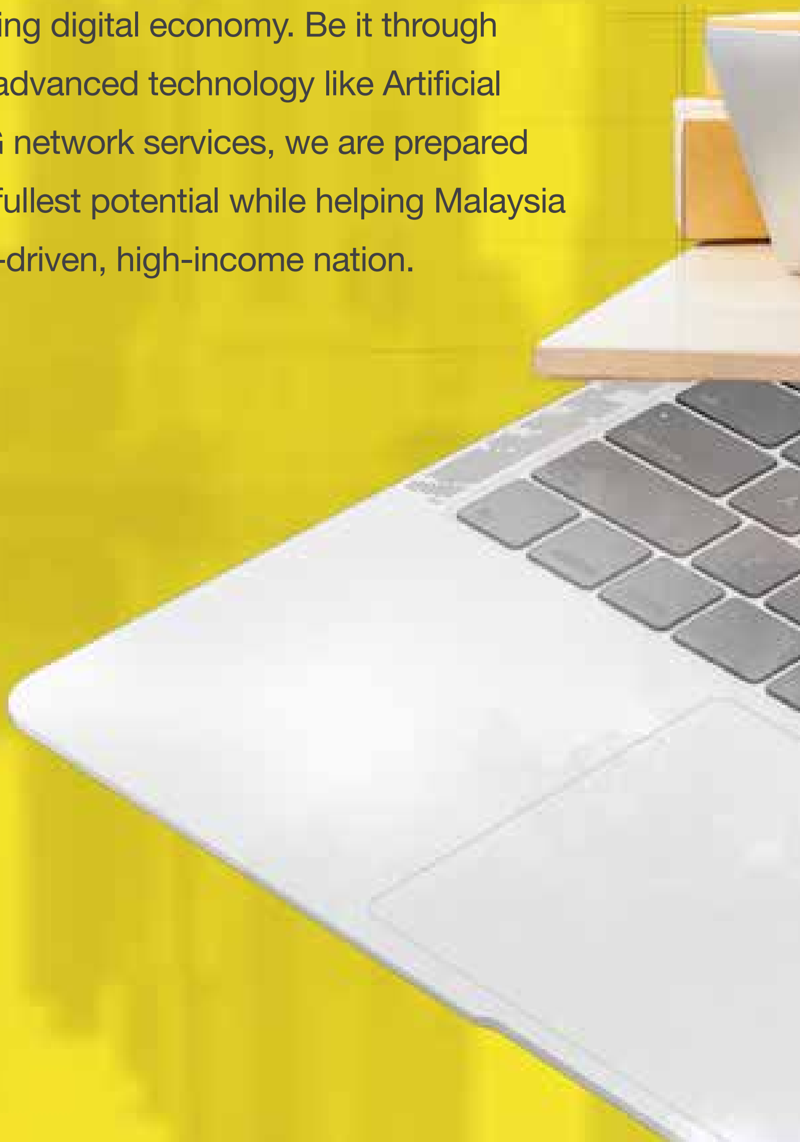
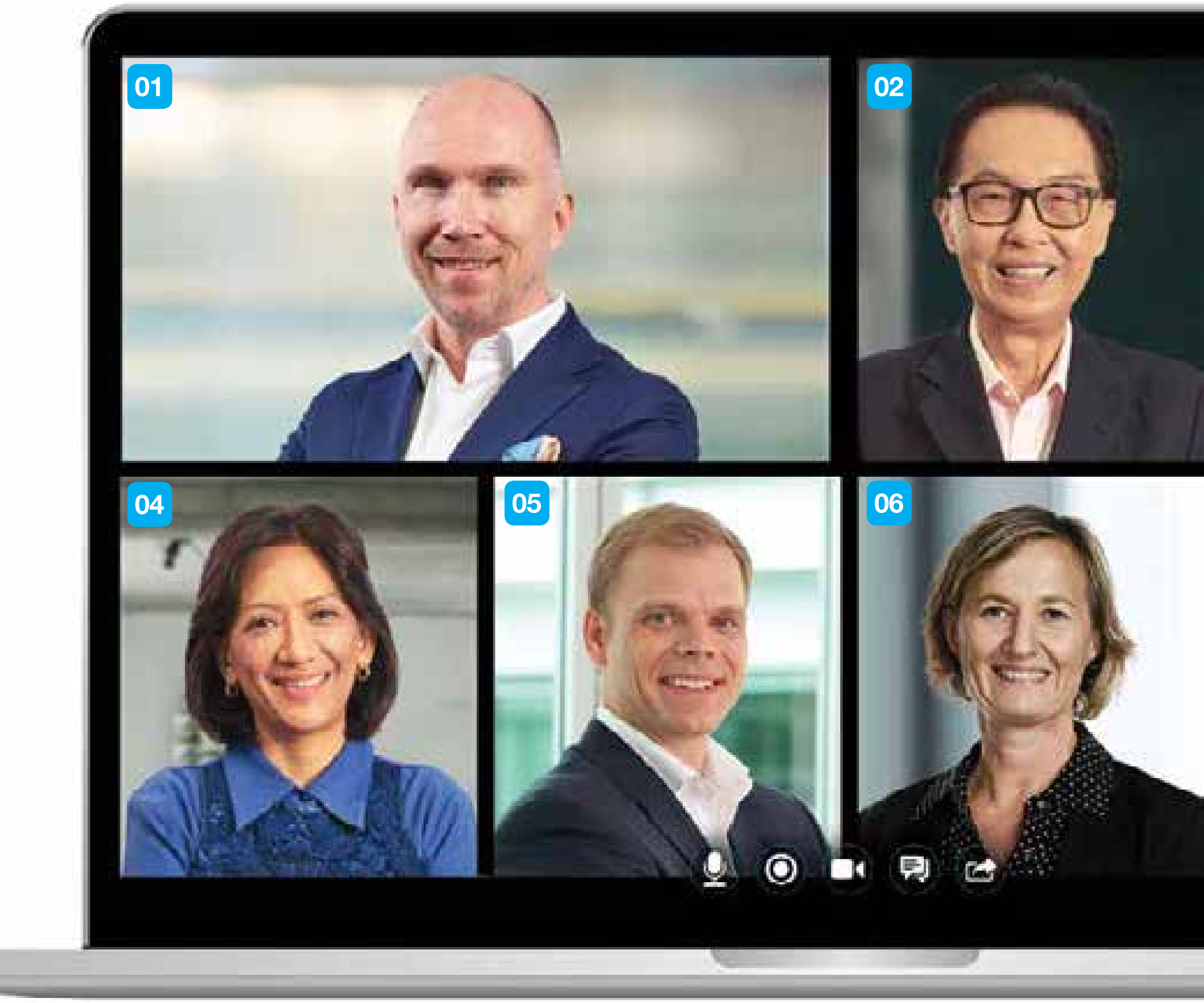
Progressing MALAYSIA TOWARDS A DIGITAL ECONOMY NATION

We are steadfast in reinforcing the backbone of Malaysia's economy with the right tools and technology to transform digitally. As a digital and connectivity solutions provider, we are helping to digitalise businesses large and small, empowering them to be future-ready and competitive in a growing digital economy. Be it through essential digital business solutions, or more advanced technology like Artificial Intelligence (AI), Internet of Things (IoT) or 5G network services, we are prepared to journey with our customers to reach their fullest potential while helping Malaysia achieve its aspiration of becoming a digitally-driven, high-income nation.



