

## AXIATA GROUP BERHAD (“AXIATA” OR THE “COMPANY”)

### PROPOSED MERGER OF THE TELCO OPERATIONS OF CELCOM AXIATA BERHAD (“CELCOM”) AND DIGI.COM BERHAD (“DIGI”) (“PROPOSED MERGER”)

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#### 1. INTRODUCTION

On 8 April 2021, Axiata announced that the Company and Telenor Asia Pte Ltd (“**Telenor Asia**”) (collectively, the “**Parties**”) are in advanced discussions to undertake a merger of the telco operations of Celcom and Digi (a company listed on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”)), in which the Parties will have equal ownership of the combined entity (“**MergeCo**”) estimated at 33.10% each (“**Initial Announcement**”).

On behalf of the Board of Directors of Axiata (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that the Company had on 21 June 2021 entered into the following agreements for the Proposed Merger:

- (i) a conditional share purchase agreement with Digi (“**SPA**”), where subject to the terms and conditions of the SPA, 100% equity interest of Celcom held by Axiata shall be transferred to Digi for a total consideration of RM17,756,156,250 (“**Combination Consideration**”) and the Combination Consideration shall be settled by:
  - (a) the issuance by Digi of 3,883,129,144 new ordinary shares in Digi (“**Digi Shares**”) or such number of Digi Shares representing 33.10% of the enlarged issued share capital of Digi (“**Consideration Shares**”) to Axiata on the closing of the SPA;
  - (b) the issuance by Digi of 73,378,844 new Digi Shares or such number of Digi Shares representing 0.63% of the enlarged issued share capital of Digi (“**Relevant Digi Shares**”) to Telenor Asia as nominee of Axiata on the closing of the SPA subject to, amongst others, the receipt by Axiata of a cash consideration of RM297,918,107 (“**Relevant Digi Shares Cash Consideration**”) for the purpose of the Proposed Equalisation (as defined below) in accordance with MTA (as defined below); and
  - (c) subject to adjustment as set out in the SPA, the payment by Digi of a cash consideration of RM1,692,733,818 (“**Digi Cash Consideration**”) to Axiata on the closing of the SPA, (“**Proposed Celcom-Digi Combination**”); and
- (ii) a master transaction agreement with Telenor Asia and Telenor ASA (“**Telenor**”) (“**MTA**”), where amongst others, Telenor and Axiata agree to, and shall procure their respective affiliates to, co-operate with each other for the purpose of achieving the closing of the SPA, and subject to the terms of the SPA, Telenor Asia shall on the closing of the SPA (i) subscribe for the Relevant Digi Shares and (ii) pay Axiata the Relevant Digi Shares Cash Consideration on the closing of the SPA (“**Proposed Equalisation**”).

(The Proposed Celcom-Digi Combination and Proposed Equalisation are collectively referred to as the “**Proposed Merger**”)

On the closing of the SPA, the Company intends to enter into a shareholders’ agreement with Telenor Asia and Telenor to establish the respective rights and obligations of the parties with respect to the activities and governance of MergeCo as well as ownership and disposition of the securities in MergeCo (“**SHA**”).

(The SPA, MTA and the agreed form of the SHA are collectively referred to as the “**Transaction Agreements**”)

The salient terms of the SPA and MTA are set out in **Appendices I and II** of this Announcement respectively. The salient terms of the agreed form of the SHA are set out in **Appendix III** of this Announcement.

## 2. DETAILS OF THE PROPOSED MERGER

The combination of the respective businesses of Celcom and Digi in Malaysia is expected to create a digital converged service provider.

Prior to completion of the Proposed Merger, Axiata shall procure Celcom and/or the relevant member of Celcom's group of companies ("**Celcom Group**") to sell, assign and transfer its entire equity interest in Merchantrade Asia Sdn Bhd ("**Merchantrade**") (representing approximately 20.00% of the issued shares of Merchantrade) to Axiata or any of its affiliates or nominees, or if required, any other shareholder of Merchantrade, for a cash consideration of RM1.00 (or such other consideration that Axiata reasonably considers appropriate). Additionally, Axiata shall procure that Celcom and/or the relevant member of Celcom Group ceases to be a member of the Axiata Foundation.

Thereafter, Celcom and Digi shall be merged by way of a transfer of Axiata's entire equity interest in Celcom to Digi for the Combination Consideration, whereby:

- (i) Digi shall issue the Consideration Shares to Axiata;
- (ii) Digi shall pay the Digi Cash Consideration to Axiata on the closing of the SPA;
- (iii) Digi shall issue the Relevant Digi Shares to Telenor Asia; and
- (iv) Telenor Asia shall pay the Relevant Digi Shares Cash Consideration to Axiata,

as satisfaction of the Combination Consideration.

Following the completion of the Proposed Merger, Digi is proposed to be renamed as Celcom Digi Berhad and will continue to be listed on the Main Market of Bursa Securities. The total considerations to be received by Axiata from the Proposed Merger ("**Merger Considerations**") comprise:

- (i) the Consideration Shares to be held by Axiata after the Proposed Merger; and
- (ii) the Digi Cash Consideration from Digi and the Relevant Digi Shares Cash Consideration from Telenor Asia (collectively referred to as the "**Cash Proceeds**").

The Proposed Merger will protect Malaysia's national interests, with Axiata and key Malaysian institutional shareholders (as illustrated in the diagram below) expected to own more than 51.00% of MergeCo. As stated in the Initial Announcement, Axiata has the right to nominate the initial Chairman and Chief Executive Officer of MergeCo, and, together with Telenor Asia, have agreed to nominate the following individuals to the key positions in MergeCo:

- |                                   |   |   |
|-----------------------------------|---|---|
| 1. Chairman                       | : | Dato' Mohd Izzaddin Bin Idris (Axiata)  |
| 2. Vice Chairman                  | : | Jørgen C. Arentz Rostrup (Telenor Asia) |
| 3. Chief Executive Officer        | : | Mohamad Idham Nawawi (Axiata)           |
| 4. Deputy Chief Executive Officer | : | Albern Murty (Telenor Asia)             |

Further to the above, pursuant to the agreed form of the SHA to be entered into between Axiata, Telenor Asia and Telenor, the parties have agreed to establish their respective rights and obligations with respect to the activities and governance of MergeCo and the ownership and disposition of the MergeCo's securities. Further details are set out in **Appendix III** of this Announcement.

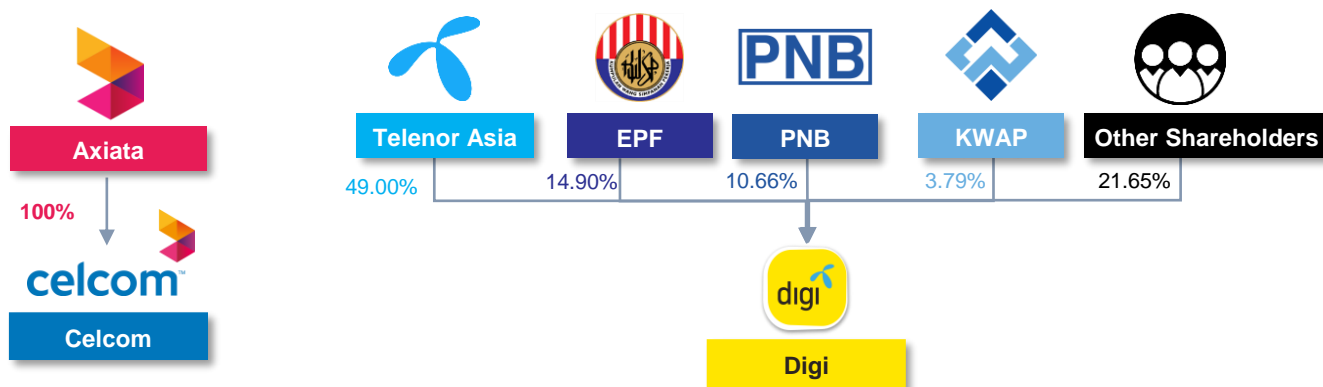
Axiata will emerge as a new shareholder of Digi with 33.10% shareholding upon completion of the Proposed Merger. Additionally, pursuant to the SHA to be entered into between Axiata, Telenor Asia and Telenor upon completion of the Proposed Merger, Telenor Asia and its holding companies will be deemed as persons acting in concert (“**PACs**”) with Axiata in relation to their shareholdings in MergeCo. Axiata together with Telenor Asia will collectively hold 66.20% of the equity interest in MergeCo.

In accordance with Paragraphs 4.01 and 4.04 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia (“**SC**”) (“**Rules**”), Axiata and PACs of Axiata will be obliged to undertake a mandatory take-over offer for all the remaining Digi Shares not already owned by them after the Proposed Celcom-Digi Combination, upon the SPA becoming unconditional.

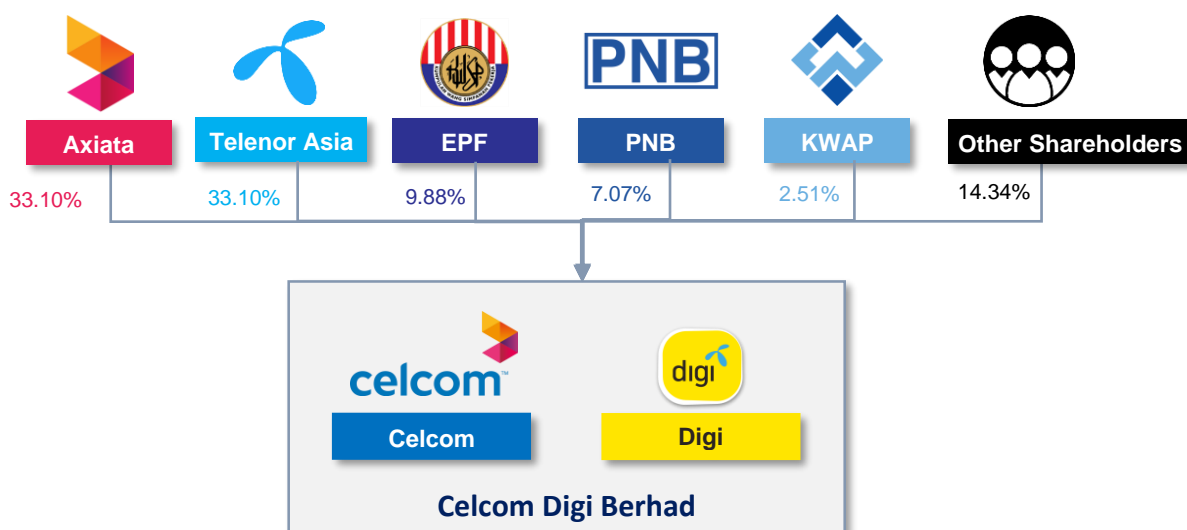
As it is not the intention of Axiata to undertake a mandatory take-over offer for all the remaining Digi Shares not already owned by Axiata and PACs of Axiata, an exemption will be sought by Axiata from the SC from the obligation to undertake a mandatory take-over offer for all the remaining Digi Shares not already owned by Axiata and PACs of Axiata after the completion of the Proposed Celcom-Digi Combination (“**Proposed Exemption**”).

For illustrative purposes only, the shareholding structures of Celcom and Digi respectively before and after the Proposed Merger are as follows:

**Before the Proposed Merger** <sup>(1)</sup>



**After the Proposed Merger** <sup>(2)</sup>



**Notes:**

- (1) Based on Digi's Register of Substantial Shareholders and Record of Depositors as at 30 April 2021.
- (2) Based on the assumption that the Malaysian institutional shareholders being Employees Provident Fund Board ("EPF"), Permodalan Nasional Berhad ("PNB") as well as unit trust funds managed by PNB and Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") do not acquire any Digi Shares or dispose of any of their respective Digi Shares until the completion of the Proposed Merger.

## 2.1 Issue price and information on the Consideration Shares

The issue price of RM4.06 per Consideration Share ("**Issue Price**") was arrived at after taking into consideration the following:

- (a) the 5-day, 3-month, 6-month and 1-year volume weighted average market price ("**VWAMP**") of Digi Shares up to and including 7 April 2021, being the last full trading day prior to the Initial Announcement ("**LTD**"), of RM3.6521, RM3.6849, RM3.7661, RM3.889 and RM4.0753 respectively;
- (b) the valuation of Digi based on RM4.06 per Digi Share as set out in Section 3.2 of this Announcement; and
- (c) the prospects of MergeCo as set out in Section 6 of this Announcement.

The Issue Price represents the following premium/(discount) over the last transacted price and VWAMP of Digi Shares up to and including the LTD:

	<u>Price</u>	<u>Premium/ (Discount)</u>	
	<u>(RM)</u>	<u>(RM)</u>	<u>(%)</u>
As at the LTD	3.7500	0.31	8.3
<b>Up to and including the LTD as follows:</b>			
5-day VWAMP	3.6521	0.41	11.2
1-month VWAMP	3.6849	0.38	10.2
3-month VWAMP	3.7661	0.29	7.8
6-month VWAMP	3.8889	0.17	4.4
1-year VWAMP	4.0753	(0.02)	(0.4)

(Source: Bloomberg)

Premised on the above, the Board is of the view that the Issue Price is justifiable.

