

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

MINUTES OF THE TWENTIETH 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 TUESDAY, 9 MAY 2017 AT 10.00 A.M.

PRESENT

Mr Morten Karlsen Sorby	-	Chairman (Also as proxy for shareholders set out in the Attendance Summary attached)
Tan Sri 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 Tai Yit Chan	-	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 Kesavan Sivabalan	-	Chief Network Officer
Ms Orsolya Sekerka	-	Chief IT Officer
Mr Praveen Rajan A/L Nadarajan	-	Chief Digital Officer
Ms Winnie Ooi Guat Suan	-	Head of Investor Relations
Ms Amelia Ang	-	Acting Head of Accounting and Financial Reporting
Ms Chow Wai Harn	-	Head of Financial Operations
Mr Arne Midelfart	-	Head of Taxation
Ms Ivy Chew	-	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 Yeoh Phee Leong	-	Representing CIMB
Mr Benjamin Yab	-	Representing CIMB
Mr Vinodth Ram A/L Ramasamy	-	Representing Minority Shareholder Watchdog Group

BY INVITATION (cont'd)

Ms Fong Sok Yee	}	Representatives from Boardroom Corporate Services (KL) Sdn Bhd, Secretarial Agent
Ms Carra Foo		
Ms Priscilla Leong Siew Wei		
Ms Jennifer Kok Sau Gee		
Ms Christine Chin Tzy Shing		

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 10.00 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 1,922 proxy forms and corporate representative forms from shareholders for a total of 6,773,357,628 ordinary shares representing 87.12% of the issued and paid-up share capital of the Company.

4.2 Out of those, there were 438 shareholders who have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented were 791,609,246, which represented 10.18% of the issued and paid-up share capital of the Company.

4.3 The Chairman also informed the Meeting that in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, effective 1 July 2016, all resolutions set out in the Notice of the 20th AGM must be voted by way of poll.

- 4.4 Accordingly, the Chairman demanded for a poll to be taken on all the resolutions set forth in the Notice of the 20th AGM in pursuance to Article 60 of the Articles of Association of the Company.
- 4.5 The Chairman further informed that the Company has appointed Tricor Investor and Issuing House Services Sdn Bhd to conduct the poll voting electronically via the Tricor e-vote application and Asia Securities Sdn Bhd as the independent scrutineers to verify the poll results. The polling process would be conducted upon the conclusion of the deliberations of all items on the Agenda.
- 5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**
- 5.1 The Chairman informed the Meeting that the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' and Auditors' Report were meant for discussion as the provision of Section 340(1)(a) of the Companies Act 2016 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 of the Company and the key highlights for the financial year ended 31 December 2016, 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 4 May 2017 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 2016. 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 ("Mr Wan"), a shareholder, enquired on whether Digi will improve or maintain its Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") at 45% as in previous years. The CFO informed that the EBITDA of Digi has been stable and he stressed that Digi will always seeks for balance based on development in the market. However, Digi will be monitoring its EBITDA level closely from time to time.
- 5.4.2 Mr Wan further enquired on the impact of the one-time fee payment of RM598,535,000 to the Malaysian Communications and Multimedia Commission's ("MCMC") in relation to the Spectrum Assignments ("SA") for

900MHz and 1800MHz spectrum bands. The CFO explained that the net debt of Digi has increased to 0.7 times in 1st Quarter 2017 after accounting for the one-time spectrum fee payment. However, it is still at a healthy level for Digi. Digi targets to maintain net debt to EBITDA within 2.0 times in the next 3 years.

- 5.4.3 In response to the enquiry from Mr Poh Chung Wee (David) (“Mr David Poh”), a proxy, on Digi’s focus for the coming years other than investing in network expansions, the CEO informed that Digi aims to deliver digital customer experience through digitization of core operations by empowering customers and distribution channels with MyDigi app, mobile sales app and digitizing operations in retail stores. The CEO emphasized that Digi X is currently actively exploring new growth opportunities and innovations in digital services beyond core mobile services. With the support from Telenor group, the opportunities for Digi are endless.
- 5.4.4 Mr David Poh further enquired whether the abolishment of par value in conjunction with the implementation of the Companies Act 2016 will bring any benefit to the shareholders. The CFO explained that the abolishment of par value does not affect Digi. The Company noted it has 24 months transition period to utilise its share premium but the Company has no mandatory obligation to do so. In response to the enquiry on the progress of Business Trust (“BT”), the CFO informed that Digi is currently still assessing the guidelines. No decision has been made whether to pursue the BT as of now.
- 5.4.5 In response to the enquiry from Mr Yogaretnam A/L K. Kanagandram, a shareholder, on the intensity of competition among telcos, the CEO expressed that competition has been there all the time. Digi is targeting to grow the postpaid segment, particularly amongst Small and Medium Enterprises. The CEO further explained that the competition between telcos is mainly on price, whereas Digi is also focusing on improving customer service and offering. Digi is able to compete effectively and defend its market share.
- 5.4.6 Ms Chen Wei Heng (“Ms Chen”), a shareholder, highlighted the poor customer service she experienced in Digi stores located in Kuala Lumpur. Whilst digitalization of service is important, the human element in service must not be neglected. The CEO extended his apologies and expressed his gratitude on Ms Chen’s loyalty. The CEO acknowledged the feedback and will address the issues raised.
- 5.4.7 The Chairman took note and addressed the comments from Mr Woon Peng Wah, a shareholder, in respect of driving Digi’s revenue. The Management will continue its commitment and efforts to increase shareholders’ return.
- 5.4.8 The Chairman took note of the comment from a shareholder, Mr Moothu Kumaran A/L Bass on the venue of the AGM. 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 qualifications and experience play a bigger role. The CFO further explained that the dividend payouts are 80% of the earnings. The one-time fee paid to MCMC for the SA and some funding facilities were also taken into consideration before distribution of dividend to ensure Digi remains in a healthy financial position.