Board of Directors' Profiles



01. HAAKON BRUASET KJOEL
Non-Independent
Non-Executive Director
B R N

02. TAN SRI SAW CHOO BOON
Senior Independent
Non-Executive Director
B N A

03. VIMALA V.R. MENON
Independent
Non-Executive Director
B A

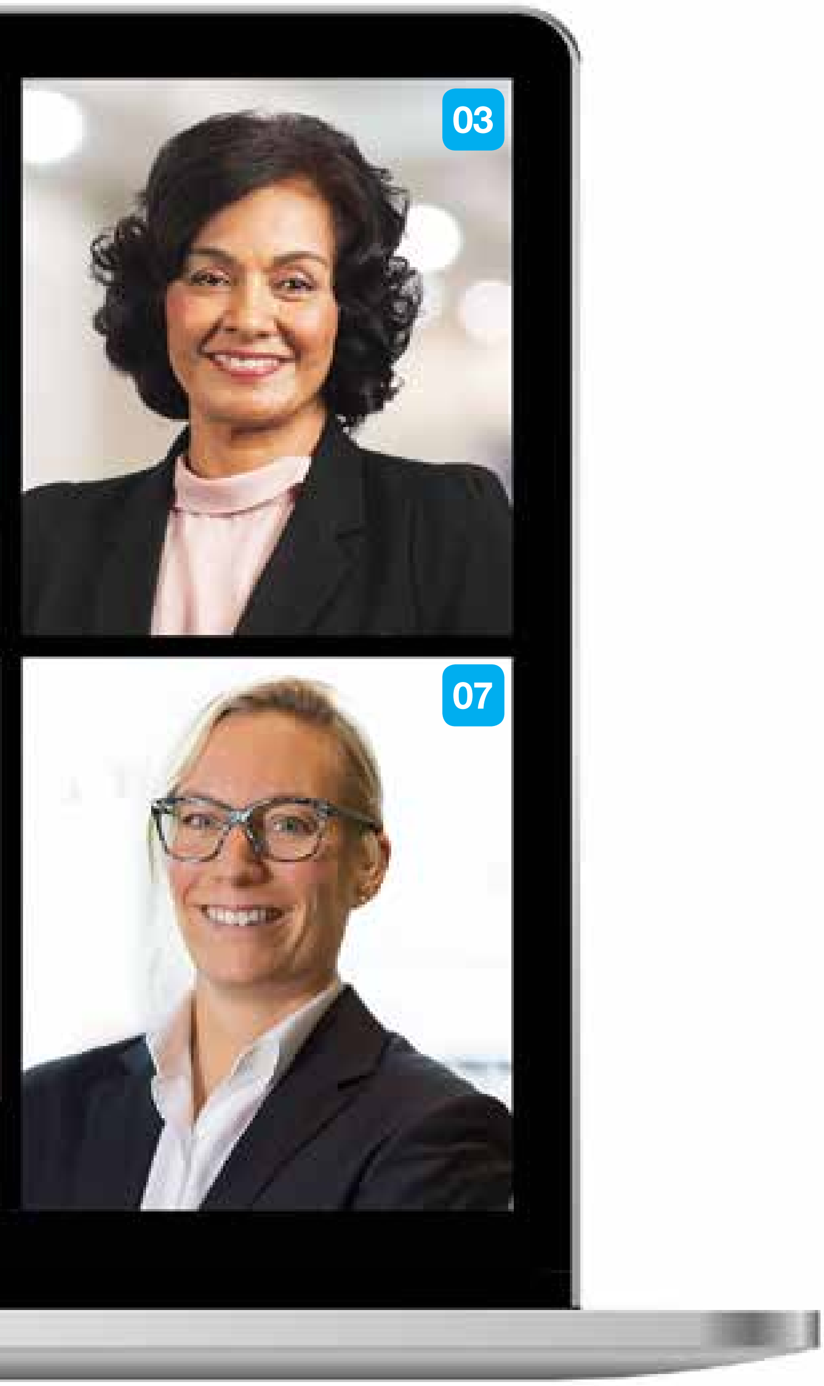
04. YASMIN BINTI ALADAD KHAN
Independent
Non-Executive Director
B N A R

05. LARS ERIK TELLMANN
Non-Independent
Non-Executive Director
B

06. WENCHE MARIE AGERUP
Non-Independent
Non-Executive Director
B R

07. RANDI WIESE HEIRUNG
Non-Independent
Non-Executive Director
B A

Board of Directors' Profiles



Key to Committee membership:

- B Board
- N Nomination Committee
- A Audit and Risk Committee
- R Remunation Committee
- Committee Chair

Haakon Bruaset Kjoel

Non-Independent Non-Executive Director
Norwegian • Male • 49

Meetings attended 8/8

Date of appointment	Length of Service (as at 31 March 2021)
11 July 2017	3 years 8 months

Present directorships

Listed entities

- Grameenphone Ltd, Bangladesh
- Total Access Communication Public Company Limited, Thailand, dtac

Other public companies/ non-listed

Nil

Area of expertise

Telecommunications, Strategy Development, Leadership, Legal & Regulatory, Environmental Sustainability

Relevant experience

- 26 years of experience in Telenor Group across Europe and Asia in the area of operational development, merger and acquisition, public and regulatory affairs (1995-present)
- Board of Directors of several Telenor Group Companies in Singapore, Bangladesh, Thailand, Myanmar and Malaysia (2011 -present)
- Non-executive Director of the global architect and design company Snøhetta, headquartered in Oslo, Norway (2020-present)
- Chief Strategy and Transformation Officer at Total Access Communication Public Company Limited, Thailand, dtac (2019-2020)
- Senior Vice President, Partner and External Relations Asia for Telenor Group (2018-2019)
- Acting Executive Vice President and Chief Corporate Affairs Officer for Telenor Group (July-October 2018)
- Senior Vice President and Head of Group Public and Regulatory Affairs for Telenor Group (2016-2018)

Academic/ professional qualification/ membership

- Master of Business Administration degree (Executive) from BI Norwegian Business School, Oslo
- Studied public relations at BI Norwegian Business School, Oslo

Board of Directors' Profiles

Tan Sri Saw Choo Boon

Senior Independent Non-Executive Director

Malaysian • Male • 74

Meetings attended 8/8

Date of appointment	Length of Service (as at 31 March 2021)
9 December 2010	10 years 3 months

Present directorships

Listed entities	Other public companies/ non-listed
• Wah Seong Corporation Berhad	Nil

Area of expertise

Leadership, Strategy Development, Environmental Sustainability, Human Resource, Commercial Marketing

Relevant experience

- Independent Director of Wah Seong Corporate Berhad (2018-present)
- Chairman of MRCB Quill Management Sdn Bhd (2016-present)
- Sits on the Board of the Social-Economic Research Centre Board of the Associated Chinese Chambers of Commerce and Industry Malaysia (2011-present)
- Board of Directors for some private companies (2010-present)
- Independent Director of RHB Bank Berhad (2016-2020)
- Held various positions in Shell spanning 40 years, from a Refinery Technologist to Chairman (1970-2010)

Academic/ professional qualification/ membership

- Bachelor of Science Hons (Chemistry) from University of Malaya
- Council member of the Federation of Malaysian Manufacturers Council

Vimala V.R. Menon

Independent Non-Executive Director

Malaysian • Female • 66

Meetings attended 8/8

Date of appointment	Length of Service (as at 31 March 2021)
1 July 2015	5 years 8 months

Present directorships

Listed entities	Other public companies/ non-listed
• Jardine Cycle & Carriage Limited	Nil

Area of expertise

Leadership, Accounting & Finance, Legal & Regulatory, Strategy Development

Relevant experience

- Independent Director and the Board Audit Committee Chairman of Jardine Cycle & Carriage Limited (2017-present)
- Independent Director and Chairman of the Board Audit Committee of Petronas Dagangan Berhad (2011-2020)
- Senior Independent Director and Chairman of the Board of Audit Committee of Petronas Chemical Group Berhad (2010-2019)
- Board member of Prince Court Medical Centre Sdn Bhd (2011-2018)
- Nominee Director of Khazanah Nasional Berhad on the Board of Destination Resorts and Hotels Sdn Bhd (2011-2015)
- Board member of Trustees of Pemandu Corporation (2014-2017)
- Director of Finance and Corporate Affairs at Proton Holdings Berhad (2008-2009)
- Board member of PT Astra International Tbk (2000-2003)
- Held various positions in EON Berhad spanning of 23 years from a Manager to a Board member (1984-2007)

Academic/ professional qualification/ membership

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants (MIA)

Board of Directors' Profiles

Yasmin binti Aladad Khan

Meetings attended
8/8

Independent Non-Executive Director
Malaysian • Female • 62

Date of appointment	Length of Service (as at 31 March 2021)
23 July 2013	7 years 8 months

Present directorships

Listed entities	Other public companies/ non-listed
Nil	Nil

Area of expertise

Leadership, Commercial Marketing, Environmental Sustainability, Strategy Development, Human Resource

Relevant experience

- Director of DHL's subsidiaries in Asia Pacific (2003-present)
- Executive Vice President, Commercial, DHL Express, Asia Pacific (excluding China) (2019-present)
- Executive Vice President, Area Director, Emerging Markets and Commercial, DHL Express, Asia Pacific (excluding China) (2015-2019)
- Senior Vice President, South East Asia and South Asia for DHL Express (2004-2015)
- Country Manager for DHL Malaysia (2001-2003)
- Country Manager in DHL Singapore (2003-2005)
- Chief Operating Officer of GE International Inc, Thailand (1999-2003)
- Director, Business Development of GE International Inc, Thailand and Malaysia (1997-1998)
- Vice President, Corporate and Investment Banking at JP Morgan Chase (1986-1996)
- Credit Analyst, JP Morgan Chase (1983-1985)