The Consideration Shares will, upon allotment and issuance, rank equally in all respects with the existing Digi Shares, save and except that the Consideration Shares will not be entitled to any dividends, rights, allotment and/or any other forms of distribution that may be declared, made or paid to shareholders of Digi for which the entitlement date is prior to the date of allotment and issuance of the Consideration Shares, and shall be free from all encumbrances.

An application will be made by Digi to Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

It is the intention of the Company to retain all the Consideration Shares.

## 2.2 Information on Celcom

Celcom was incorporated in Malaysia under the Companies Act, 1965 on 5 January 1988 as a private limited company under the name of STM Cellular Communications Sdn Bhd. Subsequently, its name was changed to “Celcom Sdn. Bhd.”, “Cellular Communications Network (Malaysia) Sdn. Bhd.” and “Celcom (Malaysia) Sdn. Bhd.” on 24 January 1990, 12 November 1991 and 2 December 1997 respectively. It was converted to a public company on 28 January 2002 under the name of “Celcom (Malaysia) Berhad” and assumed its present name since 28 December 2009.

Celcom is principally involved in the provision of telecommunications network capacity, infrastructure and services and began its business operations in 1989. Celcom is also involved in the provision of management services to its subsidiaries. The principal activities of the subsidiaries, associate and joint ventures of Celcom are set out in **Appendix IV** of this Announcement. The Celcom Group’s principal market for its services is Malaysia.

As at 17 May 2021, being the latest practicable date prior to this Announcement (“**LPD**”), the issued share capital of Celcom is RM1,237,534,681 comprising 1,237,534,681 ordinary shares.

As at the LPD, the directors of Celcom are Dato’ Mohd Izzaddin Bin Idris, Thayaparan A/L S Sangarapillai, Khatijah Begom Binti Shah Mohamed, Mohamad Idham Bin Nawawi, Rossana Annizah Binti Ahmad Rashid, Himanshu Kapania, Muhammad Afhzal Bin Abdul Rahman, Dr. Shridhir Sariputta Hansa Wijayasuriya and Thomas Hundt. The directors do not have direct or indirect shareholdings in Celcom. Celcom is a wholly-owned subsidiary of Axiata.

A summary of the audited consolidated financial information of Celcom for the past three (3) financial years ended (“**FYE**”) 31 December 2018, 2019 and 2020 is set out in **Appendix IV** of this Announcement.

## 2.3 Original cost of investment in Celcom

The total original cost of investment in Celcom made by the Company on 25 April 2008 is approximately RM4,677.0 million.

## 2.4 Particulars of any liabilities, including contingent liabilities and guarantees

All liabilities of Celcom (except liabilities relating to Merchantrade) will be transferred to MergeCo and will upon transfer be settled as and when due in the ordinary course of business. There are no liabilities, including contingent liabilities and guarantees, to be assumed by the Company pursuant to the Proposed Merger.

## 2.5 Details of the shareholder loan from Axiata to the Celcom Group

Pursuant to the Mudharabah agreement between Axiata and Celcom Networks Sdn. Bhd. (“**Celcom Networks**”) (“**Celcom Shareholder Loan Agreement**”), a wholly-owned subsidiary of Celcom, Axiata has extended a Mudharabah facility of RM2.4 billion to Celcom Networks (“**Celcom Shareholder Loan**”) to meet the refinancing requirements of Celcom Networks. The Celcom Shareholder Loan was issued in two tranches:

- (a) tranche 1 of RM1.2 billion was issued on 28 August 2020 with an expected profit rate of 3.3% per annum for a tenor of 10 years; and
- (b) tranche 2 of RM1.2 billion was issued on 27 November 2020 with an expected profit rate of 3.6% per annum for a tenor of 15 years.

In accordance with the terms of the SPA, Axiata will waive its rights to the compulsory refund provision in the Celcom Shareholder Loan Agreement which contains a right for Axiata to require the entire Celcom Shareholder Loan to be repaid within 60 days if Axiata's effective shareholding in Celcom Networks falls below 51.00%. Nevertheless, the maturity date of the Celcom Shareholder Loan shall be amended to the date that is six (6) months after closing of the SPA or upon written request by Celcom Networks, Axiata may, at its sole discretion but shall not be obligated to, extend the maturity date for an additional six (6) months. Celcom Networks is to use all reasonable endeavours to obtain new third party financing to refinance or pay to Axiata all outstanding amounts (including all accrued profit) in full under the Celcom Shareholder Loan.

Upon completion of the Proposed Merger, the Celcom Shareholder Loan will be classified as "trade and other receivables" under Axiata's consolidated statement of financial position.

## 2.6 Information on Digi

Digi was incorporated in Malaysia under the Companies Act, 1965 as a private limited company under the name of Mutiara Swisscom Sdn Bhd. The company was subsequently converted into a public company on 3 April 1997 and assumed the name Mutiara Swisscom Berhad. Digi was officially listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) on 18 December 1997. On 16 December 1998, the company's name was changed to Digi Swisscom Berhad and subsequently, the company assumed its present name on 18 April 2000.

The principal activity of Digi is investment holding and Digi commenced business operations in personal communication network services on 24 May 1995 under its wholly-owned subsidiary, Digi Telecommunications Sdn Bhd (previously known as Mutiara Telecommunications Sdn Bhd). The principal activities of the subsidiaries of Digi are set out in **Appendix V** of this Announcement. The principal market in which Digi and its subsidiaries operate is Malaysia.

As at the LPD, the issued share capital of Digi is RM769,655,000 comprising 7,775,000,000 ordinary shares.

As at the LPD, the directors of Digi are Haakon Bruaset Kjoel, Tan Sri Saw Choo Boon (subsequently retired on 18 May 2021), Yasmin Binti Aladad Khan, Vimala A/P V.R. Menon, Wenche Marie Agerup, Lars Erik Tellmann and Randi Wiese Heirung. The directors do not have direct or indirect shareholdings in Digi.

The substantial shareholders of Digi and their shareholdings in Digi as at 30 April 2021\* are as follows:

	Direct		Indirect	
	No. of Digi Shares	%	No. of Digi Shares	%
	('000)		('000)	
Telenor Asia	3,809,750	49.00	-	-
Telenor Mobile Communications AS	-	-	(1)3,809,750	49.00
Telenor Mobile Holding AS	-	-	(2)3,809,750	49.00
Telenor	-	-	(3)3,809,750	49.00
EPF	(4)1,158,751	14.90	-	-
AmanahRaya Trustees Berhad - Amanah Saham Bumiputera ("ASB")	600,798	7.73	-	-

**Notes:**

- \* Based on the Register of Substantial Shareholders of Digi as at 30 April 2021.
- (1) Deemed interested by virtue of its 100% interest in Telenor Asia.
- (2) Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.
- (3) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.
- (4) The total number of 1,158,750,990 Digi Shares are held under multiple nominee accounts.

A summary of the consolidated financial information of Digi for the past three (3) FYE 31 December 2018, 2019 and 2020 and the latest unaudited results for the 3-month financial period ended (“FPE”) 31 March 2021 is set out in **Appendix V** of this Announcement.

**2.7 Information on Telenor Asia**

Telenor Asia was incorporated in Singapore under the Singapore Companies Act on 15 August 1997 as a private limited company.

Telenor Asia is an investment holding company. The company also provides administrative and co-ordination support to its ultimate holding company, Telenor.

As at the LPD, the issued and paid-up share capital of Telenor Asia is Singapore Dollar (“SGD”) 402,519,800 comprising 402,519,800 ordinary shares.

Telenor Asia is a wholly-owned subsidiary of Telenor Mobile Communications AS, which is a wholly-owned subsidiary of Telenor Mobile Holding AS which in turn is a wholly-owned subsidiary of Telenor. As at the LPD, the directors of Telenor Asia are Charles Woodworth and Haakon Bruaset Kjoel.

**2.8 Information on Telenor**

Telenor, a public limited company was incorporated on July 21, 2000 under the laws of Norway and registered with the Norwegian Register of Business Enterprises on 6 October 2000. Telenor was formed by the Norwegian Government as the holding company for Telenor Communication AS’s group of companies. In September 2000, the Norwegian Government contributed all of the shares of Telenor AS (subsequently renamed Telenor Communication AS), the former holding company for the Telenor’s group of companies (“**Telenor Group**”), to Telenor in exchange for all of the issued shares of Telenor.

Telenor is the leading telecommunications company in Norway. The Telenor Group has mobile operations in the Nordics, including Norway, Sweden, Denmark and Finland and in Asia, including Pakistan, Bangladesh, Thailand, Malaysia and Myanmar. Telenor has a leading Nordic position in mobile, broadband and TV services, as well as substantial activities in subsidiaries and joint venture operations, including mobile financial services and online classifieds in the Asia region.

The directors of Telenor as at 31 December 2020 and their respective shareholdings in Telenor (as extracted from Telenor’s published 2020 annual report) are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of shares</b>	<b>%</b>
Gunn Wærsted	Chair of the board	18,650	*
Jørgen Kildahl	Deputy Chair of the board	2,000	*
Jacob Aqraou	Board member	10,000	*
Sally Margaret Davis	Board member	-	-
Jon Erik Reinhardsen	Board member	1,500	*
Pieter Cornelis Knook	Board member	-	-

<b>Name</b>	<b>Designation</b>	<b>No. of shares</b>	<b>%</b>
Astrid Simonsen Joos	Board member	-	-
Esben Smistad	Board member	-	-
Jan Otto Eriksen	Board member	6,125	*
Anita Steine	Board member	736	*

**Note:**

\* *Negligible*

The substantial shareholders (holding 5.00% or more) of Telenor and their shareholdings in Telenor as at 31 December 2020 (as extracted from Telenor's published 2020 annual report) are as follows:

	<b>No. of shares</b>	<b>%</b>
Ministry of Trade, Industry and Fisheries, Kingdom of Norway	755,220,420	53.97
Folketrygdfondet	79,881,073	5.71

### 3. BASIS OF AND JUSTIFICATION FOR THE CONSIDERATION OF THE PROPOSED MERGER

#### 3.1 Combination Consideration

The Combination Consideration was arrived at between Axiata and Digi after taking into consideration the following:

- (i) the Combination Consideration represents an enterprise value ("**EV**") to free cash flow<sup>(1)</sup> ("**FCF**") multiple ("**EV/FCF Multiple**") for Celcom of 15.3 times based on the EV, earnings before interest, tax, depreciation and amortisation ("**EBITDA**") and paid capital expenditure ("**Capex**") of Celcom of approximately RM24,520.2 million, RM2,589.9 million and RM984.1 million respectively for the FYE 31 December 2020;

**Note:**

(1) *FCF is defined as EBITDA less Capex paid.*

- (ii) the Combination Consideration represents an EV/EBITDA multiple of 9.5 times based on the EV and EBITDA of Celcom of approximately RM24,520.2 million and RM2,589.9 million respectively for the FYE 31 December 2020; and
- (iii) the Combination Consideration represents a price-to-earnings multiple ("**PE Multiple**") of 26.2 times based on the audited profit after tax attributable to the owners of the company ("**PATAMI**") of approximately RM676.6 million after excluding the share of profit contribution from Merchandrade of RM0.9 million from the consolidated PATAMI of Celcom of approximately RM677.4 million for the FYE 31 December 2020.

The Board is of the view that the Combination Consideration is justifiable after taking into consideration the following:

- (i) the EV/FCF Multiple of 15.3 times, EV/EBITDA multiple of 9.5 times and PE Multiple of 26.2 times for the Proposed Celcom-Digi Combination fall within the range of trading EV/FCF Multiple, EV/EBITDA multiple and PE Multiple of the selected comparable companies as set out in the table in Section 3.3 of this Announcement; and



- (ii) the rationale and benefits of the Proposed Merger as set out in Section 4 of this Announcement.

### 3.2 Relevant Digi Shares Cash Consideration

The Relevant Digi Shares Cash Consideration or RM4.06 per Digi Share was arrived at between Axiata and Telenor Asia after taking into consideration the following:

- (i) Issue Price of RM4.06;
- (ii) the Relevant Digi Shares Cash Consideration represents an EV/FCF Multiple for Digi of 15.6 times based on the EV, EBITDA and Capex of Digi of approximately RM36,715.7 million, RM3,080.0 million and RM720.2 million respectively for the FYE 31 December 2020;
- (iii) the Relevant Digi Shares Cash Consideration represents an EV/EBITDA multiple of 11.9 times based on the EV and EBITDA of Digi of approximately RM36,715.7 million and RM3,080.0 million respectively for the FYE 31 December 2020; and
- (iv) the Relevant Digi Shares Cash Consideration represents a PE Multiple of 25.9 times based on the audited consolidated PATAMI of Digi of approximately RM1,221.0 million for the FYE 31 December 2020.