- 5.4.9 Ms Loke Bee Thoe (“Ms Loke”), a shareholder, sought explanation on the 2 new digital startups, to which the CEO clarified that the 2 startups are owned by Digi-X which are currently very small. Ms Loke further enquired on the reduction in revenue of Digi every year and how is Digi addressing this area of concern. The CFO explained that the reduction in revenue is due to intense competition in the market and assured that the Management is treating this issue with great urgency and is balancing the need to defend market share, maintain profitability and generating sufficient cash for dividends and investments for Digi’s future growth.
- 5.4.10 In response to the enquiry on mobile financial services, the CFO explained that with the support of Telenor, Digi is looking at mobile payment and mobile services in a big way. Digi is focusing on innovation and will be introducing new products as start-ups and grow from them.
- 5.4.11 In response to the enquiry from Mr Azahan Bin Badiuzzaman, a shareholder, on the Directors’ fees, the Chairman informed that there is no increase in Directors’ fees for the current year and explained that the mandate sought is for 17 months. The CEO noted the feedback relating to bad customers’ experience and will look into improvements.
- 5.4.12 Mr Dickson Ng, a shareholder, sought clarification on the point of contact of Digi for business opportunities. The CEO will assign some personnel to discuss with Mr Dickson Ng after the Meeting.
- 5.4.13 Mr Nelson Yong, a shareholder, congratulated Digi on its performance. He enquired the usage of the capital expenditures (“CAPEX”) of Digi for year 2017. The CFO explained that the CAPEX was mainly spent on (i) expansion in 4G/4G Plus; (ii) to build up fibre optic; and (iii) investment in IT solutions. In reply to his enquiry on the connectivity of fibre optic, the CEO informed that Digi is currently rolling out fibre optic in Malaysia to ensure better internet experience and better capacity and capability in a cost-efficient manner.
- 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. POLL PROCEDURE

6.1 After going through all the motions set out in the Notice of the Meeting, the representative from the Company's Share Registrar briefed the floor on the polling procedures and directed the shareholders and proxies to put their votes via Tricor e-vote application. The shareholders and proxies present were then given time to cast their votes.

6.2 The Chairman informed that the outcome of the poll would be announced after a short break as it would take some time for the scrutineers to tabulate the results of the poll. The Meeting was then adjourned at 11.30 a.m. for the votes to be counted and to enable the scrutineers to present their report to the Chairman.

POLL RESULTS

The Meeting resumed at 11.45 a.m. and after obtaining the report from the scrutineers, the scrutineer announced the results of the poll as follows:-

Ordinary Resolution 1	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To re-elect the Director, Tan Sri Saw Choo Boon, who is retiring pursuant to Article 98(A) of the Company's Articles of Association	5,884,344,619	99.6632	19,882,898	0.3368

It was RESOLVED:-

That Tan Sri Saw Choo Boon who retired pursuant to Article 98(A) of the Articles of Association of the Company be and is hereby re-elected as Director of the Company.

Ordinary Resolution 2	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To re-elect the Director, Puan Yasmin Binti Aladad Khan, who is retiring pursuant to Article 98(A) of the Company's Articles of Association	5,884,312,529	99.6643	19,818,698	0.3357

It was RESOLVED:-

That Puan Yasmin Binti Aladad Khan who retired pursuant to Article 98(A) of the Articles of Association of the Company be and is hereby re-elected as Director of the Company.

Ordinary Resolution 3	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To approve the payment of Directors' fees of up to RM1,100,000 for the Independent Non-Executive Directors and benefits payable to the Directors up to an aggregate amount of RM40,000 from 1 January 2017 until the next AGM of the Company	5,766,632,535	85.1906	1,002,464,142	14.8094

It was RESOLVED:-

That the Directors' fees of up to RM1,100,000 for the Independent Non-Executive Directors and benefits payable to the Directors up to an aggregate amount of RM40,000 from 1 January 2017 until the next AGM of the Company, be and are hereby approved.