Academic/ professional qualification/ membership

- Master of Business Administration from Aston University
- Member of the Advisory Board of Singapore Management University

Lars Erik Tellmann

Meetings attended
7/8

Non-Independent Non-Executive Director
Norwegian • Male • 49

Date of appointment	Length of Service (as at 31 March 2021)
12 July 2019	1 year 8 months

Present directorships

Listed entities	Other public companies/ non-listed
• Grameenphone Ltd, Bangladesh	Nil

Area of expertise

Leadership, Telecommunications, Strategy Development, Accounting & Finance, General Management, Sustainability, Human Resource, Commercial Marketing

Relevant experience

- Board of Directors in Carousell in Singapore (2020-present)
- Head of Telenor Financial Services in Singapore, Telenor Asia Ltd (2019-present)
- Board of Directors of several Telenor Group Telcom and FinTech Companies in Bangladesh, Pakistan, Myanmar and Malaysia (2011-present)
- Senior Vice President and Head of Business Development and Portfolio Management, Telenor Asia Ltd (2018-2019)
- Chief Executive Officer of Telenor Myanmar Ltd (2016-2018)
- Chief Financial Officer of Telenor Myanmar Ltd (2013-2016)

Academic/ professional qualification/ membership

- Master in Business Administration (MBA) from Heriot-Watt University, Edinburgh
- Master of Science in Business (M.Sc./ Siviløkonom) degree from NORD University in Norway

Board of Directors' Profiles

Wenche Marie Agerup

Non-Independent Non-Executive Director
Norwegian • Female • 56

Meetings attended 3/3

Date of appointment	Length of Service (as at 31 March 2021)
15 October 2020	5 months

Present directorships

Listed entities	Other public companies/ non-listed
• TGS ASA	Nil

Area of expertise

Legal & Regulatory, Strategy Development, Environmental Sustainability, Human Resource, Leadership

Relevant experience

- Senior Vice President and Head of Board Governance and Support for Telenor Asia (2020-present)
- Director of Digi Telecommunications Sdn Bhd (2020-present)
- Board members for several international companies listed in Norway in the oil and energy industry (Equinor ASA 2015-2020, TGS ASA 2015-present)
- Executive Vice President, Corporate Affairs and General Counsel in Telenor (2015-2018)
- Various senior roles as plant manager, Head of Corporate M&A, Project Director and Executive Vice President and General Counsel in Hydro ASA, Norwegian conglomerate (1998-2015)
- Legal Counsel in Hafslund Nycomed ASA (1993-1997)

Academic/ professional qualification/ membership

- Master of Business Administration from Babson College, USA
- Master's degree in Law from University of Oslo

Randi Wiese Heirung

Non-Independent Non-Executive Director
Danish • Female • 38

Meetings attended 3/3

Date of appointment	Length of Service (as at 31 March 2021)
15 October 2020	5 months

Present directorships

Listed entities	Other public companies/ non-listed
Nil	Nil

Area of expertise

Telecommunications, Leadership, Strategy Development, Accounting & Finance, Legal & Regulatory

Relevant experience

- Director of Digi Telecommunications Sdn Bhd (2020-present)
- Senior Business Manager in Telenor Group responsible for financial and operational follow up of Thailand and Malaysia entities (2019-present)
- Project Manager, Telenor Group spectrum acquisition (2015-2019)
- Project Manager, Norwegian telecom regulator, spectrum auctions (2013-2015)
- Head of Section, Danish telecom regulator (2010-2013)

Academic/ professional qualification/ membership

- Master of Economics from University of Copenhagen in addition to specialisation within Telecommunication Economics and Auction Theory
- Bachelor of Economics, University of Copenhagen

Save as disclosed, none of the Directors have any:-

1. Family relationship with any Director and/or major shareholders of the Company;
2. Conflict of interest with the Company; and
3. Conviction for offences within the past 5 years other than traffic offences

Management Profiles

01 Albern Murty

Malaysian | Male | 48

Chief Executive Officer

Year of appointment : 2015

Career history

- Held multiple roles in Digi, including Product Management and Product Development, Head of Strategy and New Business, Chief Marketing Officer and Chief Operating Officer
- Held business and commercial management roles in Lucent Technologies across the Asian region

Skills and experience

Bachelor of Science in Marketing and Advertising Management, Portland State University, Oregon, USA

02 Inger Gløersen Folkeson

Norwegian | Female | 39

Chief Financial Officer

Year of appointment : 2019

Career history

- Held multiple roles in Telenor Group's adjacent and non-telco assets globally, namely Chief Financial Officer in Norkring AS (part of Telenor Broadcast Holding), Telenor Digital Businesses, and Telenor Group Holdings

Skills and experience

Master of Science, Institute of Industrial Economics and Technology Management, Norwegian University of Science and Technology, Trondheim, Norway

Full profiles of the Management Team are available at our website at www.digi.com.my/about-us/management-team

Management Profiles

03 Praveen Rajan

Malaysian | Male | 42

Chief Marketing Officer

Year of appointment : 2020

Career history

- Held multiple positions in Digi, including Head of Advanced Data Services, Head of Products – Internet & Services, Head of Postpaid & Digital Services and Chief Digital Officer
- Co-founder and Chief Technology Officer, LifeLogger, a social networking startup

Skills and experience

Bachelor of Engineering (BEng) in Electronics and Computing, Nottingham Trent University, Nottingham, England

04 Eugene Teh

Malaysian | Male | 46

Chief Business Officer

Year of appointment : 2018

Career history

- Previously Digi's Chief Corporate Affairs Officer
- Held the position of Director, Performance Management and Delivery Unit (PEMANDU) at the Prime Minister's Department
- Held senior leadership roles in Arthur D. Little, and McKinsey & Co and a Senior investment officer at Singapore's Economic Development Board

Skills and experience

Master of Science in Electrical Engineering and Computer Science, University of California Berkeley, USA

05 Cheng Weng Hong

Malaysian | Male | 42

Chief Sales Officer

Year of appointment : 2020

Career history

- Held multiple roles in Digi, including Head of Consumer Sales, Head of Retail and Controlled Channels, and in Product Development
- Held leadership roles at Trisilco-folec

Skills and experience

Bachelor of Engineering in Civil and Computing, Monash University, Australia

06 Kesavan Sivabalan

Malaysian | Male | 52

Chief Technology Officer

Year of appointment : 2017

Career history

- Held multiple roles in Digi, including Chief Network Officer and Head of Technology Operations
- Held the position of General Manager, Access Network at Vodafone Australia
- Held various roles within the telecommunications industry across Asian and European markets including Malaysia, Germany, Australia, Cambodia, Vietnam and Bangladesh, working with network vendors like Lucent and Ericsson, and operators like Maxis and Vodafone

Skills and experience

Bachelor of Business, Deakin University, Australia

Master of Science in Enterprise Project Management, Stevens Institute of Technology, New York, USA

07 Elisabeth Melander Stene

Norwegian | Female | 55

Chief Human Resource Officer

Year of appointment : 2018

Career history

- Held the position of Chief Human Resource Officer at Multiconsult, a Norway based engineering company
- Held various senior roles both at Telenor Group and Business Unit level across various commercial and HR functions, including serving as Chief HR Officer at Uninor, a Telenor subsidiary in India

Skills and experience

Bachelor of Science, University of Salford, England

Master of Science, London School of Economics and Political Science, England

08 Joachim Rajaram

Malaysian | Male | 44

Chief Corporate Affairs Officer

Year of appointment : 2018

Career history

- Held multiple roles in Digi and Telenor, including Head of Corporate Communications in Telenor Myanmar and Head of Communications and Sustainability at Digi

Skills and experience

Bachelor of Laws (LLB), University of London, England

Executive Education Programmes, London Business School, England

Corporate Governance Overview Statement

OVERVIEW OF OUR APPROACH TO CORPORATE GOVERNANCE

Board of Directors (the Board) sets and steers the direction of Digi Group (Digi and its subsidiaries) and brings independent, informed and effective judgement on material decisions reserved for the Board. The Board also ensures that strategy, risk, performance and sustainable development considerations are effectively integrated and appropriately balanced. Recognising the importance of good corporate governance, the Board is committed to uphold high standards of business integrity and ethics and has worked with the management to maintain these standards throughout the course of the year. For a fair view of the Board's priorities and the Company's corporate governance practices in 2020, this statement is to be read together with the Corporate Governance Report (CG Report). The CG Report elaborates on the Company's application of each Principle of the Malaysian Code of Corporate Governance 2017 (MCCG 2017) for the financial year under review.

