

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

MINUTES OF THE NINETEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT NEXUS BALLROOM 2 & 3, CONNEXION @ NEXUS, NO. 7, JALAN KERINCHI, BANGSAR SOUTH CITY, 59200 KUALA LUMPUR ON FRIDAY, 13 MAY 2016 AT 9.10 A.M.

PRESENT

Mr Morten Karlsen Sorby	-	Chairman (Also as proxy for shareholders set out in the Attendance Summary attached)
Datuk Seri Saw Choo Boon	-	Director
Mr Tore Johnsen	-	Director
Mr Lars-Ake Valdemar Norling	-	Director
Ms Yasmin Binti Aladad Khan	-	Director
Ms Vimala A/P V.R. Menon	-	Director
Ms Kristin Muri Moller	-	Director

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 Loh Keh Jiat	-	Chief Marketing Officer
Mr Eugene Teh	-	Chief Corporate Affairs Officer
Mr Haroon Bhatti	-	Chief Human Resource Officer
Mr Kesavan Sivabalan	-	Chief Network Officer
Ms Joyce Shia	-	Acting Chief IT Officer
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 Arne Midelfart	-	Head of Taxation
Ms Anne Dingstad Vabo	-	Head of Business Planning
Ms Jenny Koay Chia Yin	-	Head of Internal Audit
Mr Ola Hanson	-	Head of Legal and Compliance
Mr Leong Lam Seng	-	Finance
Mr Chong Tse Heng	-	Partner, Messrs Ernst & Young
Mr Niki Poon	-	Representing Messrs Ernst & Young
Mr Alexsta Ansie Ak Robert	}	Representing Universiti Teknologi Mara – Faculty of Administrative Science and Policy Studies
Ms Fatma Zawani Binti Abdul Hai		
Ms Errafazira Binti Kamil		
Ms Tiffany Mindy Ak Tila		
Ms Nur Ezzati Binti Yajid		

BY INVITATION (cont'd)

Mr Lee Chee Meng	-	Representing Minority Shareholder Watchdog Group
Ms Fong Sok Yee	}	Representatives from Boardroom Corporate Services (KL) Sdn Bhd, Secretarial Agent
Ms Carra Foo		
Ms Janice Goh Jun Yi		
Ms Nurulashikin Binti Abd Latif		
Mr Nelson Foo		
Mr Lim Ka Way		

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 Morten Karlsen Sorby, 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 9.10 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 1,836 proxy forms and corporate representative forms from shareholders for a total of 6,285,763,205 ordinary shares of RM0.01 each representing 80.85% of the issued and paid-up share capital of the Company.

4.2 Out of those, there were 419 shareholders who have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented are 755,443,258 representing 9.72% of the issued and paid-up share capital of the Company.

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 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 2015 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 key highlights of the performance in the financial year 2015. The CFO of the Company, Mr Karl Erik Broten continued to present the summary on financial performance in 2015 and the first quarter of 2016 as well as 2016 outlook and guidance which were set out in the slides presentation to all present.
- 5.3 The Chairman then informed that Minority Shareholder Watchdog Group ("MSWG") had on 6 May 2016 written to the Company seeking clarification on several points. The Chairman then read out the questions received from MSWG for the benefit of the shareholders present and answered the question on governance. The CEO provided the answers on operational performance and the CFO provided the answers on financial performance. A copy of the slides presentation on the questions and answers is 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 2015. 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 Wan Heng Wah, a shareholder, enquired on the 0.2% revenue growth and how the over-the-top ("OTT") players affected Digi. The CEO informed that there has been intense price competition in prepaid in terms of IDD and data resulting in lower revenue growth. OTT players provide services that encourage customers to subscribe to data plans. Digi is matching the OTT players in offering a diversified range of digital services, which customers are increasingly using, at right price to monetise these services.
- 5.4.2 In response to the query on the Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") margin, the CFO clarified that Digi's normalised EBITDA margin on constant exchange rate in year 2014 was maintained at 45% consistent with prior years despite intense competition and weaker customers' sentiment.
- 5.4.3 In response to the enquiry from Ms Kwan Soke Fun, a shareholder, on 2016 capital expenditure ("CAPEX") allocation and how it affects the profit margin, the CFO informed that CAPEX allocation for 2016 will be relatively same as year 2015, amounting to approximately RM900 million on the back of sustained service revenue and EBITDA margin. The investment is aimed at

further strengthening Digi's 4G LTE network coverage and quality, as well as strategic infrastructure capability to support the growing data demands and to capture the next phase of earnings growth opportunities.

