeting taken as read.

4. SUMMARY OF PROXIES RECEIVED

- 4.1 As part of good governance, the Chairman reported to all present that the Company had received in total 1,768 proxy forms and corporate representative forms from shareholders for a total of 2,494,502,609 ordinary shares of RM0.01 each representing 32.08% of the issued and paid-up share capital of the Company.
- 4.2 Out of those, there were 543 shareholders who have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented are 988,368,020 representing 12.71% of the issued and paid-up share capital of the Company.

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 AND THE DIRECTORS' AND AUDITORS' REPORTS THEREON

- 5.1 The Chairman informed the Meeting that the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' and Auditors' Report were meant for discussion as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders.
- 5.2 At the invitation of the Chairman, the CEO of the Company, Mr Albern Murty, gave a brief overview of the financial performance, outlook and guidance for the financial year ending 31 December 2015. The CFO of the Company, Mr Karl Erik Broten continued to present the key highlights for the financial year ended 31 December 2014 and the Group's performance in the first quarter of 2015 which were set out in the slide presentation to all present.
- 5.3 The Chairman read out the questions received from Minority Shareholder Watchdog Group ("MSWG") for the benefit of the minority shareholders present whilst the CEO provided the answers on operations performance matters and the CFO provided the answers on financial performance matters at the Meeting. A copy of the slide presentation on the questions and answers was attached herein as Annexure A.
- 5.4 Thereafter, the Chairman invited questions from the floor on the Audited Financial Statements for the financial year ended 31 December 2014. A number of shareholders and proxies made comments and sought clarification on various issues which were succinctly addressed by the Chairman, the CEO and the CFO. The salient issues raised were as follows:-
- 5.4.1 Mr Tan Kong Ang, a shareholder, enquired on the impact of the implementation of Goods and Services Tax ("GST"). The CEO explained that there were some confusion and transitional challenges post GST and Digi will continue to work in consultation with the Ministry of Communications

and Multimedia and the Royal Malaysian Customs Malaysia on the implementation of GST.

- 5.4.2 In response to the queries from a shareholder, Mr Wan Heng Wah, the CFO replied that with the proliferation of smartphones users (1Q 2015 : 53%) and higher mobile internet penetration (1Q 2015 : 57%), voice and messaging usage will continue to moderate with top line service revenue well supported by the strong demand for mobile internet. Digi's consistent focus on *Internet for All* has well-positioned the Company to tap on the strong growth opportunities from mobile internet.
- 5.4.3 The CEO added that Digi aspires to be the Best Mobile Internet providers for the mass market and is committed to invest strategically to ensure Best for Internet network coverage and quality for its customers to enjoy consistent internet experience. Digi will continue to introduce affordable and innovative mobile internet packages bundled with attractive smartphones with the support of excellent on-ground distribution, strategic partnerships with global internet services and refreshed brand promise.
- 5.4.4 Mr Ho Yueh Weng, a proxy, sought clarification on "more efficient depreciation and amortisation ("D&A") charges" as stated in page 15 of the 2014 Annual Report. The CFO explained that Digi had embarked on a network modernisation project in the year 2011 to upgrade the entire mobile telecommunication network. Arising thereto, Digi had over and above its normal D&A charges, accelerated depreciation on the network assets scheduled to be decommissioned. Upon the completion of the network modernisation project in 3Q 2013, D&A charges normalised and reflected the benefits from a relatively more efficient modernised network. Consequentially, this uplifted year-on-year distributable earnings in 2014 in addition to the flow through from organic earnings growth.
- 5.4.5 The Chairman took note and addressed the comment from Mr Moothu Kumaran A/L Bass, a shareholder, in respect of Digi's share price which increased 23% last year and outperformed the FBM KLCI. Management will continue its commitment and efforts to drive shareholders return.
- 5.4.6 In terms of the capital expenditure ("CAPEX"), the Chairman informed that Digi plans to maintain its CAPEX at 2014 level (approximately RM900 million) to continue its Long Term Evolution ("LTE") and 3G network expansion, strengthen its fibre network and infrastructure capabilities, to support and capture data growth opportunities.
- 5.4.7 In response to the query on dividends, the CFO informed that Digi had always been maintaining its dividend payout policy of a minimum 80% dividend payout out of its profit after tax ("PAT"). In 2012, Digi paid out 170% of its PAT as dividend as part of its capital management initiative and

exhausted its distributable reserves. Since then, dividend payout had been limited to available current earnings with a total of 97% dividend payout declared for 2014.