Summary of Corporate Governance Practices

Digi has applied all applicable Practices set out in the MCCG for the financial year ended 31 December 2020 save for:

Practice 4.1	At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.
Practice 7.2	The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

In line with the latitude provided in the application mechanism of the MCCG and the widely held notion that there is no "one-size fits all" modality in applying corporate governance practices, Digi has provided clear and forthcoming explanations for departures from the Practices in the MCCG. The explanations provided on the departures are supplemented with an articulation on the alternative measures that are in place to achieve the Intended Outcome of the departed Practices. Further details on Digi's application of each individual Practice of the MCCG are available on the CG Report which is available on Digi's website as well as via the announcement on the portal of Bursa Malaysia Securities Berhad (Bursa Securities).

Covid-19 response plan

In light of the Board's oversight responsibilities and as a matter of good corporate governance, the Board has worked closely with the Management to develop the Covid-19 response plan including the development of Business Continuity Plan (BCP), continuous evaluation on the potential disruptions to operations and business relationships, sustaining an open dialogue with Management on both the business risks and workplace health and safety issues, and reassessing long-term corporate strategy.

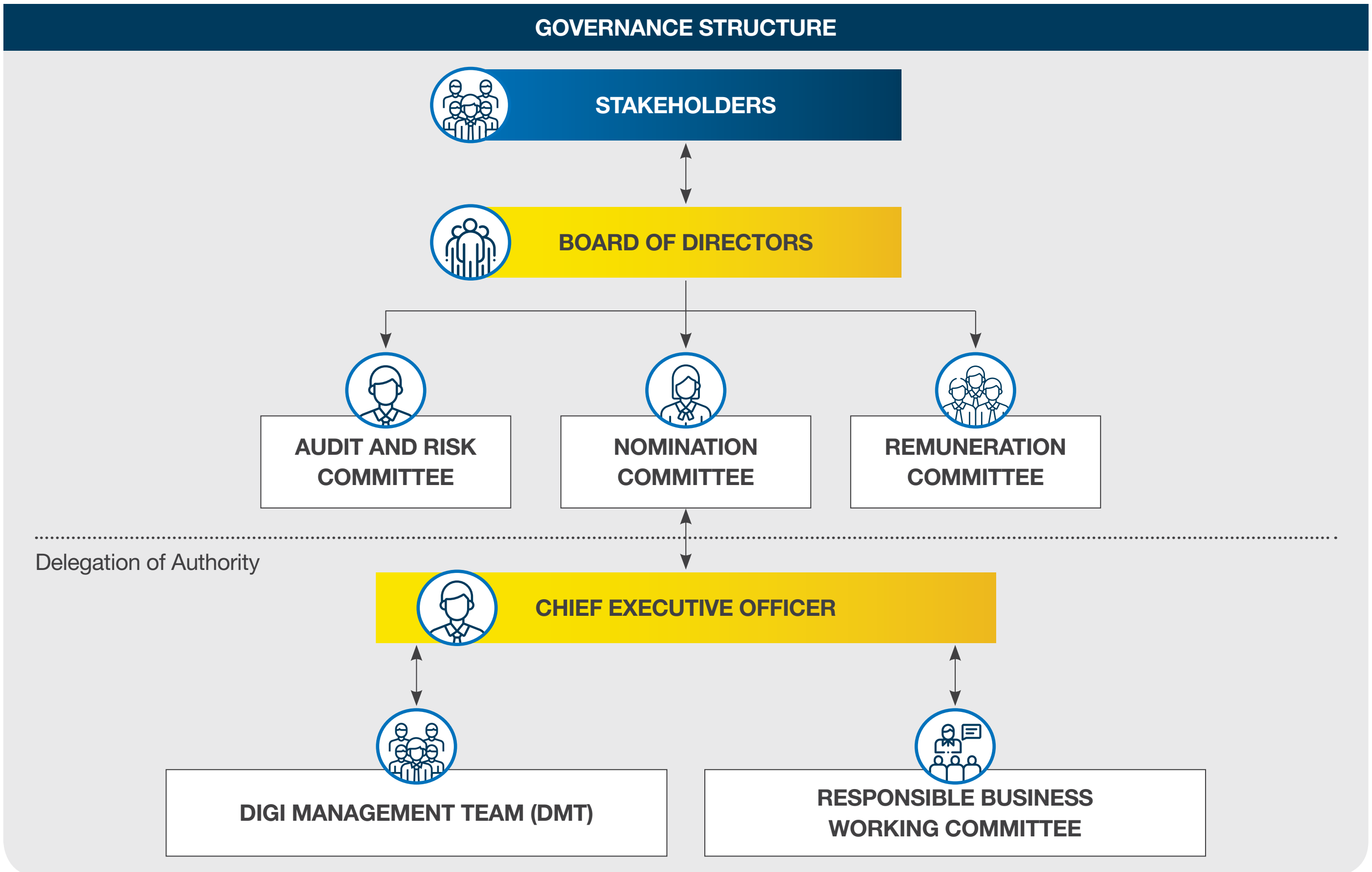
All Board meetings and communications are held through video conferencing during the Movement Control Order.

Statement by the Board on Corporate Governance

The Board is pleased to report to its shareholders that to the best of its knowledge, Digi has complied with and shall remain committed to attaining the highest possible standards of corporate governance through the continuous adoption of the principles and best practices of the MCCG 2017, and all other applicable laws. The status of the Company's application is reported in our CG report.

Corporate Governance Overview Statement

EMBRACING VALUES AND PRINCIPLES OF GOOD GOVERNANCE



The Board is dedicated to enhancing Digi's corporate governance practices which has shaped the way Digi operates. The Board believes in a structured governance to identify and manage Digi's business systematically to address risks and maximise the positive impact to the business, whilst conforming to global sustainability standards. Digi's approach is one of continuous improvement.

Digi's culture is defined through the Digi Way of Work, the Code of Conduct (the Code), Whistle Blowing Policy and Manual, Anti-Corruption Policy, No Gift Policy, and Health, Safety and Environmental (HSE) Policy. These policies are accessible in Digi's website at *https://www.digi.com.my/about-us/governance*. Various activities are conducted to increase awareness amongst employees, essential to instill a compliance culture within Digi's Group. Digi is committed to the highest standards of transparency and to be accountable for the impact on the operations, products and services, and environmental footprint of the value chain Digi operates in.

The Board believes that upholding high standards of corporate ethics is key to long-term value creation and will contribute directly to improved business performance. The Board has zero tolerance for corruption and Digi Group's corporate values and ethical standards represent an important foundation for implementing our governance framework.

Digi's efforts have positioned the Company amongst the Top ASEAN Public Listed Companies in terms of corporate governance effectiveness, and quality of disclosure has instilled investors' confidence in Digi.

These continuous efforts are reflected through Digi's achievement as the winner of the Excellence award for Long Term Value Creation for ASEAN and domestic level, a significant recognition by the MSWG-ASEAN Corporate Governance Scorecards Award 2019.

Corporate Governance Overview Statement

How Sustainability is embedded in the Governance Structure

Sustainability matters in Digi are addressed as part of Digi's overall Responsible Business (RB) strategic pillar. The RB covers material issues relating to Environmental, Social and Governance (ESG); Sustainability; Compliance and Labour Law; Data Protection; Cybersecurity; Supply Chain and Health and Safety; Diversity and Inclusion. These are governed across different leadership levels within the organisation – the Board, Management and key departments and support functions. Digi's sustainability framework defines the governance structure and the responsibilities of each parties within.

The key departments and functions involving Sustainability, Compliance and Labour Law, Supply Chain Sustainability and Health, Safety and Environment (HSE), Privacy, Security, Human Resource and Enterprise Risk Management oversee the daily operations of RB to meet the non-financial Key Performance Indicators (KPIs) established jointly with Telenor Group. These material issues and KPIs are reported quarterly to the Responsible Business Forum (RBF). Chaired by the Chief Executive Officer (CEO), the forum includes the Chief Human Resource Officer, Chief Technology Officer, Chief Corporate Affairs Officer and other senior leadership members. RB agenda is also discussed at the quarterly Board meetings.