Ordinary Resolution 4	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration	6,749,282,081	99.7035	20,073,496	0.2965

It was RESOLVED:-

That the retiring Auditors, Messrs Ernst & Young, having indicated their willingness to accept the appointment, be and are hereby appointed as Auditors for the ensuing year until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration

Ordinary Resolution 5	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
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	2,959,591,987	99.9996	13,300	0.0004

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 Tan Sri Saw Choo Boon to take over the Chair during the deliberation of this resolution.

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 10 April 2017, 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 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); 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 Proposed Shareholders' Mandate.

Special Resolution	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
Proposed Amendments to the Articles of Association of the Company	6,769,343,287	99.9998	12,300	0.0002

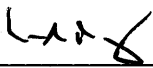
It was RESOLVED:-

That the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company, as set out in Appendix II of the Circular to Shareholders dated 10 April 2017, be and are hereby approved.

CONCLUSION

There being no other business to be transacted, the Chairman declared the Meeting closed at 11.50 a.m.

SIGNED AS A CORRECT RECORD



CHAIRMAN

RESPONSE TO MSWG'S QUERIES

- 1 The Group recorded a decline in revenue from RM6.9 billion in FY2015 to RM6.6 billion in FY2016. What are the measures taken by the Board to improve the Group's revenue for FY2017?

In FY2016, we strategically tapped on the strong demand from sim-only mobile plans and significantly scaled down on device sales. The lower device sales contributed to moderated overall revenue to RM6.60 billion although mobile service revenue remained resilient at RM6.23 billion and EBITDA relatively stable at RM2.96 billion or 45% margin.

While FY2017 remains challenging, Digi is committed to deliver profitable returns with:

- Sharper focus to stabilise prepaid with sustainable service revenue contributions; and
- Stronger internet and postpaid growth on the back of solid our 4G+ network enhanced with LTE 900Mhz, innovative product propositions alongside with quality digital customer experience.

RESPONSE TO MSWG'S QUERIES

- 2 We also noted that the ARPU has been on a declining trend from RM48 in FY2013 to RM42 in FY2016. Could the Board explain the measures taken to address the declining trend in the ARPU? What is the Board's targeted ARPU for FY2017?

Over the years, we have rapidly expanded Digi's subscriber base by 11.9% from 11.0 million in FY2013 to 12.3 million in FY2016 and empowered more Malaysians nationwide with affordable and quality internet services while steadily delivered stronger internet and service revenue. Internet revenue rapidly surged 89% from RM1.23 billion in FY2013 to RM2.31 billion in FY2016.

With the advent of growing demand for internet and digital services, ARPU from traditional voice and messaging will continue to decline but in exchange for more sustainable revenue streams albeit at lower ARPU. There is no specific targeted ARPU but we will focus on driving sustainable growth in our core business and enable new digital opportunities for Digi.

RESPONSE TO MSWG'S QUERIES

- 3 With intense competition in the telecommunication industry, what measures have been taken by the Board for Digi to remain competitive and attractive to customers?

Our ambition and focus to become our customers' favourite partner in their digital lives will continue shape our strategies and outline our initiatives to continue to create value in our business amid the intense competition and headwinds in the industry.

We have rapidly strengthened our products and internet proposition with stronger relevance for different target segments, accelerated on 4G+ network expansion and enhanced digital customer experience capabilities. Going forward, we will further strengthen our distribution channels and leverage on digital tools, technologies and ways of work to cater for innovative product and services for our customers.

RESPONSE TO MSWG'S QUERIES

- 4 The revenue from sales of devices declined by 46% from RM502 million in FY2015 to RM271 million in FY2016.

What are the reasons for the steep decline and what are the measures taken by the Board to improve its sales of devices?

Sales of devices in bundles plans are usually driven by seasonal demand and in FY2016 customers' preference are highly skewed to sim-only mobile plans and affordable 4G phone bundles. As such, we took the opportunity to drive solid acquisitions via stronger propositions on sim-only mobile plans and affordable 4G phone bundles and consequentially lowered the sales of devices in FY2016.

We will continue to leverage on the seasonal demand of popular 4G devices in Digi's bundled plans but it will not be a core focus to drive sales of devices as a standalone as these are usually bundled to customers at a discount from cost.

RESPONSE TO MSWG'S QUERIES

- 5 It was reported that Digi would roll out the 900Mhz spectrum from July 2017 onwards. Which locations would Digi be focusing for the roll out? What would be the timeline to complete the roll out?

At end 2016, in addition to the 4G+ network deployment, we commenced spectrum re-farming exercise on the new 900Mhz spectrum assignment. The exercise was successfully completed in 1Q 2017 and we have also embarked on LTE 900Mhz deployment in our key market centres and secondary towns across Malaysia.

Our LTE 900Mhz network is now ready to support customers with better network quality, coverage and capacity to complement our existing 4G+ network, once approval for activation is obtained.

RESPONSE TO MSWG'S QUERIES

- 6 What was the reason for Other Receivables to increase from RM221.1 million in FY2015 to RM436.8 million in FY2016?

Other Receivables are mainly attributed to the claims from the Government such as USP receivables and GST rebates.