- 5.4.4 Mr King Hao Kai, a shareholder, enquired how Voice over LTE ("VoLTE") differentiates Digi from other players and how it affects Digi's average revenue per user ("ARPU"). The CEO explained that VoLTE is a new technology deployed by Digi to leverage Digi's 4G LTE network. Currently the VoLTE technology is at testing stage and Digi is looking at tapping on these new technologies for more innovative and relevant services for its customers. To the query on higher short term borrowings compared to long term borrowings, the CFO explained that higher short term borrowings shown in the Balance Sheet was due to the classification of existing credit facilities nearing its maturity date to short term borrowings.
- 5.4.5 In response to Ms Khoo Chia Ping, a shareholder, on the intensity of competition among telcos and how Digi is re-acting to maintain growth, the CEO expressed that competition has been tough on the back of a challenging macro environment. Notwithstanding that, Digi has taken prudent steps to move away from head-on price competition and instead focused on 4G LTE network rollout and expansion of high-speed internet coverage, with the ambition to build Digi's position to become customers' favourite partner in digital life by 2020. Digi has launched a variety of services and entered into partnerships which allow Digi to grow into the internet digital space in differentiating itself from others. In addition, Digi will also leverage on its talent diversity as well as the Digi brand to deliver resilient earnings and shareholders' value sustainably.
- 5.4.6 Mr Poh Chung Wee, a shareholder, enquired on the progress of Business Trust ("BT"), to which the CFO informed that BT guidelines that was introduced 3 years ago in Malaysia remains an open opportunity for Digi for now, and Digi is currently still assessing the guidelines. No decision has been made whether to pursue the BT.
- 5.4.7 Mr Veiven Goon, a shareholder, commended Digi's excellent performance on efficiency and productivity. In response to his enquiry on potential growth drivers particularly in the digital space, the CEO informed that as technology and the broader mobile and digital ecosystems continue to evolve, the Company will introduce new technologies and innovations to customers. Digi as part of Telenor Group, will leverage on the Telenor network for new technologies and partnerships for new digital services, for instance, financial services.
- 5.4.8 Mr Yogaretnam A/L K. Kanagandram, a shareholder, enquired on the impact of giving 6 months' maternity leave to staff, to which the CEO responded that Digi strives to be an equal opportunity employer and believes in diversity to attract the best talent. In line with Telenor Group's practice, Digi offers longer maternity leave to women in embedding a culture that

supports and nurtures our people. The longer maternity leave impact on Digi's operations and performance is minimal but instead it will enable Digi to attract the best women talent.

- 5.4.9 Ms Ko Fik Hua, a shareholder, sought explanation on the increase in a few areas in the Statement of Financial Position, to which the CFO clarified that the increase in Non-Current Other Receivables and higher other payables were related to fiber network expansion commitment and 2015 rapid network expansion to deliver good internet experience and to accommodate higher data growth. The CFO further explained that Digi as a listed company in Malaysia, requires company secretaries to ensure compliance with the necessary rules and regulations. The appointment of company secretaries is in line with good governance.
- 5.4.10 In response to the enquiry on cost optimisation, the Chairman informed that Digi has always been focused on cost and operational efficiency in such a competitive environment but at the same time is also focused on continually improving customers' value and experience. Digi has always been able to manage its cost well. On the request for financial impact of the 6 months' maternity leave policy, the Chairman informed that the Company has no exact figures. However, the impact has been assessed to be small and it is far outweighed by the benefits of being able to attract best women talent that is required to support Digi's growth ambition.
- 5.4.11 Mr Tong Ji Sen, a proxy to the shareholder, sought clarification on whether Digi is confident to withstand the intense price competition. The CEO expressed confidence that Digi is able to be resilient by providing innovative and significant value to its customers which is a strong part of the Digi brand and positioning Digi as a digital services provider.
- 5.4.12 The Chairman took note of the comment of a shareholder, Mr Moothu Kumaran A/L Bass on the timing of AGM to start at 10.00 a.m. In response to his comment on the composition of Directors, the Chairman expressed that Digi has a dedicated Board with a well-balanced composition of experienced professionals. In the selection of Directors, whilst age has to be considered, compliance with statutory requirements and the right qualification and experience play a bigger role. The Chairman further explained that the payment of directors' fees in advance is in line with governance practices. In light of the ever-increasing duties and responsibilities placed on Directors, Digi believes it is fair and reasonable for the slight increase in Directors' fee.
- 5.4.13 To the question on the decrease in equity reserves, the CFO explained that reserves were paid out as dividends to the shareholders during the financial year and a higher other expenses recorded due to operation expenditure of higher Universal Service Provision ("USP") contribution paid to Malaysian Communications and Multimedia Commission ("MCMC").