Key functions of the RBF are to:

- Formulate RB strategies, policies and goals
- Monitor and facilitate adherence to the related RB policies and manuals
- Support departments to meet RB goals
- Conduct RB awareness and engagement activities
- ESG and Non-Financial Reporting (NFR) performances

Digi Sustainability Governance Framework

Digi Board of Directors
- Oversee Digi's Responsible Business Focus and Performance

Quarterly Reporting

Digi Management Team
- Responsible for sustainable business policies and directions
- Oversee responsible business related risks and progress of non-financial KPIs
- Provides quarterly updates to the Board via RBF

Responsible Business Forum (RBF)
RBF is a standing quarterly agenda to the Digi Board of Directors. Non-Financial Reporting (NFR) on people, social, and environmental data is collected on a quarterly and annual basis by the NFR Coordinator and signed off by the Chief Financial Officer

Quarterly Reporting

Responsible Business Working Committee
- Comprises Heads of Departments and senior leadership
- Guided by sustainability guidelines, international best practices and recommendations, Digi's Code of Conduct, and policies and manuals relevant to the scope of the committee members
- Supports the Management and Board in addressing responsibilities related to the RB agenda and reporting of best practices

Quarterly Reporting

Telenor Group Sustainability
- Alignment to KPIs and global partnerships
- Quarterly reporting of responsible business KPIs
- Annual non-financial reporting

On-going Reporting

Sustainability, Compliance, Human Resource, Supply Chain Sustainability and Health & Safety, Privacy and Security departments
- Day-to-day management of responsible business principles, risks and issues
- Ensure compliance of relevant responsible business-related policies and principles

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Digi's Board has the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge their governance role and responsibilities.

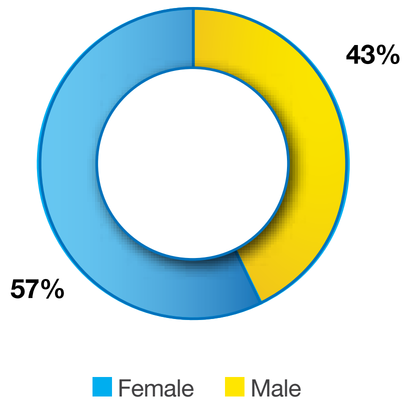
The diversity in its membership creates value by promoting better decision-making and effective governance and the Board has escalated its efforts to establish a diverse Board with a variety of skills, experience, age, cultural background and gender. Similarly, the Board is committed to developing a corporate culture that embraces all aspects of diversity and inclusion practices in the Group. The Board of Digi is guided by its Board Diversity Policy and accessible in Digi's website at *https://digi.listedcompany.com/corporate_governance.html*

Board Balance and Composition

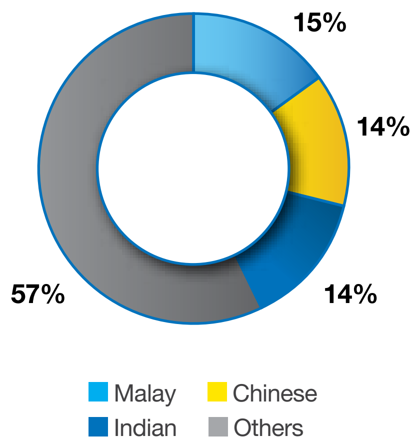
3 Independent Non-Executive Directors

4 Non-Independent Non-Executive Directors

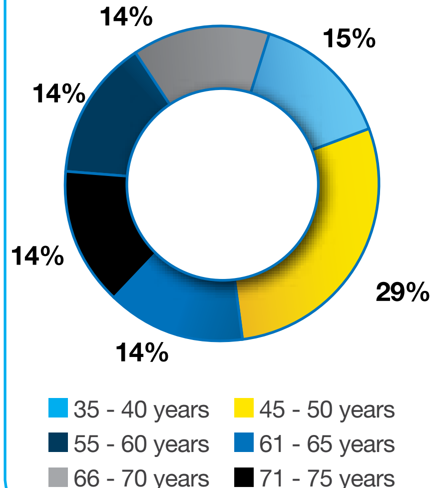
Female Representative



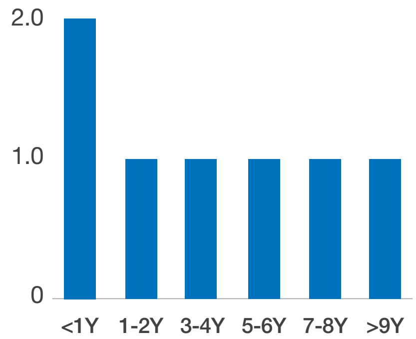
Ethnic Diversity



Age Diversity



Length of Tenure



Board Skill Matrix

Corporate Governance Overview Statement

BOARD ROLES AND RESPONSIBILITIES

The roles of the Chair of the Board and CEO are separated and held by different individuals. Whilst the Chair of the Board provides leadership of the Board, the CEO heads the Management Team for the day-to-day management of the business. The CEO has been delegated certain powers to execute transactions that are guided by the rules and procedures for the CEO and in accordance with the authority limits as defined and formalised.

The following Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas:
(i) Audit and Risk Committee (ARC)
(ii) Nomination Committee (NC)
(iii) Remuneration Committee (RC)

It should however be noted that at all times, the Board has collective oversight over the Board Committees. These Board Committees have been constituted with clear Terms of Reference (TOR).

Overview of the roles of the Board

Chair of the Board
- Leads and manages the Board's effectiveness with a keen focus on strategy, governance and compliance
- Leads Board meetings, sets the agenda and promotes a culture of open debate between the Directors
- Regularly engages with the CEO and the Management Team to stay informed on operational matters
- Ensures effective communication with shareholders

Non-Executive Directors
- Contribute to developing Digi's strategies
- Scrutinise and constructively challenge the performance of Management in the execution of Digi's strategies

Senior Independent Non-Executive Director (Sr INED)
- Provides a sounding board to the Chair and appraises his performance
- Acts as intermediary for other Directors, if needed
- Responds to shareholders' concerns as and when other channels are exhausted

Matters reserved for the Board

- Review, approve and adopt Digi Group's strategic plans and annual targets
- Overseeing and evaluating the conduct and performance of overall business
- Declaration of dividends, approval of financial statements, annual and quarterly reports of the Company
- Strategic investment, mergers and acquisition, divestment and any corporate exercises
- Material acquisitions and disposition of assets not in the ordinary course of business
- Reviewing the adequacy and integrity of the internal control system
- Changes in all policies, procedures and delegated authority limits
- Identifying and managing principal risks affecting the Company

Key features of the Board

- Separation of roles between the Chair of the Board and CEO
- The Chair of the NC and ARC are Independent Non-Executive Directors
- Meets Board Diversity requirements, in particular gender diversity with four (4) women serving as members of the Board (57% female representation)
- Management do not sit on the Board
- The Chair of the ARC is not the Chair of the Board

Board Access to Management, Company Secretary, Information and External Experts

The Board has direct access to the Management Team to arrive at informed decisions with unrestricted and immediate access to information relating to Digi's business affairs.

The Board also has full access to the qualified Company Secretaries, who are equipped with the skills and expertise to provide comprehensive support, appropriate governance and advice, to ensure adherence to corporate governance issues and compliance with relevant policies and procedures, and laws and regulatory requirements, in addition to corporate secretarial matters.

Corporate Governance Overview Statement

Meeting materials are provided to the Board and Board Committees via a secured electronic Board portal at least seven (7) days prior to the meetings to accord the Directors' sufficient time to assess and review the proposals or information. Materials are disseminated digitally and instantly.

Other than the aforesaid internal resources, the Board and Board Committees have at their disposal access to external information and expert advice by engaging independent external experts at the expense of the Company, if they deem it necessary in facilitating the performance of their duties.

Detailed description of these roles can be found on the Board Charter inclusive of the TOR of the Board Committees online at https://digi.listedcompany.com/corporate_governance.html

Board Meetings

The Board held eight (8) meetings during the year. Members of the Management Team were invited, when appropriate to attend Board meetings. The CEO and Chief Financial Officer attended all Board meetings.