The Board is of the view that the Relevant Digi Shares Cash Consideration is justifiable after taking into consideration the following:

- (i) the EV/FCF Multiple of 15.6 times and PE Multiple of 25.9 times, for the Proposed Equalisation fall within the range of trading EV/FCF Multiple and PE Multiple of the selected comparable companies as set out in Section 3.3 of this Announcement;
- (ii) the EV/EBITDA multiple of 11.9 times as implied by the Relevant Digi Shares Cash Consideration is slightly above the range of trading EV/EBITDA multiple of the selected comparable companies as set out in Section 3.3 of this Announcement; and
- (iii) the prospects of MergeCo as set out in Section 6 of this Announcement.

### 3.3 Peer analysis

The trading EV/FCF Multiples, EV/EBITDA multiples and PE Multiples of selected comparable companies of Celcom and Digi are as follows:

<b>Name of company</b>	<b>Principal activities</b>	<b>Country</b>	<b><sup>(1)</sup><sup>(2)</sup>EV/ EBITDA multiple (times)</b>	<b><sup>(1)</sup><sup>(3)</sup>EV/ FCF Multiple (times)</b>	<b><sup>(1)</sup>PE Multiple (times)</b>
Maxis Berhad	Maxis Berhad provides a suite of converged telecommunications, digital, and related services and solutions in Malaysia and internationally	Malaysia	11.6	18.1	26.0
<sup>(4)</sup> PLDT Inc.	PLDT Inc. operates as an integrated telecommunications company in the Philippines	Philippines	4.6	26.0	11.2

<b>Name of company</b>	<b>Principal activities</b>	<b>Country</b>	<b>(1) (2)EV/ EBITDA multiple (times)</b>	<b>(1)(3)EV/ FCF Multiple (times)</b>	<b>(1)PE Multiple (times)</b>
(5)Globe Telecom, Inc.	Globe Telecom, Inc. provides telecommunications services to individual customers, small and medium-sized businesses, and corporate and enterprise clients in the Philippines	Philippines	5.0	31.3	13.6
(6)Singapore Telecommunications Limited	Singapore Telecommunications Limited provides communication, infotainment, and technology services to consumers and small businesses in Singapore, Australia, the United States, and internationally	Singapore	8.1	15.6	37.8
StarHub Ltd	StarHub Ltd, an integrated information communications company, provides communications, entertainment, and digital solutions for individuals and corporations in Singapore	Singapore	6.4	9.9	15.1
Advanced Info Service Public Company Ltd	Advanced Info Service Public Company Limited, together with its subsidiaries, provides mobile network, fixed broadband, and digital services primarily in Thailand	Thailand	7.1	18.2	18.4
True Corporation Public Company Limited	True Corporation Public Company Limited, together with its subsidiaries, engages in the telecommunications and diversified communications industries in Thailand	Thailand	6.6	(7)N/A	(7)103.0
Total Access Communication Public Company	Total Access Communication Public Company Limited, together with its subsidiaries, primarily provides wireless telecommunications services in Thailand	Thailand	4.8	15.8	14.6
PT Telekomunikasi Indonesia Tbk	Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk provides telecommunications, informatics, and network services worldwide	Indonesia	5.6	10.1	16.2
PT Indosat Tbk	PT Indosat Tbk, together with its subsidiaries, provides telecommunication services in Indonesia	Indonesia	5.3	14.6	(8)N/A

<b>Name of company</b>	<b>Principal activities</b>	<b>Country</b>	<b>(1) (2)EV/ EBITDA multiple (times)</b>	<b>(1)(3)EV/ FCF Multiple (times)</b>	<b>(1)PE Multiple (times)</b>
PT XL Axiata Tbk	PT XL Axiata Tbk provides telecommunication, telecommunications network, and multimedia services for consumers and businesses in Indonesia	Indonesia	(7)3.6	7.4	(7)63.2

(Source: Bloomberg and the latest audited financial statements of the companies)

<b>High*</b>	<b>11.6</b>	<b>31.3</b>	<b>37.8</b>
<b>Low*</b>	<b>4.6</b>	<b>7.4</b>	<b>11.2</b>
<b>Average*</b>	<b>6.5</b>	<b>16.7</b>	<b>19.1</b>

<b>Celcom</b>	<b>9.5</b>	<b>15.3</b>	<b>26.2</b>
<b>Digi</b>	<b>11.9</b>	<b>15.6</b>	<b>25.9</b>

**Notes:**

\* Excluding outliers.

(1) Based on the market capitalisation as at the LTD.

(2) Total debt includes perpetual capital securities which are deemed as debt for purpose of the calculation of EV.

(3) Capex includes purchase of intangible assets and acquisition of right-of-use assets.

(4) Philippine peso (“PHP”) PATAMI of PHP24,225.0 million is after deducting distributions of PHP59.0 million to preferred stock holders.

(5) PATAMI of PHP18,008.2 million is after deducting distributions of PHP570.1 million to preferred stock holders.

(6) Perpetual capital securities of SGD199.9 million included as total debt and PATAMI of SGD150.0 million is after deducting distributions of SGD7.9 million to perpetual capital security holders.

(7) Excluded as statistical outlier in the mean and median computations.

(8) Not applicable as it was loss-making for the FYE 31 December 2020.

#### 4. RATIONALE AND BENEFITS OF THE PROPOSED MERGER

In Malaysia, the telecommunications industry has seen significant shifts in terms of industry structure and competitive landscape, beyond the traditional players. Technology advancement and digital service adoption has surged exponentially thereby creating opportunities across the consumer, home, enterprise information and communications technology (“ICT”) and internet of things (“IoT”)/machine to machine (“M2M”) market segments. In this environment, to innovate, deliver affordable and competitive services, and improve profitability, the ability to scale rapidly, deliver efficiencies and deploy best practices is crucial. The Proposed Merger aims to realise the above opportunity.

Additionally, the Proposed Merger brings together Axiata and Telenor's Malaysian operations' combined scale, competencies, finances and vast experiences to create a Malaysian digital telecommunications champion, which will in turn provide the following benefits:

(i) Support MyDigital aspirations

The Malaysian government recently unveiled its MyDigital aspirations which included several key initiatives and targets to accelerate innovation and create an effective digital ecosystem such as strengthening mobile connectivity through 4G and the introduction of 5G services to begin by end-2021, enabling application of IoT, artificial intelligence (“AI”) and machine learning, and unlocking industry competitiveness. MergeCo will be in a stronger position to explore these initiatives and to attract global partners to bring in their expertise in support of MyDigital aspirations. MergeCo will also have greater scale which will allow it to drive 5G implementation in the consumer segment in the future.

Axiata and Telenor have also agreed for MergeCo to create a world class innovation centre which will primarily focus on co-innovation of enterprise 5G private networks and solutions with public and private partnerships (“**Innovation Centre**”). In line with the MyDigital blueprint, the Innovation Centre will aim to accelerate digitisation and technological advancement via the development of 5G-ready digital platforms and co-innovation of enterprise 5G solutions with industry partners to adapt, localise, integrate and/or accelerate adoption of existing successful 5G use cases in Malaysia. The Innovation Centre will seek to create opportunities to partner with global technology players and content developers who can help shape and drive the Industrial Revolution 4.0 (“**IR4.0**”) era in Malaysia, which can in turn help to attract more global investors to Malaysia. The Innovation Centre will also play a direct role in upskilling employees for the future economy as staff will have the opportunity to continue developing cross-functional skills, build new competencies in new technological innovations and be part of the future growth of MergeCo. Leveraging the combined experience, knowledge base and network of Axiata and Telenor, the Innovation Centre will also serve to provide access to global competence and avail an international platform to help enhance the national digital ecosystem and scale local innovations beyond Malaysia.

(ii) Commercially stronger and more resilient

The combined financial strength of Celcom and Digi will make MergeCo a credible alternative converged service provider with the scale to invest in improved network quality in the face of growing industry and consumer demands.

(iii) Stronger capability to drive digitisation and sustainable growth

MergeCo will have the scale and financial capabilities to drive implementation of digital technologies at a time when 5G, IoT, AI and cloud computing are coming together to accelerate digitalisation across all parts of society.

To keep Malaysia at the forefront of the digital evolution, research and innovation will be a key agenda of MergeCo, through the creation of the Innovation Centre to catalyse IR 4.0 digital transformation, development of 5G use cases and other technological advancement. A progressive digital economy and a knowledge-based workforce is key to Malaysia's future economic resilience and competitiveness, and MergeCo will provide a platform for development of new digital start-ups and growth of the local system. To strengthen local research and development, an investment of up to RM250.0 million is expected to be made over five (5) years in building the Innovation Centre.

- (iv) Deriving significant value creation from synergy realisation

MergeCo will be able to derive significant value creation from integrating businesses such as information technology (“IT”) and sales & marketing, and leverage on Axiata’s and Telenor’s scale and capabilities.

- (v) Multiple benefits for the broader Malaysian economy

The Proposed Merger is also expected to benefit the broader Malaysian economy through reducing imports on foreign components (such as network related purchases) as MergeCo’s Capex spending is expected to be lowered due to reduction of duplication and better bargaining power from economies of scale. MergeCo will also be a platform for local talent (by being a talent factory for local management and digital talent), supporting local distributors and suppliers through the existing vendor development programme and driving growth in the local start-up venture capital ecosystem.

Going forward, Axiata’s cash flow is expected to benefit from significant cost and revenue synergies from the Proposed Merger. Accordingly, the Proposed Merger is expected to contribute positively to the earnings of the Company.

## 5. UTILISATION OF PROCEEDS

The Cash Proceeds are expected to be utilised by Axiata and its subsidiaries (“**Axiata Group**” or “**Group**”) in the following manner:

	<u>Note</u>	<u>Amount</u> (RM’000)	<u>Expected timeframe for use of proceeds from receipt of proceeds</u>
Repayment of borrowings	1	890,652	Within 24 months
Future investments	2	1,000,000	Within 36 months
Estimated expenses relating to the Proposed Merger	3	100,000	Within 3 months
<b>Total</b>	*	<u><b>1,990,652</b></u>	

### Notes:

\* *The actual proceeds to be received from the Proposed Merger are subject to adjustments as the amount of the Digi Cash Consideration is subject to adjustments in accordance with the terms of the SPA at the closing of the Proposed Celcom-Digi Combination. Any difference between the actual proceeds received from the Proposed Merger and the Cash Proceeds will be adjusted to the proceeds earmarked for future investments.*

(1) *As at 31 December 2020, the Group has total borrowings (excluding lease liabilities) of approximately RM17,745.4 million. As at the LPD, the Group is still reviewing its borrowing profile to identify the borrowings for repayment. Any excess/shortfall in the actual amount to be utilised will be adjusted to/from future investments.*

- (2) *The Company proposes to utilise RM1.0 billion as standby funds for future investments. The proposed investment activities may include acquisition of strategic investments and/or strategic collaborations, joint ventures or alliances. The proposed investment activities may or may not be in similar or complementary industries to the Group's existing businesses.*

*The Company has not identified the investments and shall make the requisite announcement if required in accordance with the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") as and when such investments have been finalised. In the event shareholders' approval is required pursuant to the Listing Requirements for such investment(s), such approval will be sought in accordance with the Listing Requirements. Any remaining proceeds that are not utilised for future investments within the stipulated timeframe will be allocated for the repayment of the Group's borrowings.*

- (3) *The estimated expenses relating to the Proposed Merger comprise of professional fees of advisers, regulatory fees and other related costs. If the amount to be utilised to defray the estimated expenses is higher than estimated, the Company will fund the shortfall using its internally generated funds. However, if the actual expenses relating to the Proposed Merger are lower than the estimated amount, the surplus will be used to repay the Group's borrowings.*

Pending the utilisation of the proceeds by Axiata, the proceeds will be placed in interest-bearing deposit accounts with financial institutions or short-term money market instrument(s) as the Board may deem fit. The interest income generated therefrom will be used to repay the Group borrowings.

## 6. PROSPECTS OF MERGECO

The prospects of MergeCo are as follows:

- (i) Scale and capacity to support the Malaysian government's MyDigital aspirations

MergeCo will have the capacity to support the Malaysian government's recently unveiled MyDigital aspirations. MergeCo will have improved scale and efficiencies to improve the overall quality of its networks to better serve the consumer market with greater resources to innovate in the small-medium enterprise and enterprise segments. Additionally, MergeCo will support the establishment of the Innovation Centre with the aim to catalyse the IR4.0 digital transformation as further elaborated in Section 4 of this Announcement.

- (ii) Value creation from synergy realisation

The Proposed Merger has the potential to generate synergies and savings across network, IT, procurement and operations, while accelerating digitalisation of MergeCo. These potential synergies will ensure MergeCo is more financially and operationally resilient to face future challenges.

- (iii) MergeCo will provide benefits to customers of both Celcom and Digi

Customers will also be able to maintain their choice of mobile operator brand as post completion of the Proposed Merger, both Celcom and Digi brands will continue as is in the immediate future, with an estimated 19 million customers. This will allow MergeCo to effectively target different segments while providing customers with continued choice in the market.

Customers of Celcom and Digi will also be able to benefit from MergeCo's increased scale, capacity and efficiency of its networks which will allow for better quality of service post network integration.

- (iv) MergeCo will represent a commercially stronger and more resilient service provider

MergeCo is expected to create a commercially stronger and more resilient service provider with pro forma revenue of approximately RM12.4 billion\*, pro forma EBITDA of approximately RM5.7 billion\*, pro forma profit after tax of approximately RM1.9 billion\* and pro forma FCF of approximately RM4.0 billion\*, which will enable healthy market competition while bringing a credible converged player in the market.