- 5.4.14 Ms Cheh Swee Ping, a shareholder, commended Digi on the awards won during the year. She further sought clarification on the quantum of new spectrum fees to be paid to MCMC. The CEO explained that the fee has yet to be determined. It was noted that MCMC is conducting consultation with the industries.
- 5.4.15 In reply to the enquiry from Ms Lim Fang Ngee, a proxy to the shareholder, on the impact of the implementation of Malaysian Financial Reporting Standards ("MFRS") 15 on Revenue from contracts with customers effective 1 January 2018, the CFO informed that Digi is working towards implementing the new standards on the scheduled date and is assessing the impact on the financial statements for the financial year 2017 for comparison.
- 5.4.16 Mr Mohd Fuad Wahari, a proxy to the shareholder, sought clarification on how Digi is re-acting to video-call features available in Facebook and Whatsapp, to which the CEO conveyed that video-call services would be complementary to Digi's business as these features require internet services for usage. Therefore, these services would drive data usage and revenue and Digi is looking at how best to capitalize on these services.
- 5.4.17 The Chairman took note and addressed the comments from Mr Woon Peng Wah, a shareholder, in respect of driving of Digi's revenue. The Management will continue its commitment and efforts to grow shareholders' return.
- 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 The Chairman invited Datuk Seri Saw Choo Boon to take over the Chair for the tabling of the resolution on his re-election.
- 6.2 Pursuant to Article 98(A) of the Company's Articles of Association, Mr Morten Karlsen Sorby retired as a Director of the Company and being eligible, has offered himself for re-election.
- 6.3 On the proposal of Mr Woon Peng Wah and seconded by Mr Tan Hock Beng, it was unanimously RESOLVED:-
- "That Mr Morten Karlsen Sorby be and is hereby re-elected as Director of the Company."
- 6.4 Datuk Seri Saw Choo Boon then handed the Chair back to Mr Morten Karlsen Sorby.

**7. RE-ELECTION OF DIRECTOR
(Ordinary Resolution 2)**

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

7.2 On the proposal of Mr King Hao Kai and seconded by Mr Woon Peng Wah, it was unanimously RESOLVED:-

"That Mr Tore Johnsen be and is hereby re-elected as Director of the Company."

**8. RE-ELECTION OF DIRECTOR
(Ordinary Resolution 3)**

8.1 Pursuant to Article 98(E) of the Company's Articles of Association, Ms Vimala A/P V.R.Menon retired as a Director of the Company and being eligible, has offered herself for re-election.

8.2 On the proposal of Mr N. Renganathan and seconded by Ms Khoo Chia Peng, it was RESOLVED:-

"That Ms Vimala A/P V.R.Menon be and is hereby re-elected as Director of the Company."

**9. RE-ELECTION OF DIRECTOR
(Ordinary Resolution 4)**

9.1 Pursuant to Article 98(E) of the Company's Articles of Association, Mr Lars-Ake Valdemar Norling retired as a Director of the Company and being eligible, has offered himself for re-election.

9.2 On the proposal of Ms Lim Fang Ngee and seconded by Mr Ng Ah Hai, it was unanimously RESOLVED:-

"That Mr Lars-Ake Valdemar Norling be and is hereby re-elected as Director of the Company."

**10. RE-ELECTION OF DIRECTOR
(Ordinary Resolution 5)**

10.1 Pursuant to Article 98(E) of the Company's Articles of Association, Ms Kristin Muri Moller retired as a Director of the Company and being eligible, has offered herself for re-election.

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

“That Ms Kristin Muri Moller be and is hereby re-elected as Director of the Company.”

**11. DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
(Ordinary Resolution 6)**

- 11.1 On the proposal of Mr Poh Chung Wee and seconded by Ms Kwan Soke Fun, it was unanimously RESOLVED:-

“That the Directors’ fees of RM621,000.00 for the financial year ended 31 December 2015 be and is hereby approved.”

**12. DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016
(Ordinary Resolution 7)**

- 12.1 On the proposal of Mr Poh Chung Wee and seconded by Mr Woon Peng Wah, it was RESOLVED:-

“That the Directors’ fees of RM760,000.00 for the financial year ending 31 December 2016 to be paid monthly in arrears, be and is hereby approved.”

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

- 13.1 On the proposal of Mr Huee Cheau Eng and seconded by Mr Seng Chong Boon, 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.”

**14. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE AND PROPOSED NEW 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 (“PROPOSED SHAREHOLDERS’ MANDATE”)
(Ordinary Resolution 9)**

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

- 14.2 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.

- 14.3 On the proposal of Mr Poh Chung Wee and seconded by Ms Lim Fang Ngee, it was 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 18 April 2016 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 names 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.”

- 14.4 Datuk Seri Saw Choo Boon then handed the Chair back to Mr Morten Karlsen Sorby.

15. **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY
(Special Resolution)**

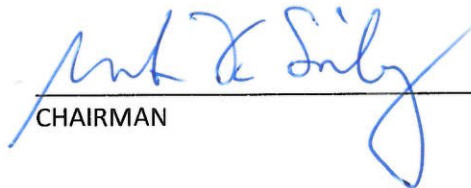
- 15.1 On the proposal of Mr Moothu Kumaran A/L Bass and seconded by Ms Loo Lih Xin, it was unanimously RESOLVED:-

“That the proposed amendment to the Articles of Association of the Company as set out in Appendix A of the Notice of Annual General Meeting be and is hereby approved and that the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendment to the Articles of Association of the Company.”

CONCLUSION

There being no other business to be transacted, the Chairman declared the Meeting closed at 10.55 p.m.

SIGNED AS A CORRECT RECORD


CHAIRMAN