Directors	Board Meetings	
	Attendance	%
Haakon Bruaset Kjoel (Chair of the Board)	8/8	100.0
Tan Sri Saw Choo Boon	8/8	100.0
Yasmin Binti Aladad Khan	8/8	100.0
Vimala V.R. Menon	8/8	100.0
Lars Erik Tellmann	7/8	87.5
Wenche Marie Agerup [1]	3/3	100.0
Randi Wiese Heirung [1]	3/3	100.0
Anne Karin Kvam [2]	4/5	80.0
Torstein Pedersen [2]	5/5	100.0

Notes:
1 Appointed as Director on 15 October 2020
2 Resigned as Director on 15 October 2020

25.1 hrs
Total hours of the Board meetings

98.2%
Overall % of the Board meetings attended by Directors

35.6 hrs
Total hours of the Board and Board Committee meetings

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities.

Corporate Governance Overview Statement

Board Activities

During the financial year 2020, the Board focused on a number of specific areas in line with Digi's strategic goals and principal risks as outlined below:

Strategy

- Reviewed and approved Digi's Group Strategy plan, ambition and targets
- Oversaw the implementation of Digi's Group strategic and business plan through quarterly updates with the CEO
- Reviewed and discussed on Group Corporate structure

Financial Performance

- Approved the Quarterly Digi's Group performance
- Approved the Quarterly Financial Results
- Approved the Quarterly Interim Dividend and solvency position
- Approved the Audited Financial Statements for Financial Year Ended 31 December 2019
- Reviewed and approved Digi's Group ambitions and targets
- Reviewed and approved Digi's Group Capital expenditure

Risk and Internal Controls

- Digi's risk assessment encompassing financial and non-financial aspects
- Implementation of appropriate internal controls and mitigation measures
- Received the Quarterly Enterprise Risk and Opportunities status update
- Risk oversight on Management's implementation of risk management policies and procedures
- Approved the Internal Audit Plan 2020
- Received the Audit Status Report

Governance

- Approved the 2019 Integrated Annual Report Statements
- Approved the CG Report to Bursa Securities
- Recommended the draft Circular to shareholders in relation to the Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature for shareholders' approval
- Approved Board and Board Committee restructuring
- Approved the remuneration package of the CEO and renewal of CEO's contract
- Established and identified the Succession Plans for Management Team
- Analysed the Performance Evaluation for Board and Board Committee members
- Approved Digi's Code and implementation of Governance Work Programme 2020 changes to Digi Policies
- Received Digi's Anti-Corruption and compliance updates
- Approved Digi's Board Calendar and Meeting plans 2021
- Reviewed and approved Digi's CEO Short-Term Incentive 2019 payout and Scorecard
- Reviewed and approved the Board Committees' TOR
- Recommended the payment of Directors' fees and benefits payable to Independent Non-Executive Director for shareholders' approval
- Approved to convene the 23rd Virtual Annual General Meeting (AGM)
- Recommended the Directors standing for re-election at the AGM
- Reviewed the tenure of Directors
- Recommended the retention of Sr INED for shareholders' approval

Corporate Governance Overview Statement

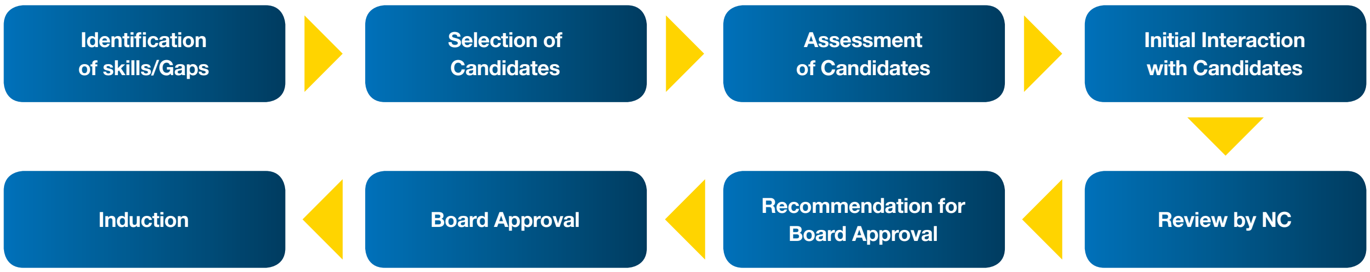
Board Appointment Process

Digi practices a transparent and rigorous process on the appointment of new Directors. The Board composition is consistently reviewed to identify and bridge any gap in the Board's functional knowledge and competencies by bringing in new directors with the required experience, knowledge and expertise to meet the current and future needs of the Company.

In designing the Board's composition, Board diversity is considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on meritocracy, and candidates considered against objective criteria, having due regard for the benefits of diversity on the Board.

During the year under review, Digi had engaged a professional recruiting firm and considered recommendations from the Board members to assist in the search for a new Independent Director based on the identified selection criteria approved by the NC. The NC shortlisted several candidates for engagement sessions to review the suitability of the candidate prior to recommending to the Board for approval.

The Board appointment process is summarised in the chart below:



Board Re-election and Re-appointment

Article 98(A) of the Company's Memorandum and Articles of Association (M&A) provides that one-third (1/3) of the remaining Directors are required to retire by rotation and all Directors must submit themselves for re-election at the AGM at least once in every three (3) years.

Article 98(E) of the Company's Constitution provides that any new Director appointed by the Board during the year is required to stand for re-election at Digi's next AGM.

Upon the Board's endorsement on 12 March 2021, the following Directors to be considered for re-election pursuant to Article 98(A) and 98(E) of the Company's M&A at the Twenty-Fourth (24th) AGM and they have given their consent for re-election. The re-election of each Director will be voted as a separate resolution during the 24th AGM.

Article 98(A)	Tan Sri Saw Choo Boon | Yasmin Binti Aladad Khan
Article 98(E)	Wenche Marie Agerup | Randi Wiese Heirung

As at the date of this report, none of the Independent Directors has served the Board for more than nine (9) years except for Tan Sri Saw Choon Boon. At the last AGM held on 1 June 2020, the shareholders have approved for Tan Sri Saw Choo Boon, who has reached a cumulative term of nine (9) years as a Senior Independent Non-Executive Director (Sr INED) of the Company, to continue in office until the conclusion of the next AGM. However, Tan Sri Saw Choo Boon had on 10 February 2021 notified of his intention to retire and will not seek for re-election upon the conclusion of the 24th AGM scheduled to be held on 18 May 2021.

Corporate Governance Overview Statement

Board Performance Evaluation

Every year, under the purview of the Nomination Committee, the Board performance evaluation is undertaken to assess the effectiveness of the following:

- The Board as a whole and the Board Committee
- Contribution of each Individual Director
- Independence of Independent Director

During the year under review, the Board performance evaluation was conducted internally and the process covered the Board, Board Committee, Peer and Self Evaluations of the Board members. The Board performance evaluation 2020 focused on maximising the effectiveness and performance of the Board and its Committees in the best interest of Digi. The Board performance evaluation results were compiled by an independent external secretarial firm to facilitate the Board evaluation via evaluation forms.

Based on the 2020 Board evaluation findings, the Board is satisfied and acknowledged that the Board has continued to carry their duties well and amicably with most areas rated in the range of "4" (Good/Competent) to "5" (Strong/Outstanding). The respective Board Committees had performed their responsibilities diligently and efficiently. The Board evaluation also assesses the effectiveness of the Board Committee, particularly in the elements on function, composition, skills & competencies, meeting administration and conduct.

All Board Committees received positive response with no area of concern indicating that the Committee members have discharged their duties and responsibilities well with professionalism to uphold the interest of Digi and other stakeholders and to meet the needs of Digi Group.

Self and Peer Evaluation are conducted to assess each Director's professional competency, attributes and personality. Directors' Peer Evaluation overall results continued to be high in 2020.

2021 Priorities

Based on the 2020 results and moving forward, the Board continues to navigate a complex, unsettling environment following a year of geopolitical turmoil, social unrest, economic volatility and the ongoing Covid-19 pandemic. The Board has identified the following priorities for 2021:

- Strategically prepare for growth amid increased uncertainty
- Evolve Governance, Risk Management and Compliance processes
- Transforming the governance of risk management
- Take a continuous improvement approach to board effectiveness
- Strengthen communication and engagement with stakeholders

The Board evaluation questionnaires towards an effective Board covers the following parameters:

Responsibility and Conduct

- Business Strategy governance and implementation
- Risk Management and Internal Control
- Company's value creation

Structure and Composition

- Diversity
- Members competency
- Board and Committee composition

Process and Administration

- Board focus, agenda and frequency of meetings
- Sufficient information availability on timely basis
- Relationship with Management

(1) Summary of Strengths and Challenges (2) Areas of Improvement (3) Professional Development

Board Discussion → **Action Plan initiatives**

 # More information on the Board Performance Evaluation process can be found in the Corporate Governance Report on our website at www.digi.com.my/annualreport

Corporate Governance Overview Statement

Induction and Continuous Professional Development

An induction programme is conducted for newly appointed Directors via a briefing session by the Management Team to provide the necessary information and to assist them in understanding the operations of Digi Group, current issues and corporate strategies. All new Directors have completed the Mandatory Accreditation Programme (MAP).

All Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast with the new developments in the business environment and corporate governance.

Despite the Covid-19 pandemic, all Directors ensured continuous participation in virtual trainings and development programmes. Details of the trainings and programmes attended by the Directors during the financial year were outlined below:

Name of Director	Training Programme/Conference/Seminar
Haakon Bruaset Kjoel	• Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2) • Telenor Global Forum 2020
Tan Sri Saw Choo Boon	• Reinventing Cybersecurity with Artificial Intelligence • Outthink the Competition: Excelling in a Post Covid-19 World • Rethinking Workforce Strategy: Changes to safeguard productivity • Force Majeure & Covid-19 • Malaysia Economic Monitor – "Surviving the Storm" • Risks: A Fresh Look from the Board's Perspective • Managing Virtual Banking and Insurance Businesses • Contracting in a Digital-First Economy • Demystifying the Future of Work • Business Foresight Forum 2020 • Malaysia REITs: Managing the New Normal • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Vimala V.R. Menon	• Section 17A of the MACC Amendment Act 2018 • Future of payments – A workshop with Visa International • Open Enrolment Programs – Tightening the Screws on Corruption Risk Management • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Yasmin Binti Aladad Khan	• Insider Trading Law • Competition Compliance • Anti-Corruption training • Certified Data Protection • Code of Conduct Compliance • Certified GoGreen Specialist Foundation • Compliance Management System Self-Assessment workshop • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Wenche Marie Agerup *(Appointed on 15 October 2020)*	• Mandatory Accreditation Programme • Digi Induction Programme • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Randi Wiese Heirung *(Appointed on 15 October 2020)*	• Mandatory Accreditation Programme • Digi Induction Programme • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Lars Erik Tellmann	• Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2) • Telenor Global Forum 2020

NOMINATION COMMITTEE (NC) REPORT

Committee membership	Meetings attended	Responsibilities
Tan Sri Saw Choo Boon (Chair)	3/3	• Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board
Yasmin Binti Aladad Khan	3/3	• Review the succession planning for Directors and Management Team • Responsible for identifying and nominating for the approval of the Board, candidates to fill Board's vacancies as and when they arise
Haakon Bruaset Kjoel	3/3	

The NC consists of a majority of Independent Non-Executive Directors in compliance with the requirement of the Main Market Listing Requirements (MMLR) of Bursa Securities, which provides that the NC must comprise exclusively Non-Executive Directors, a majority of whom must be Independent. The composition also observed the MCCG 2017 where the NC is chaired by a Senior Independent Non-Executive Director.

Main Activities of the NC for 2020

- Annual assessment and review of composition of Board and Board Committees
- Facilitated the 2020 Board evaluation and validated the results thereof
- Reviewed the tenure of Independent Directors
- Reviewed the Directors' training requirements
- Reviewed the Board's Skills and Experience Matrix
- Recommended the appointment of Non-Independent Directors
- Conducted induction programmes for newly appointed Directors assisted by the Company Secretary
- Assessed the independence and time commitment of each Independent Director
- Conducted annual review on the NC Terms of Reference and Board Diversity Policy
- Reviewed Performance Planning and Key Performance Indicators for CEO
- Assessed and recommended to the Board on the re-election.
- Reviewed the NC Report for inclusion in the 2019 Integrated Annual Report

Key Matters Reported to the Board

The Chair of NC updated the Board on matters of major importance deliberated at the NC meetings and its recommendations. The copies of confirmed minutes of each NC meeting were also circulated to the Board for notation. Among the key matters considered by the NC during 2020 were the following:

Significant matters	Description	Outcome
Proposed Succession Planning for Management Team	Reviewed the proposed succession plan for Management Team, taking into consideration the criteria and skill sets of the successors and their readiness level	The list of successors approved were considered as part of the selection process for the Management Team: • Praveen Rajan was redesignated as Chief Digital Officer to Chief Marketing Officer w.e.f. 14 September 2020 • Cheng Weng Hong was appointed as Chief Sales Officer w.e.f. 14 September 2020

Priorities for 2021

- To undertake the necessary changes to the composition of the Board and its Committees, following retirements and resignation as the same arises from time to time
- To review Management Team succession planning
- To monitor follow up actions based on the Board performance evaluation findings

Corporate Governance Overview Statement

REMUNERATION COMMITTEE (RC) REPORT

Committee membership	Meetings attended	Responsibilities
Haakon Bruaset Kjoel (Chair)	4/4	• Ensure the remuneration package of Non-Executive Directors are well-structured and able to attract, retain and motivate Directors • Implement remuneration policies and procedures
Yasmin Binti Aladad Khan	4/4	
Wenche Marie Agerup *(Appointed on 15 October 2020)*	0/0	
Torstein Pedersen *(Resigned on 15 October 2020)*	4/4	

The RC comprises all Non-Executive Directors who oversee the implementation of the remuneration policy and structure, and reviews and recommends matters relating to the remuneration for Directors and Management to the Board.

Main Activities of the RC for 2020

- Discussed the proposed fee and benefits payable for the Independent Non-Executive Directors
- Conducted annual review on Terms of Reference and Non-Executive Directors' Remuneration Policy
- Recommended the proposed remuneration package of the CEO
- Recommended the CEO's Short-Term Incentive 2020 payout and scorecard

Directors' Remuneration

The Board had revised the remuneration structure in 2020, following a benchmarking exercise conducted in 2019 by AON Hewitt on the remuneration packages including benefits payable to the Independent Non-Executive Directors.

Each of the Independent Directors abstains from deliberating and voting on his or her own remuneration. The Non-Independent Non-Executive Directors receive their remuneration from their employing companies within the Telenor Group and do not receive any form of remuneration from Digi.

The breakdown of the Directors' remuneration paid in 2020 is as follows:

Independent Non-Executive Directors	Directors' Fees (RM)		Benefit-in-kind (RM)	TOTAL (RM)
	Company	Subsidiaries		
Tan Sri Saw Choo Boon	290,000	31,992	5,300	327,292
Vimala V.R. Menon	275,000	Nil	300	275,300
Yasmin Binti Aladad Khan	300,000	Nil	5,300	305,300
Total	**865,000**	**31,992**	**10,900**	**907,892**

The remuneration packages for Management Team are set based on industry standards, reflecting the senior management's roles, responsibilities, level of skills and experience, and motivates performance. The reward matrix is assessed based on the Company's performance indicators for all strategic pillars.

Priorities for 2021

- To review and propose fee and benefits payable for the Independent Non-Executive Directors
- To review and propose the remuneration package of the CEO
- To review and propose the CEO's Short-Term Incentive 2021 payout and scorecard

 # Please refer to our website at https://digi.listedcompany.com/corporate_governance.html for the Non-Executive Directors' Remuneration Policy, and Remuneration Policy and Procedure for Senior Management

PRINCIPLE B - ACCOUNTABILITY AND EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Committee Report

Composition and Terms of Reference

In line with the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR, the composition of the Audit and Risk Committee (ARC) and attendance of each member at the ARC meetings are as follows:

Name	Meetings attended	Full Profile on page
Vimala V.R. Menon (Chair)	5/5	74
Tan Sri Saw Choo Boon	5/5	74
Yasmin Binti Aladad Khan	5/5	75
Randi Wiese Heirung *(Appointed on 15 October 2020)*	1/1	76
Torstein Pedersen *(Resigned on 15 October 2020)*	4/4	N/A

The ARC held five (5) meetings during the financial year ended 31 December 2020.

No alternate Directors were appointed as members of the ARC.

Vimala V.R. Menon is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Accountants. The ARC, therefore, meets the requirement of Paragraph 15.09(1)(c)(i) of the MMLR, which requires at least one (1) member of the ARC to be a qualified accountant.

The duties and responsibilities of the ARC are set out in its Terms of Reference which is accessible in the Corporate Governance section of Digi's website at *https://digi.listedcompany.com/corporate_governance.html*

The Chief Executive Officer, Chief Financial Officer and Head of Internal Audit attend the ARC meetings as permanent invitees. The Chair of the ARC may also invite other Board members and/or Management to participate in the meetings, when necessary.