**Note:**

\* Computed based on the latest audited consolidated financial statements of Celcom and Digi respectively for the FYE 31 December 2020.

## **7. RISKS OF THE PROPOSED MERGER**

Both the Axiata Group and Digi are involved in the telecommunications sector. Accordingly, the Board does not foresee any material change to the risk profile of the Axiata Group's business arising from the Proposed Merger as the Axiata Group is already exposed to inherent risks in the telecommunications sector. However, there are other risks that may arise from or associated with the Proposed Merger as set out below, which are by no means exhaustive:

### **7.1 Completion risk**

The completion of the Proposed Merger is conditional upon the conditions precedent as set out in **Appendices I and II** of this Announcement being fulfilled or waived, several of which are beyond the control of Axiata, Digi, Telenor Asia and Telenor. These include, amongst others, obtaining the relevant approvals and consents from the relevant authorities. There can be no assurance that such approvals and consents will be obtained or that the conditions precedent will be fulfilled to the satisfaction of the Parties or otherwise waived.

Should any of the conditions precedent not be fulfilled or waived, the SPA and MTA may be terminated and the Proposed Merger will not be completed. Nevertheless, Axiata anticipates that this risk can be mitigated by proactively engaging with the relevant authorities and third parties to obtain all necessary approvals, documents and consents required for the completion of the Proposed Merger.

### **7.2 Risk of benefits not materialising**

The Proposed Merger is envisioned to provide cost synergies through, amongst others, better spectrum efficiency and Capex synergy to improve 4G quality of service while transitioning to 5G, reduction in distribution and procurement costs, and the elimination of overlapping operations of Celcom and Digi.

Although the Board believes that the abovementioned cost synergies can be realised, there can be no assurance that the integration of the combined businesses of Celcom and Digi will result in the materialisation of these benefits or that these benefits may not be of a scale envisioned by the Board.

In addition, the Proposed Merger is undertaken to, amongst others, leverage on the combined scale and financial strength of Celcom and Digi to provide MergeCo with a strengthened balance sheet to support aggressive expansion in the IoT and AI business sectors, and to support the Capex requirements of upgrading to 5G.

Although the Board believes that a strengthened balance sheet would allow MergeCo to support its planned growth in IoT, AI and its upgrade to 5G, growth in these areas can be materially impacted by factors outside of MergeCo's control, such as technological developments, changes in law or regulations, changes in market conditions and economic priorities shift as a result of COVID-19 pandemic challenges. There can no assurance that a strengthened balance sheet following the Proposed Merger will enable the anticipated benefits of the Proposed Merger to materialise and translate to higher dividend payout.

### **7.3 Integration risk**

The various synergistic benefits to be reaped from the Proposed Merger will also depend on the success of the integration process to be implemented by MergeCo. Time and commitment are required to successfully achieve a fast and effective integration, and any delays or difficulties in the integration process may adversely affect MergeCo's ability to derive the synergistic benefits from the Proposed Merger.

Challenges that may be encountered during the process of integrating Celcom and Digi include differences in, amongst others, culture, corporate direction, standard operating policies, risk management and credit control policies, human resource policies and information and communications technology systems. Post completion of the Proposed Merger, the MergeCo will undertake the necessary efforts to ensure that a proper integration process be put in place to ensure a successful integration. However, there can be no assurance that the integration process will be completed in a timely manner or that MergeCo will not encounter any of the abovementioned challenges during the integration process.

### **7.4 Business risk**

While MergeCo will be exposed to similar business risk inherent in the telecommunications industry, in view of MergeCo's objective in growing its broadband networking, 5G, IoT and AI operations on a scale much larger than Axiata's existing operations, MergeCo may experience an increase in Capex to implement new network technologies at a faster rate than previously planned or to cater for the continued growth of such technologies, future and emerging technological changes, and/or new alternative services, which in turn may have significant financial impact on MergeCo.

### **7.5 Joint Management Risk**

Notwithstanding the respective terms in the SHA which will bind the Company, Telenor Asia and Telenor in respect of the governance and management of MergeCo, any differences in views, objectives, plans or directions among the parties may result in delayed decisions or failures to agree on major issues. Given the equal ownerships of both the Company and Telenor Asia and the relevant reserved matters as set out in the SHA, neither the Company nor Telenor Asia can veto against the decision of the other party in determining major business plan and any subsisting deadlock may adversely affect MergeCo's ability to achieve its business objectives.



## 8. EFFECTS OF THE PROPOSED MERGER

### 8.1 Share capital and substantial shareholders' shareholding

The Proposed Merger will not have any effect on the share capital of the Company and the shareholding of the substantial shareholders of Axiata as the Proposed Merger does not entail the issuance of new ordinary shares in Axiata ("Axiata Shares").

### 8.2 Earnings per share ("EPS")

For illustrative purposes only, based on the latest audited consolidated financial statements of the Company for the FYE 31 December 2020 and assuming that the Proposed Merger had been effected on 1 January 2020, being the beginning of the FYE 31 December 2020, the pro forma effects of the Proposed Merger on the basic EPS of the Axiata Group are as follows:

	<b>RM'000</b>
Audited consolidated PATAMI of Axiata for the FYE 31 December 2020	365,155
Add: Pro forma net gain from the Proposed Merger <sup>(1)</sup>	13,225,873
Axiata's share of profit of MergeCo based on 33.10% shareholding in MergeCo <sup>(2)</sup>	629,134
Less: Deconsolidation of Celcom's results <sup>(3)</sup>	(679,737)
<b>Pro forma consolidated PATAMI of Axiata</b>	<b>13,540,425</b>
Weighted average number of Axiata Shares in issue ('000)	9,167,584
<u>Basic EPS of the Axiata Group<sup>(4)</sup></u>	
• Based on the audited consolidated PATAMI of Axiata for the FYE 31 December 2020	4.0
• Based on pro forma consolidated PATAMI of Axiata after the Proposed Merger (sen)	147.7

#### Notes:

- (1) *The pro forma net gain from the Proposed Merger (subject to, amongst others, the completion adjustments in accordance with the SPA and finalisation of the purchase price allocation) is approximately RM13,225.9 million as illustrated below:*

	<b>RM'000</b>
Merger Considerations	<sup>(a)</sup> 17,756,156
(Less): Carrying amount of net assets ("NA") of Celcom as at 1 January 2020	(4,430,283)
(Less): Estimated expenses relating to the Proposed Merger	(100,000)
<b>Pro forma net gain from the Proposed Merger</b>	<b>13,225,873</b>

#### Note:

- (a) *The Merger Considerations are computed based on the following:*
- (i) *3,883,129,144 Digi Shares at RM4.06 per Digi Share amounting to RM15,765,504,325; and*
  - (ii) *Cash proceeds of RM1,990,651,925 (approximately RM1,692.7 million from Digi and RM297.9 million from Telenor Asia).*

- (2) Based on the consolidated PATAMI of Digi for the FYE 31 December 2020 and Celcom's results for the FYE 31 December 2020 deconsolidated by Axiata without taking into account any alignment to the Axiata Group's accounting policies, consolidation elimination adjustments on transactions entered into between Celcom and Digi and finance costs to be incurred by Digi arising from the Proposed Celcom-Digi Combination.
- (3) Upon completion of the Proposed Merger, Axiata will de-consolidate Celcom following the cease of control.
- (4) Computed based on the relevant PATAMI divided by weighted average number of Axiata Shares in issue during the FYE 31 December 2020.

The pro forma effects of the Proposed Merger on the Axiata Group's earnings have not considered the interest income and effects arising from the use of proceeds raised from the Proposed Merger which is expected to contribute positively to the financial results of the Axiata Group when the benefits of such use are realised.

### 8.3 NA and gearing

For illustrative purposes only, based on the latest audited consolidated statements of financial position of the Company as at FYE 31 December 2020 and on the assumption that the Proposed Merger had been on that date, the pro forma effects of the Proposed Merger on the NA and gearing of the Axiata Group are as follows:

	<b>Audited as at 31 December 2020</b>	<b>After the Proposed Merger</b>
	<b>RM'000</b>	<b>RM'000</b>
Share capital	13,883,028	13,883,028
Reserves	3,758,114	(1)17,045,763
<b>Total equity attributable to owners of the Company</b>	<b>17,641,142</b>	<b>30,928,791</b>
Non-controlling interests	6,238,288	6,160,942
<b>Total equity</b>	<b>23,879,430</b>	<b>37,089,733</b>
No. of Axiata Shares in issue ('000)	9,169,541	9,169,541
NA per Axiata Share (RM) <sup>(2)</sup>	1.92	3.37
Total interest-bearing borrowings (including lease liabilities) (RM'000) <sup>(3)</sup>	27,374,035	22,718,778
Gearing (times) <sup>(4)</sup>	1.15	0.61

**Notes:**

- (1) After taking into account the pro forma net gain from the Proposed Merger of RM13,287.6 million as illustrated below:

	<b>RM'000</b>
Merger Considerations	17,756,156
(Less): Carrying amount of NA of Celcom as at 31 December 2020	(4,368,507)
(Less): Estimated expenses relating to the Proposed Merger	(100,000)
<b>Pro forma net gain from the Proposed Merger</b>	<b>13,287,649</b>

- (2) Computed based on total equity attributable to owners of Axiata divided by total number of Axiata Shares in issue.

- (3) *After de-consolidation of Celcom's interest-bearing borrowings (including lease liabilities) of RM3,764.6 million and assuming repayment of existing borrowings of RM890.7 million using part of the Cash Proceeds.*
- (4) *Computed based on total interest-bearing borrowings (including lease liabilities) divided by total equity.*

## **9. APPROVALS / CONSENTS REQUIRED**

The Proposed Merger is subject to the following being obtained:

- (i) approval of the shareholders of Axiata for the Proposed Merger at an extraordinary general meeting ("**EGM**") to be convened;
- (ii) approval and/or consent of the lenders/sukukholders of Axiata or Celcom (where applicable);
- (iii) approval of the SC for the Proposed Exemption;
- (iv) letter of no objection or authorisation of conduct issued by the Malaysian Communications and Multimedia Commission ("**MCMC**") pursuant to the Guidelines on Mergers and Acquisitions and/or Communications and Multimedia Act 1998 ("**CMA**");
- (v) approval of the Minister of Communications and Multimedia or MCMC (where applicable); and
- (vi) approval or consents of any other regulatory authorities or parties, as required.

The Proposed Celcom-Digi Combination and Proposed Equalisation are inter-conditional upon one another. The Proposed Merger is not conditional upon any other corporate exercise/scheme of the Company. However, the Proposed Merger is also subject to all requisite approvals having been obtained by Digi including the following:

- (i) approval of the non-interested shareholders of Digi for the Proposed Merger and Proposed Exemption at an EGM to be convened;
- (ii) approval of Bursa Securities for the listing of and quotation for the Consideration Shares and Relevant Digi Shares on the Main Market of Bursa Securities; and
- (iii) approval of SC where the transactions contemplated in the SPA amounts to a significant change in business direction or policy of Digi pursuant to Subsection 212(2)(d) of the Capital Markets and Services Act 2007.

Based on the latest audited consolidated financial statements of Axiata for the FYE 31 December 2020, the highest percentage ratio applicable to the Proposed Merger pursuant to Paragraph 10.02(g) of the Listing Requirements exceeds 100%.

The applications to the relevant authorities in relation to the Proposed Merger are expected to be made within six (6) months from the date of this Announcement.

**10. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

EPF and ASB are major shareholders of the Company and Digi. Syed Ali Bin Syed Salem Alsagoff, a Non-Independent and Non-Executive Director of the Company is nominated to the Board by PNB, a person connected to ASB by virtue of PNB being the investment manager of ASB.

As at the LPD, the direct and/or indirect shareholdings of EPF, ASB and Syed Ali Bin Syed Salem Alsagoff in Axiata and Digi are as follows:

	<b>Direct</b>		<b>Indirect</b>	
	<b>No. of Axiata Shares</b>	<b>%</b>	<b>No. of Axiata Shares</b>	<b>%</b>
	<b>('000)</b>		<b>('000)</b>	
EPF	1,575,325	17.17	-	-
ASB	1,095,404	11.94	-	-
Syed Ali Bin Syed Salem Alsagoff	-	-	-	-

	<b>Direct</b>		<b>Indirect</b>	
	<b>No. of Digi Shares</b>	<b>%</b>	<b>No. of Digi Shares</b>	<b>%</b>
	<b>('000)</b>		<b>('000)</b>	
EPF	1,160,128	14.92	-	-
ASB	600,798	7.73	-	-
Syed Ali Bin Syed Salem Alsagoff	-	-	-	-

The Proposed Merger is not deemed a related party transaction pursuant to Paragraph 10.08(11)(m) of the Listing Requirements as:

- (i) EPF and persons connected with it are (a) not the largest shareholders of Axiata, (b) not a party to the Proposed Merger, initiator, agent or involved in any manner in the Proposed Merger, (c) does not have any representative in an executive capacity on the Board or any of its subsidiaries and (d) EPF is a statutory institution who is managing funds belonging to the general public; and
- (ii) ASB and persons connected with it are (a) not the largest shareholders of Axiata, (b) not a party to the Proposed Merger, initiator, agent or involved in any manner in the Proposed Merger, (c) does not have any representative in an executive capacity on the Board or any of its subsidiaries and (d) ASB is a unit trust fund.

