

CELCOMDIGI BERHAD (FORMERLY KNOWN AS DIGI.COM BERHAD) (“CELCOMDIGI” OR “COMPANY”)

ESTABLISHMENT OF AN EXECUTIVE SHARE GRANT PLAN (“ESGP”)

1. INTRODUCTION

On behalf of the Board of Directors of CelcomDigi (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that CelcomDigi had on 17 August 2023 established an executive share grant plan of up to 0.5% of the total number of issued ordinary shares in CelcomDigi (“**CelcomDigi Share(s)**” or “**Shares**”) (excluding treasury shares, if any) at any point in time during the duration of the share grant plan of 10 years, commencing from 17 August 2023, for the eligible employees who hold senior management position in CelcomDigi and its subsidiaries (excluding subsidiaries which are dormant) (“**CelcomDigi Group**” or “**Group**”) (“**Eligible Person(s)**”).

2. DETAILS OF THE ESGP

The ESGP serves to attract, retain, motivate and reward the Eligible Persons who fulfil the eligibility criteria set out in Section 2.1.2 of this Announcement through the award of CelcomDigi Shares (“**ESGP Award(s)**”) in accordance with the provisions of the by-laws governing the ESGP (“**By-Laws**”).

The ESGP is administered by CelcomDigi’s Board Nomination and Remuneration Committee (“**BNRC**”) in accordance with the By-Laws.

Pursuant to the By-Laws, the BNRC may, in its sole discretion, decide to satisfy any of the offers, made by the BNRC under the By-Laws to the Eligible Persons (“**Offers**”) (“**Selected Persons**”), which have been accepted by the Selected Persons (“**Grants**”) using any of the following methods:

- (a) transfer of the Company’s treasury shares to the Selected Person who accepted the Offer (“**ESGP Participants**”); and/or
- (b) payment of cash.

In the event the BNRC intends to satisfy the Grants or any part thereof by transferring the Company’s treasury shares to the ESGP Participants, the Company will be required to first seek the approval of its shareholders to purchase its own Shares pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”) (“**Bursa Securities**”) and the Companies Act 2016, and to retain those Shares purchased as treasury shares before those Shares can be transferred to the ESGP Participants on the applicable vesting date.

2.1 Salient terms of the ESGP

2.1.1 Maximum number of CelcomDigi Shares available under the ESGP

The maximum cumulative number of CelcomDigi Shares which may be transferred by the Company to the ESGP Participants under the ESGP, shall not exceed 0.5% of the total number of issued CelcomDigi Shares (excluding treasury shares, if any) at any point in time throughout the duration of the ESGP (“**Maximum CelcomDigi Shares Available**”).

2.1.2 Eligibility

Subject to the sole discretion of the BNRC, any Eligible Person who fulfils the following conditions as at the date on which the Offer is awarded to the Eligible Persons shall be eligible for consideration and selection as a Selected Person by the BNRC:

- (a) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) is employed on a full-time basis and is on the payroll of any company within the Group and has not served a notice of resignation or received a notice of termination;
- (c) employment has been confirmed in writing and is not under probation;
- (d) is serving in a senior management position (which criteria for qualification shall be determined by the BNRC in its absolute discretion) and/or in a specific designation under an employment contract, whether on a permanent contract or for a fixed duration (but excluding those who are employed for a specific project or any other contract as may be determined by the BNRC); and
- (e) fulfils any other eligibility criteria and/or falls within such category as may be determined by the BNRC in its absolute discretion from time to time.

Notwithstanding the above, the eligibility criteria may be varied, revised or waived by the BNRC from time to time subject to applicable law. The selection of any Eligible Person for participation in the ESGP shall be made by the BNRC in its absolute discretion. The decision of the BNRC shall be final and binding.

2.1.3 Basis of allocation and maximum allowable allocation

The allocation of CelcomDigi Shares comprised in the Offers that may be made available under the ESGP to any one Selected Person shall be determined at the sole discretion of the BNRC during the duration of the ESGP as set out in Section 2.1.4 below and after taking into consideration the category or grade of employment of the Eligible Person or such other criteria from time to time as the BNRC deems appropriate provided that the allocation to a Selected Person who, either singly or collectively through persons connected with the Selected Person, holds 20% or more of the total number of issued CelcomDigi Shares (excluding treasury shares, if any) shall not exceed 10% of the Maximum CelcomDigi Shares Available and subject to any amendment on the provision of the Listing Requirements pursuant to employees share schemes by Bursa Securities (or any relevant authority) from time to time (if any).

2.1.4 Duration of the ESGP

The ESGP shall be in force for a period of 10 years, commencing from 17 August 2023, being the date of this Announcement and also the date on which the ESGP takes effect.

Upon expiration of the ESGP, all unaccepted Offers shall forthwith cease to be capable of acceptance, and all unvested CelcomDigi Shares comprised in any Grant shall forthwith cease to be capable of vesting and forthwith lapse.