- 5.4.8 In response to the enquiry from Mr Vong Nyam Yew, a shareholder, on the progress and tax implication of Business Trust (“BT”), to which the Chairman explained that BT offers Digi the opportunity to optimise its capital structure. As this is a new structure in Malaysia, Digi is assessing the opportunity and will update any development in due course. To the enquiry on how Digi strengthens the 4G/LTE network in Malaysia, the CEO informed that the expansion of 4G/LTE network is a core part of the Digi’s strategy ambition of *Internet For All*. Digi will continue to expand its LTE population coverage rapidly (1Q 2015: 33%) and enable LTE access to both prepaid and postpaid at all its key market centers.
- 5.4.9 Mr Veiven Goon, a shareholder, sought clarification on other expenses of RM666.7 million and the increased short-term borrowings of RM803.74 million under review compared with the preceding year, to which the CFO conveyed that other expenses are mainly derived from Universal Service Provision (“USP”) contribution fund pursuant to the licenses from Malaysian Communications and Multimedia Commission (“MCMC”), various license fees and utilities expenses. The short-term borrowing was to optimise the cash flow of Digi in the short term.
- 5.4.10 Mr David Poh Chung Wee, a shareholder, commended the excellent performance of Digi for the past four years and expressed delight on the appointment of Malaysian CEO for Digi. In response to his enquiry on the spectrum refarming, the CEO updated that spectrum refarming process, if any, will be at the prerogative of MCMC and Digi is in constant dialogue with the regulators. In reply to David on the CEO’s future prospect for Digi, the CEO informed that he will continue to develop Digi’s culture with passion for innovative in the mobile internet space, uphold its corporate identity i.e. Digi’s new brand and maintain the passionate talent of Digizens and drive value for stakeholders.
- 5.4.11 In response to the enquiry of a shareholder, Mr John Koh on business expansion of Digi in Asia, the Chairman informed that Digi’s focus will concentrate in Malaysia as its major shareholder, Telenor which holds 49% of Digi’s shares will undertake regional investment decisions. Presently Telenor has presence in Malaysia, Bangladesh, Thailand, Myanmar, Pakistan and India..
- 5.4.12 Mr Chiew Sing Cheong @ Chew Sing Cheong, a shareholder, enquired on the expectation for year 2015 and estimated spending on CAPEX in 2015, to which the Chairman commented that mobile data will continue in year 2015 as the full scale modernised network has improved network quality and

customer experience. The 2015 CAPEX will be similar to 2014's investment of RM900 million.

5.4.13 Mr How See Sun, a proxy, posed a question on any plan for fixed line expansion, to which the CEO commented that there is no plans to enter into fixed line at this juncture. Most Malaysians generally prefer the use of mobile especially with the proliferation of affordable smart devices and advancement of smart appliance technology to enhance mobile lifestyle.

5.5 After having addressed all the questions raised, it was recorded that the Audited Financial Statements of the Company had been duly received and adopted by the shareholders.

**6. RE-ELECTION OF DIRECTOR
(Ordinary Resolution 1)**

6.1 Pursuant to Article 98(A) of the Company's Articles of Association, Mr Hakon Bruaset Kjol retired as a Director of the Company and being eligible, has offered himself for re-election.

6.2 On the proposal of Mr Chiew Sing Cheong @ Chew Sing Cheong and seconded by Mr Woon Peng Wah, it was unanimously RESOLVED:-

"That Mr Hakon Bruaset Kjol be and is hereby re-elected as Director of the Company."

**7. DIRECTORS' ALLOWANCES
(Ordinary Resolution 2)**

7.1 On the proposal of Mr Woon Peng Wah and seconded by Mr Mootha Kumaran A/L Bass, it was unanimously RESOLVED:-

"That the Directors' Allowances of RM624,244.07 for the financial year ended 31 December 2014 be and is hereby approved."

**8. RE-APPOINTMENT OF AUDITORS
(Ordinary Resolution 3)**

8.1 On the proposal of Mr Mootha Kumaran A/L Bass and seconded by Mr Mah Leong Cheng, it was unanimously RESOLVED:-

"That the retiring Auditors, Messrs Ernst & Young, having indicated their willingness to accept re-appointment, be and are hereby re-appointed Auditors for the ensuing

year until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.”

**9. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE TO BE ENTERED WITH TELENOR ASA (“TELENOR”) AND PERSONS CONNECTED WITH TELENOR
(Ordinary Resolution 4)**

9.1 As the Chairman was a representative of Telenor ASA, which was the major shareholder of the Company, and deemed interested in the resolution, he invited Datuk Seri Saw Choo Boon to take over the Chair.

9.2 Datuk Seri Saw Choo Boon informed the Meeting that the related parties involved in the transactions and Directors who were deemed interested in the transactions have abstained and will continue to abstain from all deliberations and voting on the resolution approving the abovementioned shareholders’ mandate.

9.3 On the proposal of Mr Woon Peng Wah and seconded by Mr Lim Jit Thin, it was unanimously RESOLVED:-

“That, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Proposed Shareholders’ Mandate for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with Telenor and persons connected with Telenor as specified in Section 2.3 of the Circular to Shareholders dated 13 April 2015 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is earlier.

And that in making the disclosure of the aggregate value of the recurrent related party transactions conducted pursuant to the proposed shareholders' approval in the Company's annual reports, the Company shall provide a breakdown of the aggregate value of recurrent related party transactions made during the financial year, amongst others, based on:

- (i) the type of the recurrent related party transactions made; and
- (ii) the name of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

And further that authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions as authorised by this Ordinary Resolution."

9.4 Datuk Seri Saw Choo Boon then handed the Chair back to Mr Sigve Brekke.

9.5 The Chairman took the opportunity to thank Dato' Ab. Halim Bin Mohyiddin who has retired as a Board member pursuant to Article 98(A) of the Company's Articles of Association, having served as an Independent Director for the past 13 years. He has been instrumental to the growth and expansion of the Group. The Chairman wishes Dato' Ab. Halim Bin Mohyiddin all the best in his future endeavours. The floor applauded to signify their appreciation to Dato' Ab. Halim Bin Mohyiddin's contribution as Director.

CONCLUSION

There being no other business to be transacted, the Chairman declared the Meeting closed at 12.10 p.m.

SIGNED AS A CORRECT RECORD



CHAIRMAN