The Directors and/or major shareholders of the Company (including persons connected with them) would be allowed to vote in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Merger to be tabled at the EGM of the Company to be convened.

**11. DIRECTORS' STATEMENT / RECOMMENDATION**

Having considered all aspects of the Proposed Merger, including the rationale and benefits of the Proposed Merger, prospects of MergeCo and effects of the Proposed Merger, the Board is of the opinion that the Proposed Merger is in the best interest of the Company.

**12. ESTIMATED TIME FRAME FOR COMPLETION**

Barring unforeseen circumstances, the Proposed Merger is expected to be completed by the second quarter of 2022.

**13. ADVISER**

Maybank IB has been appointed as Principal Adviser to the Company for the Proposed Merger.

Morgan Stanley has been appointed as the International Financial Adviser to the Company for the Proposed Merger.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

The Transaction Agreements are available for inspection at the registered office of the Company at Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

**This Announcement is dated 21 June 2021.**

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**SALIENT TERMS OF THE SPA**


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*Unless already previously defined in this Announcement, all capitalised terms found in this Appendix I shall have the same meanings as defined in this Appendix I.*

The salient terms of the SPA are as follows:

## 1. Consideration

1.1. The consideration for the sale and purchase of 100% equity interest of Celcom (“**Celcom Securities**”) shall be an aggregate of RM17,756,156,250 which shall be satisfied as follows:

(a) Digi shall issue the following Digi Shares on Closing (as defined below) free from all encumbrances and together with all rights attaching to them from Closing:

(i) 73,378,844 fully paid-up Digi Shares (if such number represents 0.63% of the post-issuance enlarged share capital of Digi (as at Closing) or otherwise such other number of fully paid-up Digi Securities representing 0.63% of the post-issuance enlarged share capital of Digi (as at Closing) (the “**0.63% Digi Shares**”) to Telenor Asia subject to paragraph 1.2 below and against payment by Telenor Asia to Axiata of the Relevant Digi Shares Cash Consideration in accordance with the MTA; and

(ii) 3,883,129,144 fully paid-up Digi Shares (if such number represents 33.10% of the post-issuance enlarged share capital of Digi (as at Closing)) or otherwise such other number of fully paid-up Digi Securities representing 33.10% of the post-issuance enlarged share capital of Digi (as at Closing) (the “**33.10% Digi Shares**”) to Axiata,

(collectively, the “**Digi Consideration Shares**”); and

(b) Digi shall pay Axiata an amount equal to RM1,692,733,818 (the “**Digi Cash Consideration**”) at Closing provided that the Digi Cash Consideration shall be adjusted in accordance the terms of the SPA.

1.2. Against the contemporaneous receipt by Axiata of the Relevant Digi Shares Cash Consideration from Telenor Asia in accordance with the MTA, Axiata nominates Telenor Asia to be issued the 0.63% Digi Shares in lieu of Axiata in accordance with the terms of the MTA. Axiata undertakes that, prior to the termination of the SPA, it shall not to nominate any person other than Telenor Asia to be the recipient of the 0.63% Digi Shares or withdraw or cause to be withdrawn such nomination, other than as contemplated by the SPA or the MTA.

1.3. For the purpose of paragraphs 1.1 and 1.2 above, Digi has on the date of the SPA issued a confirmation letter to Telenor Asia whereby Digi confirms and undertakes that against payment of the 0.63% Digi Shares Cash Consideration by Telenor Asia to Axiata pursuant to the MTA, Digi shall issue the 0.63% Digi Shares to Telenor Asia free from all encumbrances and together with all rights attaching to them from Closing.

## 2. Adjustments to the Digi Cash Consideration

2.1 The Digi Cash Consideration may be adjusted following the determination of the adjustment for changes in net debt and net working capital amounts of Digi and Celcom respectively between 31 December 2020 and the last day of the calendar month in which all of the Relevant Conditions (as defined below) are satisfied or waived (i.e., the interim closing statements) (“**Interim Adjustment Amount**”). The Interim Adjustment Amount shall be adjusted against the Digi Cash Consideration payable to Axiata on Closing.

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**SALIENT TERMS OF THE SPA (CONT'D)**

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2.2 After the Closing, the final adjustment amount will be determined by replacing the interim closing statement above with the final closing statements as at the date of Closing (“**Closing Date**”)(“**Final Adjustment Amount**”). Digi or Axiata shall make payment to each other, as the case may be, for the differences between the Final Adjustment Amount and the Interim Adjustment Amount.

### 3. Conditions Precedent

#### 3.1. Conditions

Closing must not take place unless and until each of the following conditions precedent (“**Conditions**”) has been satisfied or waived in writing:

- (a) the non-interested shareholders of Digi approving the transactions contemplated by the SPA and the allotment and issuance of the 33.10% Digi Shares to Axiata and 0.63% Digi Shares to Telenor Asia upon the terms that no pre-emptive rights, if any, for the benefit of Digi shareholders shall apply to the issuance of the Consideration Shares.
- (b) the non-interested shareholders of Digi approving to waive their rights to receive a mandatory offer from Axiata and its PACs in accordance with Paragraph 4.08(2)(b) of the Rules.
- (c) Axiata’s shareholders approving the transactions contemplated by the SPA, to the extent such approval is required.
- (d) Where an obligation to undertake a mandatory take-over offer arises,
  - (i) from the issuance of 33.10% Digi Shares to Axiata as contemplated by the SPA resulting in Axiata and its PACs holding more than 33.00% of Digi Shares, the SC grants:
    - (A) an exemption(s) to Axiata, and persons acting in concert with it, from having to undertake a mandatory take-over offer for all remaining Digi Shares not already owned by Axiata and its PACs pursuant to the Rules; and
    - (B) a ruling to Axiata and its PACs that the issuance of the 0.63% Digi Shares by Digi to Telenor Asia shall not constitute a disqualifying transaction under Paragraph 4.08(2)(a) of the Rules; and
  - (ii) through the formation of a new group of PACs between Axiata and Telenor Asia as contemplated by the SPA and the SHA, the SC grants an exemption(s) to Axiata, Telenor Asia and their persons acting in concert, from having to undertake a mandatory take-over offer for all remaining Digi Shares not already owned by Axiata, Telenor Asia and their persons acting in concert pursuant to the Rules.
- (e) Where the transactions contemplated by the SPA amount to a significant change in business direction or policy of Digi, the SC grants its approval to Digi pursuant to Subsection 212(2)(d) of the Capital Markets and Services Act 2007.
- (f) Bursa Securities grants its approval for the listing of and quotation for the Digi Consideration Shares on Bursa Securities.

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**SALIENT TERMS OF THE SPA (CONT'D)**

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- (g) The MCMC, pursuant to the Communications and Multimedia Act 1998 (“**CMA**”), issues the following in connection with the relevant transactions contemplated by the SPA:
- (i) a notice of no-objection under paragraph 6.4 of the Guidelines on Mergers and Acquisitions; or
  - (ii) authorisation of conduct under section 140 of the CMA and Guidelines on Authorisation of Conduct.
- (h) The Minister of Communications and Multimedia confirms that its approval is not required, or if such approval is required it has been obtained for any modifications, deviations or variations required to be made to the licences or terms attached to the licenses issued pursuant to the CMA held by the members of the Digi Group and the members of the Celcom Group in connection with the relevant transactions contemplated by the SPA.
- (i) The Minister of Communications and Multimedia or the MCMC (as the case may be) either confirms there is no change in the shareholding, major or substantial shareholding of each of the following for the purposes of their respective approvals, licences and spectrum assignments issued under the CMA or the Minister of Communications and Multimedia or the MCMC (as the case may be) grants its approval or concurrence to a change of shareholding, major or substantial shareholding of each of the following for the purposes of their respective approvals, licences and spectrum assignments issued under the CMA, in respect of the relevant transactions contemplated by the SPA:
- (i) the members of the Celcom Group; and
  - (ii) the members of the Digi Group.
- (j) Since the date hereof, no event that has a material adverse effect on, amongst others, (i) the business, assets and liabilities, results of operations or financial condition of the Digi Group, taken as a whole or (ii) the ability of Digi to perform its obligations under the SPA (“**Digi Material Adverse Effect**”) has occurred which is continuing.
- (k) Since the date hereof, no event that has a material adverse effect on, amongst others, (i) the business, assets and liabilities, results of operations or financial condition of the Celcom Group, taken as a whole or (ii) the ability of Axiata to perform its obligations under the SPA (“**Celcom Material Adverse Effect**”) has occurred which is continuing.
- (l) The warranties given by Digi in accordance with the terms of the SPA (“**Digi Warranties**”) shall be true, accurate and not misleading as at the Closing Date as though made on the Closing Date (except with respect to Digi Warranties which speak as to an earlier date or dates, in which case such Digi Warranties shall be true, accurate and not misleading as of such earlier date or dates), except where the failure of any Digi Warranty (individually or in the aggregate) to be true, accurate and not misleading as at the Closing Date has not had and would not reasonably be expected to have a Digi Material Adverse Effect.
- (m) The warranties given by Axiata in accordance with the terms of the SPA (“**Axiata Warranties**”) shall be true, accurate and not misleading as at the Closing Date as though made on the Closing Date (except with respect to Axiata Warranties which speak as to an earlier date or dates, in which case such Axiata Warranties shall be true, accurate and not misleading as of such earlier date or dates), except where the failure of any Axiata Warranty (individually or in the aggregate) to be true, accurate and not misleading as at the Closing Date has not had and would not reasonably be expected to have a Celcom Material Adverse Effect.
- (n) In respect of the USD1,000,000,000 3.064 per cent Guaranteed Notes due 19 August 2050 (the “**Axiata 2050 Notes**”) issued by Axiata SPV5 (Labuan) Limited, the noteholders pass an extraordinary resolution in accordance with the terms of the Axiata 2050 Notes Trust Deed amending and/or waiving certain provisions of the Axiata 2050 Notes Trust Deed in relation to the Proposed Merger.



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**SALIENT TERMS OF THE SPA (CONT'D)**


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- (o) In respect of the USD500,000,000 4.357 per cent Sukuk due 24 March 2026 (the “**Axiata 2026 Sukuk**”) issued by Axiata SPV2 Berhad, the sukukholders pass an extraordinary resolution in accordance with the terms of the Axiata 2026 Sukuk Declaration of Trust amending and/or waiving certain provisions in the Axiata 2026 Sukuk Declaration of Trust and other related documents in relation to the Proposed Merger.
- (p) In respect of USD500,000,000 2.163 per cent Sukuk due 19 August 2030 (the “**Axiata 2030 Sukuk**”) issued by Axiata SPV2 Berhad, the sukukholders pass an extraordinary resolution in accordance with the terms of the Axiata 2030 Sukuk Declaration of Trust amending and/or waiving certain provisions in the Axiata 2030 Sukuk Declaration of Trust and other related documents in relation to the Proposed Merger.
- (q) the written consent, waiver and/or amendment from International Finance Corporation (“**IFC**”) and Robi Axiata Limited to the Proposed Merger under the Deed of Guarantee and Subordination dated 14 December 2015 in favour of IFC and under the Deed of Guarantee and Subordination dated 8 December 2020 in favour of IFC.
- (r) In respect of the USD600,000,000 and RM867,000,000 Syndicated Multi Currency Shariah-Compliant Sustainability-Linked Financing Facilities between Axiata, as customer and Oversea Chinese Banking Corporation Limited, Labuan Branch, MUFG Bank (Malaysia Berhad); and Maybank Islamic Berhad as original financiers, the written consent, waiver and/or amendment from the financier(s) whose commitments aggregate more than 66 2/3% of the total commitments in relation to the Proposed Merger under the facility agreement dated 5 May 2020.
- (s) In respect of the RM50,000,000 bank facilities (bank guarantee and letter of credit) granted by Malayan Banking Berhad (“**MBB**”) to Celcom under the letter of offer dated 1 March 2013, the written consent, waiver and/or amendment from MBB in relation to the Proposed Merger.
- (t) Bank Negara Malaysia grants its written approval (or where applicable, a letter of no-objection) pursuant to Section 32 of the Money Services Business Act 2011 (the “**MSB BNM Approval**”) for (i) the transfer by the relevant member of the Celcom Group of the MT Shares (as defined below) to either (a) Axiata or its affiliate(s) or nominee(s); or (b) only if the approval in sub-paragraph (i)(a) is denied, any one or more of the other shareholders of Merchantrade; or (ii) only if the approvals in sub-paragraph (i) are denied, any change in substantial interest in MT Shares as a result of the transfer of the Celcom Securities at Closing, in each case, to the extent such approval is required.