2.1.5 Rights attaching to the CelcomDigi Shares

The CelcomDigi Shares to be transferred by the Company to the ESGP Participant pursuant to the ESGP upon vesting thereof shall rank equally in all respect with the then existing CelcomDigi Shares.

The ESGP Participant shall not be entitled to any dividend, right, allotment, entitlement and/or any other distribution attached to the CelcomDigi Shares prior to the date on which the CelcomDigi Shares are credited into the ESGP Participants' respective central depository system accounts ("**CDS Account**") and/or which may be declared, made or paid to the Company's shareholders, for which the book closure date in relation to the Company's shareholders to be entitled to any dividend, right, allotment, entitlement and/or any other distribution, is prior to the date on which the CelcomDigi Shares are credited into the ESGP Participants' respective CDS Account.

3. UTILISATION OF PROCEEDS

As the vesting of the CelcomDigi Shares comprised in the ESGP will be satisfied either by way of the transfer of the Company's treasury shares to the ESGP Participants and/or cash settlement, the Company will not raise any proceeds from the ESGP given that the ESGP Participants will not be required to pay for the vesting of the CelcomDigi Shares. However, the ESGP Participants are required to pay a nominal sum of RM1.00 each as their non-refundable consideration to the Company to accept the Offers.

4. RATIONALE OF THE ESGP

The ESGP primarily serves to align the interests of the Eligible Persons to the corporate strategic goals and objectives of the CelcomDigi Group to drive longer term shareholder value enhancement.

In addition, the ESGP is intended to achieve the following objectives:

- (a) to make the Group's remuneration scheme competitive with market practice to encourage the Eligible Persons to remain with the Group and contribute to the Group's continued growth;
- (b) to reward, incentivise and retain employees holding senior management position within the Group who have significant influence on the growth, performance and profitability of the Group;
- (c) to motivate the Eligible Persons to work towards better performance through greater productivity and loyalty; and
- (d) to create a greater sense of belonging and dedication by providing opportunity to the Eligible Persons to participate directly in the equity of the Company.

5. EFFECTS OF THE ESGP

5.1 Share capital and substantial shareholders' shareholdings

The ESGP will not have any effect on the issued share capital of the Company and the shareholdings of the substantial shareholders of the Company as the ESGP does not involve the issuance of new CelcomDigi Shares.

5.2 Net assets ("NA") per CelcomDigi Share and gearing

Apart from the potential impact of Malaysian Financial Reporting Standards 2 on Share-Based Payments ("**MFRS 2**") issued by the Malaysian Accounting Standards Board as elaborated in Section 5.3 below, the ESGP is not expected to have an immediate effect on the NA and gearing of the Group until such time that the CelcomDigi Shares comprised in the Grant are vested.

5.3 Earnings and earnings per Share ("EPS")

According to MFRS 2, the cost arising from the granting of the CelcomDigi Shares under the ESGP, after taking into account, among others, the price of the CelcomDigi Shares, will need to be measured at fair value on the date of granting of the CelcomDigi Shares and recognised as an expense in the consolidated income statement of the Group over the vesting period of the ESGP Awards, which will reduce the earnings of the Group and EPS accordingly.

Notwithstanding the above, the ESGP is not expected to have any material effect on the Group's earnings and EPS after taking into consideration the Maximum CelcomDigi Shares Available and the duration of the ESGP, as set out in Sections 2.1.1 and 2.1.4 of this Announcement, respectively.

Further to the above, the potential effects on the Group's earnings and EPS due to the recognition of the abovementioned expense cannot be determined at this juncture as it would depend on, among others, the number of CelcomDigi Shares granted pursuant to the Grant and various factors that affect the fair value of the CelcomDigi Shares granted.

5.4 Convertible securities

As at the date of this Announcement, the Company does not have any convertible securities in issue.

6. APPROVALS REQUIRED

The ESGP is not subject to the approval of the shareholders of the Company or any authorities.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED

Datuk Mohamad Idham Nawawi, being the Chief Executive Officer of the Company, is deemed interested in the ESGP to the extent of the proposed allocation of CelcomDigi Shares to him and proposed allocation of CelcomDigi Shares to persons connected to him (if any).

Albern Murty, being the Deputy Chief Executive Officer of the Company, is deemed interested in the ESGP to the extent of the proposed allocation of CelcomDigi Shares to him and proposed allocation of CelcomDigi Shares to persons connected to him (if any).

Save as disclosed above, none of CelcomDigi's directors, major shareholders, chief executive and persons connected to them has any direct and/or indirect interest in the ESGP.

8. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the ESGP (including but not limited to the rationale and effects of the ESGP), is of the opinion that the ESGP is in the best interest of the Company.

9. ADVISER

Maybank IB is the Adviser to the Company for the ESGP.

This Announcement is dated 17 August 2023.