### 3.2. Termination

If the Conditions have not been satisfied or waived on or before the date that is 12 months after the date of the SPA (or such other date as mutually agreed in writing between the parties) or if any government agency has taken action that results in any Condition becoming incapable of satisfaction, either party may terminate the SPA by giving written notice to the other parties in accordance with and subject to the terms of the SPA.

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**SALIENT TERMS OF THE SPA (CONT'D)**

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**4. Celcom Group Reorganisation**

## 4.1. Prior to Closing:

- (a) Axiata shall prior to Closing procure Celcom and/or the relevant member of the Celcom Group to sell, assign and transfer its entire equity interest in Merchantrade (representing approximately 20.00% of the issued shares of Merchantrade) (the “**MT Shares**”) to Axiata or any of its affiliates or nominees or if required, any other shareholder of Merchantrade for cash consideration of RM1.00 (or such other consideration that Axiata reasonably considers appropriate), free of all encumbrances and with all rights attaching on and from the date of such sale, assignment and transfer, provided that:
- (i) in the event that Celcom or any relevant member of the Celcom Group receives any funds or other consideration (x) in connection with the sale, assignment or transfer of the MT Shares; or (y) that arise as a result of any member of the Celcom Group having been a shareholder of Merchantrade, Celcom shall, and shall procure that the relevant member of the Celcom Group shall as soon as reasonably practicable within the specified period in the SPA, pay an amount equal to the funds or other consideration received to Axiata (such obligation, the “**Merchantrade Proceeds Repayment Obligation**”); and
- (ii) prior to Closing, at Axiata’s option, the transfer of the MT Shares may be effected by way of a dividend in specie to Axiata.
- (b) Axiata shall procure that Celcom and/or the relevant member of the Celcom Group ceases to be a member of the Axiata Foundation for no consideration, provided that in the event that Celcom or any relevant member of the Celcom Group receives any funds or other consideration (i) in connection with the cessation of its membership of the Axiata Foundation; or (ii) that arise as a result of any member of the Celcom Group having been a member of the Axiata Foundation, Celcom shall, and shall procure that the relevant member of the Celcom Group shall as soon as reasonably practicable within the specified period in the SPA, pay an amount equal to the funds or other consideration received to Axiata,
- (sub-paragraphs (a) and (b), together, being the “**Celcom Group Reorganisation**”).
- (c) Following Closing, Axiata shall, in accordance with the terms of the SPA, indemnify each member of the Digi Group (which shall include any member of the Celcom Group) against all losses directly incurred or suffered by each of them arising out of, or as a result of:
- (i) (x) the implementation and execution of the Celcom Group Reorganisation; and / or (y) to the extent applicable under paragraph 4.1(d) below, the MT Post-Closing Sale Process and the related sale and transfer of the MT Shares; and / or (z) the Celcom Group having been a shareholder of Merchantrade or a member of the Axiata Foundation prior to Closing; and
- (ii) any out-of-pocket costs or expenses incurred by any member of the Celcom Group directly arising out of, amongst others, (x) the steps involved in the Celcom Group Reorganisation; and/or (y) to the extent applicable under paragraph 4.1(d) below, the MT Post-Closing Sale Process and the related sale and transfer of the MT Shares,

subject to the terms of the SPA.

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**SALIENT TERMS OF THE SPA (CONT'D)**


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- (d) If Axiata has been unable to effect the transfer of the MT Shares to Axiata, any of its affiliates or nominees, or any other shareholder of Merchantrade (as applicable) before Closing due to an outstanding MSB BNM Approval, Axiata may complete the transfer of the MT Shares as soon as reasonably practicable following MSB BNM Approval for such transfer to Axiata, any of its affiliates or nominees, or any other shareholder of Merchantrade (as applicable) being obtained after Closing on the same basis as if it had been obtained prior to Closing, and otherwise in accordance with the terms of the SPA; provided that in the event that on or before Closing:
- (i) MSB BNM Approval for such transfer of MT Shares to Axiata or any of its affiliates or nominees, or any other shareholder of Merchantrade (as applicable) is denied; and
  - (ii) MSB BNM Approval under sub-paragraph (ii) of paragraph 3.1(t) is obtained,
- then following Closing:
- (A) the relevant member of the Celcom Group shall as soon as reasonably practicable following Closing commence a sales process to sell and transfer the MT Shares to a third party (which may be another existing shareholder of Merchantrade) (the **"MT Post-Closing Sale Process"**);
  - (B) Axiata shall, and shall be exclusively entitled to, manage, conduct and pursue the MT Post-Closing Sale Process (at its own cost, pursuant to the terms of the SPA), and the sale and transfer of the MT Shares pursuant thereto and the proceeds of such sale and transfer of the MT Shares shall be included in and subject to the Merchantrade Proceeds Repayment Obligation.

## 5. Intra-Group Arrangements

- 5.1 Axiata shall procure that, prior to or on Closing, unless otherwise agreed by the parties in writing or contemplated in the transaction documents, essentially, all Axiata intra-group contracts (other than in relation to certain Axiata continuing arrangements or pursuant to any related party transactions that Axiata is permitted to enter into between the date of the SPA and the Closing in compliance with the SPA) are terminated and of no further force and effect such that each Celcom Group member and each Axiata Group member are released and fully discharged and have no further rights, liabilities or obligations in respect thereof.
- 5.2 Digi shall procure that, prior to or on Closing, unless otherwise agreed by the parties in writing or contemplated in the transaction documents, all Telenor intra-group contracts (other than in relation to certain Telenor continuing arrangements or pursuant to any related party transactions that Telenor is permitted to enter into between the date of the SPA and the Closing in compliance with the SPA) are terminated and of no further force and effect such that each Digi Group Member and each Telenor Group member are released and fully discharged and have no further rights, liabilities or obligations in respect thereof.
- 5.3 Prior to or on Closing, Axiata and Celcom Networks shall enter into an amendment agreement which will be effective as of (and conditioned upon the occurrence of) the Closing (a) to amend the maturity date of the Celcom Shareholder Loan to the date that is six (6) months after Closing; provided that upon written request by Celcom Networks, Axiata may at its sole discretion, extend the maturity date for an additional six (6) months; and (b) Axiata waives its right under the Celcom Shareholder Loan Agreement at Closing to, amongst others, cancel its commitment and declare that all amounts accrued or outstanding under the Celcom Shareholder Loan to be due and payable by Celcom Networks to Axiata, upon the occurrence of the Mandatory Refund Event (as defined in the Celcom Shareholder Loan Agreement) at Closing resulting from the Transaction under the terms of the Celcom Shareholder Loan.

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**SALIENT TERMS OF THE SPA (CONT'D)**


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**6. Closing**

Completion of the transfer of the Celcom Securities to Digi, the issuance of the Digi Consideration Shares by Digi to Axiata and Telenor Asia, the payment of the Digi Cash Consideration by Digi to Axiata in accordance with the terms of the SPA and the payment of the Relevant Digi Shares Cash Consideration by Telenor Asia to Axiata pursuant to the MTA ("**Closing**") shall take place at 9:00 am on the last day of the earliest calendar month in which both (i) the Conditions at paragraphs 3.1(a) to (i), and (n) to (t) ("**Relevant Conditions**") have been satisfied or waived (in accordance with the terms of the SPA); and (ii) the Interim Adjustment Amount has been agreed by the parties or finally determined by the independent expert appointed by the parties (in each case in accordance with the terms of the SPA), or at such other place at such other time and/or on such other date as the parties may mutually agree in writing.

**7. TSDTR Litigation****7.1 TSDTR Indemnity**

Axiata shall indemnify and keep indemnified each member of the Digi Group or Celcom Group member, and pay to them on demand, any losses incurred (but excluding certain non-direct losses) or any money or other consideration which may have to be provided by any member of the Digi Group or member of the Celcom Group resulting out of or arising from the TSDTR Litigation (the "**TSDTR Indemnity**").

Other than as specified in the SPA, no provision of the SPA shall qualify or limit the liability of the parties in relation to any claim under the TSDTR Indemnity, provided that the parties shall comply with paragraph 7.2 in relation to the Conspiracy Suit<sup>1</sup> and Indemnity Suit<sup>2</sup> (collectively, "**TSDTR Litigation**") and the TSDTR Indemnity and any breach or non-compliance of Digi of paragraph 7.2 shall to that extent, reduce the liability of Axiata and the amount Axiata would be required to pay under the TSDTR Indemnity.

**7.2 Post-closing conduct in respect of the TSDTR Litigation**

- (a) Following the Closing, until such time as any final compromise, settlement, expert determination or final, non-appealable decision, order or award of a court or tribunal is made in respect of the TSDTR Litigation (or the TSDTR Litigation is otherwise finally disposed of):
- (i) Digi will grant to Axiata an exclusive right to conduct the TSDTR Litigation (including the assessing, contesting, disputing, defending, pursuing, compromising, settling or appealing any claim in connection with the TSDTR Litigation at Axiata's expense and by Axiata's own counsel and, Digi shall cooperate in good faith in connection therewith; and
  - (ii) Axiata shall have the right to take such action as it deems necessary or advisable to settle, compromise, defend, pursue or avoid such dispute and to conduct, pursue and/or agree any defence, settlement, compromise or appeal (or defend counterclaims) relating to the TSDTR Litigation in the name and on behalf of Celcom and/or any member of the Celcom Group.

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<sup>1</sup> Conspiracy Suit means the civil claim at the Kuala Lumpur High Court (Civil Suit no. D1-22-1960-2008) filed by Celcom and Celcom Resources Berhad against, inter alia, Tan Sri Dato Tajudin Ramli, Dato' Bistamam Ramli and DeteAsia Holding GmbH

<sup>2</sup> Indemnity Suit means the civil claim at the Kuala Lumpur High Court (Civil Suit no. D5-22-610-2006) filed by Celcom and Celcom Resources Berhad against, inter alia, Tan Sri Dato Tajudin Ramli and Dato' Bistamam Ramli

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**SALIENT TERMS OF THE SPA (CONT'D)**

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- (b) Each party shall (i) to the extent reasonably practicable, consult with the other party in relation to the conduct of any dispute, defence, counterclaim, compromise, settlement or appeal of the TSDTR Litigation; and (ii) from time to time, upon reasonable request of the other party, provide such other party with such information that it or any other member of its Group (including in the case of Digi, Celcom Group) may possess as to the progress of the TSDTR Litigation.
- (c) Following Closing, in the event that Digi, Celcom or any member of the Digi Group or the Celcom Group receives any money or other consideration in respect of the TSDTR Litigation and TSDTR Counterclaim (whether provided as a result of a settlement, insurance or any judgment or order) (collectively, "**Claim Proceeds**"), Digi shall as soon as reasonably practicable and in any case within the specified period under the SPA pay an amount equal to such Claim Proceeds to Axiata and such Claim Proceeds shall be treated by Axiata and Digi, to the extent possible, as an adjustment to the Cash Consideration.

**8. Governing Law**

The SPA and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

**9. Arbitration**

Subject to the terms of the SPA, any dispute shall be referred to and finally settled by arbitration by the Singapore International Arbitration Centre in accordance with the Arbitration Rules of the Singapore International Arbitration Centre.

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**SALIENT TERMS OF THE MTA**

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*Unless already previously defined in this Announcement, all capitalised terms found in this Appendix II shall have the same meanings as defined in this Appendix II.*

The salient terms of the MTA are as follows:

**1. Celcom-Digi Combination**

Axiata and Digi have entered into the SPA pursuant to which (i) the Celcom Securities held by Axiata shall be transferred to Digi, (ii) the 33.10% Digi Shares will be issued to Axiata and 0.63% Digi Shares will be issued to Telenor Asia (being Axiata's nominee) against payment by Telenor Asia to Axiata of the Relevant Digi Shares Cash Consideration (as defined below) and (iii) the Digi Cash Consideration (as defined in the SPA) shall be paid to Axiata on Closing (as defined in the SPA) ("**Proposed Celcom-Digi Combination**"). Please refer to **Appendix I** of this Announcement for the salient terms of the SPA.

The MTA is entered into between Telenor Asia, Telenor ASA ("**Telenor Holdco**") and Axiata for the purposes of, amongst others, facilitating the Proposed Celcom-Digi Combination and the Proposed Equalisation Sale (as defined below).

**2. Telenor Support**

Telenor Holdco shall, and shall procure that Digi, Telenor Asia and each of Telenor Asia's affiliates (each to the extent applicable) shall, cooperate with Axiata and its affiliates (including Celcom and the other Celcom Group Members (as defined in the SPA)) for the purposes of achieving the Closing (as defined in the SPA) in accordance with the SPA (including cooperating in connection with the satisfaction by Digi of its obligations in connection with the Conditions set out in paragraphs 1 and 2 of Schedule 2 of the SPA).

**3. Axiata Support**

Axiata shall, and shall procure Celcom and each of Axiata's affiliates (each to the extent applicable) to, cooperate with Telenor Holdco and its affiliates (including Telenor Asia and Digi and each other Digi Group Member (as defined in the SPA) for the purposes of achieving the Closing in accordance with the SPA.

**4. Digi Name Change**

Each of Telenor Asia and Axiata shall, to the extent that it is within their respective powers to do so, (a) use their respective reasonable efforts to procure, as promptly as practicable after Closing but in any event within three months of the Closing Date, that Digi convenes the Name Change EGM (as defined in the SPA) and if necessary the Second Name Change EGM (as defined in the SPA) for the purposes of passing a special resolution to change the name of Digi from "Digi.Com Berhad" to "Celcom Digi Berhad" promptly following such meeting ("**Name Change**") and (b) take all other actions necessary or advisable following such shareholders' approval to effect the Name Change. Each of Telenor Asia and Axiata hereby agree and undertake to vote in favour of such Name Change at the Name Change EGM or any Second Name Change EGM.

**5. Equalisation Sale**

In consideration of Axiata nominating Telenor Asia to receive the 0.63% Digi Shares to be issued by Digi directly to Telenor Asia subject to, and on the terms and conditions of the SPA, Telenor Asia shall (a) subscribe for the 0.63% Digi Shares; and (b) pay Axiata RM297,918,107 ("**Relevant Digi Shares Cash Consideration**") in accordance with the terms of the MTA ("**Proposed Equalisation Sale**").

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**SALIENT TERMS OF THE MTA (CONT'D)**

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**6. Equalisation Closing**

The closing of the Proposed Equalisation Sale pursuant to the MTA ("**Equalisation Closing**") shall occur on the Closing Date (as defined in the SPA) at the same venue as, and concurrently with the Closing under the SPA.

**7. Performance guarantee**

Telenor Holdco as primary obligor (and not as surety only) absolutely, unconditionally and irrevocably, for the benefit of Axiata (a) guarantees to Axiata the payment when due of all amounts payable by Telenor Asia under the MTA; (b) undertakes to cause Telenor Asia to be bound by and comply with each of the provisions of this agreement; (c) undertakes to ensure the due, punctual and full performance by Telenor Asia, and if applicable, by each of Telenor Holdco's affiliates, of all their respective obligations under or pursuant to the MTA; and (d) agrees to indemnify Axiata against all losses, costs, claims and damages sustained by it flowing from any non-payment or default of any kind by Telenor Asia under or pursuant to the MTA.

**8. Termination**

The MTA may be terminated at any time prior to the Equalisation Closing:

- (a) automatically and immediately if the SPA is terminated in accordance with its terms; or
- (b) upon the mutual written consent of the parties.

**9. Governing Law**

The MTA and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

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**SALIENT TERMS OF THE SHA**

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Unless already previously defined in this Announcement, all capitalised terms found in this Appendix III shall have the same meanings as defined in this Appendix III.

The salient terms of the SHA are as follows:

**1. Parties to the SHA**

The SHA is to be entered into on the completion of the Closing (as defined in the SPA) and the Equalisation Closing (as defined in the MTA) between, Axiata and Telenor Asia (each a “**Shareholder Party**”, and together the “**Shareholder Parties**”) and Telenor (“**Telenor Guarantor**”, together with the Axiata Guarantor (solely in the case of a Permitted Transfer (as defined below) by Axiata) and the Shareholder Parties each a “**Party**”, and collectively the “**Parties**”).

For reference, “**Axiata Guarantor**” means, in case of a Permitted Transfer by Axiata pursuant to the terms of this Agreement, Axiata.

The Parties agree to enter into the SHA to establish their respective rights and obligations with respect to the activities and governance of Digi (which is to be renamed “Celcom Digi Berhad”) (“**Company**”) and its subsidiaries and ownership and disposition of the Company’s securities.

**2. Governance Matters**

- 2.1. Board composition. Each Shareholder Party shall, before appointing a director of the Company (“**Director**”), consult with, provide relevant information about the proposed Director and give the other Shareholder Party a reasonable opportunity to express any concern as to such proposed Director’s suitability. Each Shareholder Party shall procure that the board of directors of the Company (“**Board**”) shall consist of nine (9) Directors to be nominated by a Shareholder Party or jointly nominated by the Shareholder Parties, as the case may be.
- 2.2. Independent Directors. The Board shall at all times comprise at least one-third independent non-executive Directors or such other higher fraction of independent non-executive Directors as may be prescribed by applicable laws. The Shareholder Parties agree to act in good faith in considering suitably qualified Malaysian citizens to serve on the Board as independent non-executive Directors; *provided that* there shall be no mandatory requirement for such independent non-executive Directors to be Malaysian citizens and the Shareholder Parties will seek to appoint directors who they believe in good faith are suitably qualified candidates.
- 2.3. Chief Executive Officer (“**CEO**”) and Deputy Chief Executive Officer (“**DCEO**”). The initial CEO of the Company shall be selected by Axiata (after consultation with Telenor Asia) and the initial DCEO of the Company shall be selected by Telenor Asia (after consultation with Axiata).
- 2.4. Reserved Matters. The SHA contains provisions relating to reserved matters that no consideration, action or decision relating to any of these matters shall be taken with respect to any group company (whether by any Director (or his alternate), any director, officer, any employee or any other representative of any group company or by any Shareholder Party or any of its affiliates or any of their respective representatives), without, (a) the approval of the Board; (b) the prior written approval of Axiata for as long as Axiata and its affiliates holds at least the prescribed minimum percentage of Outstanding Shares in the Company; and (c) the prior written approval of Telenor Asia for as long as Telenor Asia and its affiliates holds at least the prescribed minimum percentage of Outstanding Shares in the Company.



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**SALIENT TERMS OF THE SHA (CONT'D)**


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For reference: (a) “**Outstanding Shares**” means, as of the date of determination, the Shares that are then issued and outstanding (excluding any Shares issued and allotted pursuant to any Company employee share option scheme or other equity incentive plan); and (b) “**Shares**” means ordinary shares of the Company and any other classes or series of shares in the capital of the Company into which such shares are reclassified or converted (including by merger or otherwise) from time to time, together with all rights, differential rights, obligations, titles, interests and claims in such shares and all bonus shares issued in respect of such shares and shares issued pursuant to a stock split, combination or other reclassification in respect of such shares.

- 2.5. Deadlock.** If the Shareholder Parties or the Board is unable to make a decision regarding a proposed action or a proposal to take an action in relation to any reserved matter (such failure to resolve or meet, a “**Deadlock**”), then Axiata or Telenor Asia may refer the matter to the designated senior officers. The designated senior officers shall discuss the Deadlock and attempt to agree on a resolution with respect to the Deadlock within the prescribed timeframe. If the Shareholder Parties or the designated senior officers cannot resolve the Deadlock, the proposal shall not proceed.
- 2.6. Governance Policies.** The Shareholder Parties shall use their reasonable endeavours to procure that the Company adopts and maintains governance policies and practices (“**Governance Policies**”) that reflect the highest standards of the respective governance policies adopted and maintained by each Shareholder Party as of the date of the SHA. Subject to the foregoing, the Company’s Governance Policies shall initially be based on Digi’s existing governance policies as of the date of the MTA, which shall be amended and adapted as necessary to reflect the highest standards of the respective governance policies applicable to such Shareholder Party and adopted and maintained by such Shareholder Party’s Ultimate Holding Person for such Shareholder Party as of the date of the SHA; *provided that*, if there is no existing Digi policy for a Governance Policy, then (if applicable) the relevant Governance Policy of the Company shall initially be based on the existing Celcom governance policy as of the date of the MTA (if available), which shall be amended and adapted as necessary to reflect the highest standards of the respective governance policies adopted and maintained by each Shareholder Party as of the date of the SHA.

For reference, “**Ultimate Holding Person**” means (a) in the case of Axiata or its affiliates, Axiata or (b) in the case of Telenor Asia or its affiliates, the Telenor Guarantor.

### **3. Strategic Alignment**

- 3.1. Merger Integration Plan.** The Company shall (a) implement the merger integration plan as prescribed under the SHA (“**Merger Integration Plan**”); (b) maintain an officer (who shall be jointly nominated by the Shareholder Parties) who shall be responsible for such implementation (the “**Merger Integration Officer**”); and (c) maintain a merger integration committee (the “**Merger Integration Committee**”) consisting of certain members of management (including the Merger Integration Officer) and Directors of the Company identified jointly by the Shareholder Parties (with equal representation among members nominated by Axiata and members nominated by Telenor Asia) to supervise the implementation of the Merger Integration Plan; *provided that*, if the Shareholder Parties are unable to agree on the appointees to the Merger Integration Committee, each Shareholder Party shall have the right to appoint 1 (one) observer on the Merger Integration Committee.
- 3.2. Malaysia National Innovation Center.** It shall be an objective of the Company and its subsidiaries to accelerate technology transformation and digitalisation in Malaysia by establishing a “National Innovation Center” within the prescribed period under the SHA to foster technology transformation and digitalisation in Malaysia.

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**SALIENT TERMS OF THE SHA (CONT'D)**

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**4. Standstill Restrictions**

- 4.1. The SHA contains provisions relating to standstill restrictions whereby each Shareholder Party agrees that for a period of three (3) years on and from the date of the SHA (the “**Standstill and Lock-up Period**”), such Shareholder Party shall not, and shall cause each of its affiliates and its representatives not to, except with the prior written consent of the other Shareholder Party and subject to the exceptions as set out in the SHA, amongst others, acquire or subscribe for, or agree or offer to acquire or subscribe for any Equity Securities (or the securities of any successor to or person in control of the Company), any direct or indirect rights or options to acquire any Equity Securities or any forward contract, swap or other position with a value derived from the Equity Securities or a material portion of the assets of the Company or of its divisions or of any such successor or controlling persons.

For reference, “**Equity Securities**” means: (a) any Shares of the Company, other classes of shares or other equity securities; or (b) any security, right, option, warrant, appreciation right or instrument (including debt instrument) that is exercisable for, convertible into, exchangeable for, or entitles the holder to acquire or receive, with or without consideration, any Shares, other classes of shares or other equity securities (including any option to purchase or rights to subscribe for such a convertible or exchangeable security) of the Company.

**5. Transfer of Shares**

- 5.1. Restriction on Transfers. No Party shall make or attempt to effect any transfer of all or any portion of any Equity Securities owned or otherwise held by such Party, except in accordance with the provisions of the SHA.
- 5.2. Permitted Transfer. Subject to the provisions of the SHA, each of the Parties agrees, amongst others, that if it or any of its affiliates transfers any Equity Securities pursuant to a Permitted Transfer, the guarantor for that Party’s group guarantees the performance of the SHA by such Permitted Transferee under the provisions of the SHA. Notwithstanding paragraph 5.1 (*Restriction on Transfers*), the provisions set forth in, amongst others, paragraph 5.6 (*Lock-up; Right of First Offer*) shall not apply to transfers of shares that constitute Permitted Transfers.

For reference: (a) “**Permitted Transfer**” means a transfer of Shares to a Permitted Transferee; and (b) “**Permitted Transferee**” means any entity that is or is a wholly-owned subsidiary of, the applicable Ultimate Holding Person of the Shareholder Party.

- 5.3. Major Transfer. Each of the Parties agrees that it shall not, and shall cause its affiliates not to, transfer any Equity Securities to any third party if such third party (a “**Major Transfer Buyer**” and such Transferring Party, a “**Major Transfer Seller**”) and its affiliates would, following such transfer, beneficially own 23.2% or more of the Outstanding Shares (a “**Major Transfer**”) unless (a) the Major Transfer Seller has complied with its obligations under paragraph 5.4 (*Major Transfer Buyer and Remaining Party Discussions*) and paragraph 5.6(b) (*Right of First Offer*); (b) the Major Transfer Buyer has executed a deed of adherence and agreed to be bound by the obligations and restrictions under the SHA as a Party; (c) the Major Transfer Buyer has agreed with the Remaining Party (as defined below) to a lock-up restriction (in substantially the same form as paragraph 5.6(a) (*Lock-up*)) for at least two (2) years following the date of the deed of adherence; and (d) the Major Transfer Seller has agreed to cease, or by operation of the terms of the SHA would cease, to be a Party to the SHA on and from the completion of the Major Transfer.

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**SALIENT TERMS OF THE SHA (CONT'D)**

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- 5.4. Major Transfer Buyer and Remaining Party Discussions. No less than thirty (30) Business Days before entering into a binding definitive agreement for a Major Transfer, the Major Transfer Seller shall deliver to the other Party (the “**Remaining Party**”) a written notice of its intended Major Transfer. The Major Transfer Seller shall use its reasonable endeavours to facilitate discussions between the Remaining Party and the Major Transfer Buyer on, amongst others, the following topics: (a) the Major Transfer Buyer’s views on the Remaining Party’s strategy for the Company; (b) whether the Major Transfer Buyer is of comparable financial standing to the Major Transfer Seller and its guarantor and, if not, whether the Major Transfer Buyer can provide a suitable guarantor to establish a sufficient level of financial standing to support its obligations under the SHA; and (c) whether there would be any material adverse impact on the Remaining Party or the group companies as a result of the Major Transfer and whether any such adverse impact may be removed.
- 5.5. Transfers to Prohibited Persons. Each of the Parties agrees that it shall not and shall cause its affiliates not to knowingly transfer any Equity Securities to any person who is or whose affiliate is a competitor or a sanctioned person, *provided that* the restriction in this paragraph shall not apply to on-market sales by a Party on Bursa Securities in which a Party is unaware of the identity of the buyer at the time of such sale.
- 5.6. Lock-up; Right of First Offer
- (a) Lock-up. During the Standstill and Lock-Up Period, no Shareholder Party shall directly or indirectly transfer any Shares, except for Permitted Transfers. After the expiry of the Standstill and Lock-up Period, no Shareholder Party shall transfer any Shares, other than (x) with the prior written consent of the other Parties, or (y) in compliance with the provisions relating to transfer of shares under the SHA and to the extent applicable, provisions relating to right of first offer (as set out in paragraph 5.6(b) below), pledging of shares (as set out in paragraph 5.6(c) below) and provisions relating to transfer-related matters under the SHA.
- (b) Right of First Offer. Subject to the provisions on transfer of shares in the SHA and the other provisions of paragraph 5.6, a Shareholder Party wishing to transfer its Shares (a “**Transferring Shareholder**”) may transfer any Shares to a third party only if it first provides a notice in writing (a “**Transfer Notice**”) indicating its interest to transfer such Shares (the “**Offered Shares**”) to the other Shareholder Party (a “**Non-Transferring Shareholder**”). A Transfer Notice must specify, amongst others, the number of Shares proposed to be so sold, the number of Shares held by the Transferring Shareholder and its affiliates; and the price per Share (which shall be for cash consideration) and other material terms upon which the Transferring Shareholder proposes to transfer the Offered Shares (the “**ROFO Offered Terms**”). The Transfer Notice shall constitute a binding offer (“**ROFO Offer**”) by the Transferring Shareholder to sell all of the Offered Shares to the Non-Transferring Shareholder. If the Non-Transferring Shareholder does not deliver the relevant acceptance notice within the prescribed acceptance period, the request in the Transfer Notice will be deemed to have been declined. Upon the ROFO Offer being declined or deemed to have been declined, the Transferring Shareholder may sell all and not some only of the Offered Shares to a third party at the same or higher price and on other terms and conditions no less favorable as a whole to the third party than those contained in the ROFO Offer, subject to the terms of the SHA.

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**SALIENT TERMS OF THE SHA (CONT'D)**

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- (c) **Pledging of Shares.** Each Shareholder Party may pledge, charge, mortgage or otherwise specifically create a lien over any of its Shares in favour of a permitted financing bank (a "**Finance Party**") as security for any indebtedness or other obligation of such Shareholder Party, *provided that* such Finance Party shall have agreed in writing with the other Shareholder Party on behalf of it and on behalf of any other finance parties entitled to the benefit of such lien that:
- (i) the Finance Party shall notify such Shareholder Party before or as soon as reasonably practicable after taking steps to enforce any such lien;
  - (ii) if the Finance Party expects to appoint an administrator, receiver, or similar office holder, it shall notify the other Shareholder Party promptly; and
  - (iii) in the event that the Finance Party takes possession or otherwise causes a sale of the Shares, or if an administrator, receiver or similar office holder is appointed, the Finance Party shall comply, or shall cause any such transfer to comply, or (if applicable) shall ensure that such administrator, receiver or similar office holder agrees in writing that it shall comply, with the provisions of paragraph 5.6(b) (*Right of First Offer*) (as if it were the Transferring Shareholder) and paragraph 5.3 (*Major Transfer*) (in the event of a transfer that would result in any person (and its affiliates) beneficially owning 26% or more of the Outstanding Shares following such transfer), in each case in favour of the other Party.

**6. Termination**

The SHA shall terminate upon the occurrence of any of the following events:

- (a) on the date which the SHA is terminated by the written agreement of all Parties;
- (b) on the date which the Company is wound up, liquidated, or dissolved (other than as a result of a solvent reorganisation or merger, consolidation, scheme, amalgamation in which case it shall continue to apply to the successor or surviving entity); and
- (c) solely with respect to a Shareholder Party (and its applicable guarantor) if such Shareholder Party and its affiliates cease to own at least 10% of the Outstanding Shares, but without prejudice to the continuation of the SHA with respect to any other Shareholder Parties (including transferees which become Parties in accordance with the terms of the SHA).

**7. Governing Law**

The SHA including any non-contractual obligations arising out of or in connection with the SHA is governed by and shall be construed in accordance with English law.

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**INFORMATION ON CELCOM**


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**1. SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES**

As at the LPD, the subsidiaries, associate and joint ventures of Celcom are as follows:

<b>Name of company</b>	<b>Place/ Date of incorporation</b>	<b>Equity interest (%)</b>	<b>Principal activities</b>
<b>Subsidiaries held through Celcom</b>			
Celcom Mobile Sdn. Bhd.	Malaysia/ 15 July 1976	100.00	Mobile communications, network and application services and content
Celcom Networks Sdn. Bhd.	Malaysia/ 30 March 1990	100.00	Network telecommunications, capacity and services
Celcom Properties Sdn. Bhd.	Malaysia/ 24 August 1994	100.00	Property investment
Escape Axiata Sdn. Bhd.	Malaysia/ 21 May 1992	100.00	Over-The-Top and other on demand content services ( <i>Inactive as at 31 December 2020</i> )
Celcom Retail Holding Sdn. Bhd.	Malaysia/ 4 August 1988	100.00	Strategic and business development, management, administrative, support services and investment holding
Celcom Intelligence Sdn. Bhd.	Malaysia/ 4 October 1989	100.00	Investment holding ( <i>Inactive as at 31 December 2020</i> )
Celcom Timur (Sabah) Sdn. Bhd.	Malaysia/ 17 January 1995	80.00	Fibre optic transmission network
Celcom eCommerce Sdn. Bhd.	Malaysia/ 22 June 1999	100.00	Electronic wallet services ( <i>Inactive as at 31 December 2020</i> )
Celcom Resources Berhad	Malaysia/ 1 December 1966	100.00	Investment holding
<b>Subsidiary held through Celcom Retail Holding Sdn Bhd</b>			
Celcom Retail Sdn. Bhd.	Malaysia/ 9 January 2007	100.00	Trading and distribution of communication devices and related products and managing retail stores
<b>Subsidiary held through Celcom Resources Berhad</b>			
Celcom Trading Sdn. Bhd.	Malaysia/ 1 November 1983	100.00	Dealings in marketable securities
<b>Associate</b>			
Sacofa Sdn. Bhd.	Malaysia/ 11 July 2001	15.12	Telecommunications infrastructure and services including all its related businesses

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**INFORMATION ON CELCOM (CONT'D)**


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<b>Name of company</b>	<b>Place/ Date of incorporation</b>	<b>Equity interest (%)</b>	<b>Principal activities</b>
<b>Joint Ventures</b>			
Tune Talk Sdn. Bhd.	Malaysia/ 13 January 2006	35.00	Mobile communications services
Merchantrade	Malaysia/ 19 November 1996	20.00	Provision of licenced telephony services, other telecommunication information technology services and equipment supplies, and provision of financial remittance services

**2. SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF CELCOM**

A summary of the consolidated financial information of Celcom based on its audited consolidated financial statements for the past three (3) FYEs 31 December 2018, 2019 and 2020 is as follows:

	<b>Audited</b>		
	<b>FYE 31 December</b>		
	<b>2018</b> <b>RM'000</b>	<b>*2019</b> <b>RM'000</b>	<b>2020</b> <b>RM'000</b>
Revenue	7,339,255	6,706,135	6,218,831
Profit before tax ("PBT")	464,496	1,051,851	855,679
PATAMI	301,408	789,369	677,435
NA attributable to the owners of the company	246,406	294,649	222,138
Total interest bearing borrowings (including lease liabilities)	5,053,127	8,604,111	8,271,849

**Note:**

\* *The Celcom Group has adopted the Malaysian Financial Reporting Standards ("MFRS") 16 – Leases for the first time in the 2019 financial statements, which resulted in changes in accounting policies and adjustments to the Celcom Group's financial position as at 1 January 2019.*

**Commentaries:****Comparison between FYE 31 December 2018 and FYE 31 December 2019**

Revenue decreased by 8.6% from RM7,339.3 million for the FYE 31 December 2018 to RM6,706.1 million for the FYE 31 December 2019 mainly due to lower device sales, downward revision of domestic interconnect and domestic roaming rates. PBT increased by 126.4% from RM464.5 million for the FYE 31 December 2018 to RM1,051.9 million for the FYE 31 December 2019 despite the revenue decreased by 8.6%, largely due to lower operating costs as a result of stringent cost management and cost optimisation implemented across the Celcom Group's operations during the financial year.

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**INFORMATION ON CELCOM (CONT'D)**

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**Comparison between FYE 31 December 2019 and FYE 31 December 2020**

Revenue decreased by 7.3% from RM6,706.1 million for FYE 31 December 2019 to RM6,218.8 million for the FYE 31 December 2020 due to lower contribution from the mobile segment impacted by the COVID-19 outbreak. PBT decreased by 18.7% from RM1,051.9 million for the FYE 31 December 2019 to RM855.7 million for the FYE 31 December 2020 in line with the decrease in revenue and accelerated depreciation of 3G assets.

**3. EXCLUDED ASSETS**

Pursuant to the terms of the SPA, Axiata shall prior to completion of the Proposed Merger procure Celcom and/or the relevant member of the Celcom Group to sell, assign and transfer its entire equity interest in Merchantrade (representing approximately 20.00% of the issued shares of Merchantrade) to Axiata or any of its affiliates or nominees, or if required, any other shareholder of Merchantrade. Celcom's share of profit and NA in Merchantrade for the FYE 31 December 2020 are approximately RM0.9 million and RM22.6 million respectively.

Additionally, Axiata shall procure that Celcom and/or the relevant member of the Celcom Group ceases to be a member of the Axiata Foundation. Axiata Foundation is incorporated in Malaysia as a company limited by guarantee and not having a share capital. The objectives of the Axiata Foundation are to develop and nurture talent pool and foster, develop and improve education.

**INFORMATION ON DIGI****1. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

As at the LPD, the subsidiaries of Digi are as follows:

<b>Name of company</b>	<b>Place/Date of incorporation</b>	<b>Equity interest (%)</b>	<b>Principal activities</b>
<b>Subsidiaries held through Digi</b>			
Digi Telecommunications Sdn Bhd (“ <b>Digi Telecommunications</b> ”)	Malaysia/ 21 July 1990	100.00	Establishment, maintenance and provision of telecommunication and related services
InfraNation Sdn Bhd (formerly known as Y3llownation Sdn Bhd)	Malaysia/ 10 February 2009	100.00	Telecommunication infrastructure and services
<b>Subsidiaries held through Digi Telecommunications</b>			
Y3llowLabs Sdn Bhd	Malaysia/ 19 December 2000	100.00	Provision of e-commerce, digital services and solutions

Digi does not have any associated company or joint ventures as at the LPD.

**2. SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF DIGI**

A summary of the consolidated financial information of Digi based on its audited consolidated financial statements for the past three (3) FYEs 31 December 2018, 2019 and 2020 and the latest unaudited results for the 3-month FPE 31 March 2021 is as follows:

	<b>Audited</b>			<b>Unaudited</b>
	<b>FYE 31 December</b>			<b>FPE 31 March</b>
	<b>2018 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2021 RM'000</b>
Revenue	6,527,111	6,297,358	6,152,747	1,550,222
PBT	2,079,442	1,892,321	1,622,046	358,548
PATAMI	1,540,788	1,432,949	1,220,969	264,827
NA attributable to the owners of the company	673,188	659,987	605,856	590,783
Total interest bearing borrowings (including lease liabilities)	2,694,054	5,149,799	5,452,033	5,320,961



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**INFORMATION ON DIGI (CONT'D)**

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**Commentaries:****Comparison between FYE 31 December 2018 and FYE 31 December 2019**

Revenue decreased by 3.5% from RM6,527.1 million for the FYE 31 December 2018 to RM6,297.4 million for the FYE 31 December 2019 largely due to lower non-internet prepaid revenue and lower domestic interconnect revenue. PBT decreased by 9.0% from RM2,079.4 million for the FYE 31 December 2018 to RM1,892.3 million for the FYE 31 December 2019 largely due to higher depreciation and amortisation and finance costs.

**Comparison between FYE 31 December 2019 and FYE 31 December 2020**

Revenue decreased by 2.3% from RM6,297.4 million for the FYE 31 December 2019 to RM6,152.7 million for the FYE 31 December 2020 largely due to lower revenue from domestic interconnect and from roaming activities as a result of closed international borders. PBT decreased by 14.3% from RM1,892.3 million for the FYE 31 December 2019 to RM1,622.0 million for the FYE 31 December 2020 largely due to lower gross profit and higher depreciation and finance cost on right-of-use assets and asset retirement obligations.

**Comparison between 3-month FPE 31 March 2020 and 3-month FPE 31 March 2021**

Revenue decreased by 0.6% from RM1,560.3 million for the FPE 31 March 2020 to RM1,550.2 million for the FPE 31 March 2021 due to lower revenue contribution from non-internet segment. PBT decreased by 17.7% from RM435.4 million for the FPE 31 March 2020 to RM358.5 million for the FPE 31 March 2021 largely due to fair value changes on derivative financial instruments.