The external auditors were invited to the ARC meetings to present their annual audit plan and discuss the quarterly unaudited financial results and annual audited financial statements, as well as other matters deemed relevant. Both the internal and external auditors have unfettered access to members of the ARC including the Chair of ARC, throughout the year.

All deliberations during the ARC meetings, including the issues tabled and rationale adopted for decisions were properly recorded. Minutes of the ARC meetings were tabled for confirmation at the following ARC meeting and subsequently presented to the Board for notation. The Chair of the ARC reported to the Board on the activities and significant matters discussed at each ARC meeting.

Summary of Activities of the ARC

The ARC carried out the following major activities during the year:

Risk Management and Internal Control

(a) Reviewed Digi's top risk profiles and deliberated on the significant threats and opportunities on a quarterly basis, including progress and adequacy of mitigation strategies.
(b) Discussed improvements to the Enterprise Risk Management process to ensure proactive and holistic risk identification and monitoring of mitigation actions to reduce risk impact to an acceptable level.

Corporate Governance Overview Statement

(c) Evaluated the overall adequacy and effectiveness of internal controls through review of the work performed by both internal and external auditors, other assurance providers within Digi, and discussions with Management.

Internal Audit

(a) Deliberated and provided input to the risk-based Internal Audit Plan to ensure adequate scope and coverage of Digi's activities, prior to recommending to the Board for approval. Monitored the progress of the approved Internal Audit Plan and approved changes to the Internal Audit Plan due to changes in business and/or risk environment.
(b) Reviewed and deliberated on internal audit reports, audit recommendations and adequacy of Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory and timely remediation actions have been committed by Management to address identified risks.
(c) Monitored the implementation of action plans agreed by Management on outstanding audit findings on a quarterly basis to ensure that all actions have been implemented in the related areas based on the committed timelines.
(d) Provided guidance on ad hoc matters arising from on-going internal audit activities.
(e) Reviewed the effectiveness of the Internal Audit function through evaluation of its performance and competency, and monitoring the sufficiency of resources and costs, to ensure that it has the required expertise to discharge its duties.
(f) Reviewed and approved updates to the Internal Audit Charter.
(g) Reviewed and deliberated on investigation findings and Management recommendations on remedial actions covering disciplinary and/or corrective actions. Extensive discussions were conducted with the Management on the root cause of the incidents and risk exposure before the said remedial actions were endorsed. Periodic updates are furnished to the ARC to ensure adequate and timely closure of remedial actions.
(h) The ARC reviewed the results of an independent Quality Assurance Review carried out in October 2020 by an external party to benchmark the Internal Audit's activities against International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors. The Internal Audit achieved a 'Generally Conform' rating, the highest rating possible for the exercise indicating a satisfactory level of compliance with the Standards.

Compliance Programme

(a) Monitored Compliance incidents reported by the Management and the recommended remedial actions for implementation by the Management to the ARC.
(b) Reviewed the annual Compliance Risk Assessment exercise which includes anti-corruption and the recommended mitigation steps and controls to be monitored for implementation in 2021 by the Management.
(c) Reviewed Company policies under the Governance Work Programme 2020 for implementation by Management.
(d) Reviewed and endorsed the implementation of the Adequate procedures requirements pursuant to the Guidelines on Adequate Procedures issued by the Prime Minister's Department. This is in line with the enforcement of Corporate Liability in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), which took effect on 1 June 2020.
(e) Reviewed the Compliance awareness plans for Digi employees and business partners.

Financial Reporting

(a) Reviewed Digi's unaudited quarterly financial results and audited annual financial statements, and related announcements, before recommending them for the Board's approval, including:
    (i) Deliberation on significant audit and accounting matters highlighted, comprising Management's judgments, estimates or assessments made and sufficiency of disclosures in the financial statements; and
    (ii) Discussion of significant financial matters at length to ensure compliance with internal accounting policies and Malaysian Financial Reporting Standards (MFRS), focusing on MFRS 16.

External Audit

(a) Reviewed the scope of work of the external auditors confirming their independence and objectivity.
(b) Reviewed external auditors' Management Letter together with Management's responses, to ensure that appropriate actions have been taken.
(c) Monitored on a quarterly basis, all non-audit services and fees incurred in which the external auditors were engaged, taking into account external auditors' independence and objectivity. The amount incurred by Digi and on group basis in respect of audit fees and non-audit related fees for services rendered by the external auditors is disclosed in Note 7 to the financial statements and in the Additional Compliance Information in this Integrated Annual Report.

(d) Met privately with the external auditors at the ARC meetings held on 22 January 2020 and 15 October 2020 to ensure there were no restrictions to the scope of their audit and to discuss significant matters that arose during the course of audit.
(e) Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment, subject to the approval of Digi's shareholders at the AGM.

Related Party Transactions

(a) Reviewed the annual mandate compiled for recurrent related party transactions.
(b) Reviewed related party transactions as disclosed in the financial statements and performed quarterly monitoring of the mandate for recurrent related party transactions to ensure compliance with the MMLR and Digi's policies and procedures.
(c) Reviewed and deliberated on any new related party transactions to ensure that the terms and conditions of the transactions are commercially based and at arm's length.

Other Activities

(a) Reviewed and recommended to the Board; the ARC Report, Corporate Governance Overview Statement, Corporate Governance Report, and Statement on Risk Management and Internal Control, for inclusion into the Integrated Annual Report.
(b) Reviewed the proposed dividend payout on a quarterly basis, taking into consideration the cash flow requirements before recommending for the Board's approval.

Internal Audit Function

The Internal Audit Department reports functionally to the ARC, to ensure impartiality and independence in executing its role. Its' primary responsibility is to provide risk-based and objective assurance, advice and insight to the Board and Management on Digi's internal control, risk management and governance system.

The Internal Audit Department comprises seven (7) members, led by Serena Chin, who has 14 years of experience in auditing various industries such as property development, capital markets, banking and insurance; eight (8) years of project management experience and two years in a regulatory role. She holds a Bachelor of Business (Accountancy) degree from RMIT University and is a member of the Malaysian Institute of Accountants. To further preserve the independence of the Internal Audit function, the performance of the Head of Internal Audit is appraised by the Chair of the ARC.

The Internal Audit function is guided by the provisions of its Internal Audit Charter, which is reviewed and approved by the ARC annually. The internal audit function's activities conform to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, set forth by the Institute of Internal Auditors.

The Head of the Internal Audit, reporting directly to the ARC, is responsible for enhancing the quality assurance and improvement programme of the internal audit function. Its effectiveness is monitored through continuous internal and external quality assessments and the results are presented to the ARC. The internal assessment is performed annually while the external assessment by a certified body is conducted once every 5 years. The last external assessment was conducted in October 2020, and was performed by a qualified, independent assessor.

The Internal Audit Department executed a total of 14 reviews during the year, including advisory services. The reviews covered business priority and key risk areas, focusing on the efficiency and effectiveness of governance and controls within customer service operations, management of site rental and test lines, employee and contract staff claims, telco inventory management, sourcing processes, as well as privacy compliance. The Internal Audit Department had also conducted internal investigations into allegations of misconduct or breach of the Code of Conduct by employees.

Internal Audit staff performed an annual declaration on their adherence to the Code of Ethics, and that they are free from any relationships or conflict of interest, which could impair their objectivity and independence. Any non-conformance and/or conflict of interest will be reported to either the Head of Internal Audit or to the Chair of ARC. The total costs incurred for the Internal Audit Department in respect of the financial year ended 31 December 2020 amounted to RM1.5 million (2019: RM1.8 million).

 # Details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Integrated Annual Report

Corporate Governance Overview Statement

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Our Approach

As a public listed company, Digi believes in building trust-based relationships to enable growth while fulfilling its obligation to provide credible and timely information to all stakeholder groups. This is supported by Digi's Financial Disclosure Policy and Corporate Communication Policy which outlined a comprehensive approach to deliver open and clear communication in line with Bursa Securities' Market Listing Rules and Regulation.

Digi's strong commitment in delivering effective stakeholder engagement is reinforced by the stakeholder-focused mindset across the organisation as the Company recognises Digi's success and ability to deliver growth depends much on the support of all stakeholders. The details of all efforts can be found in the Key Relationships write-up under Section 3: Strategic Review on pages 29 to 33 of this report.

Investor Relations

In Digi, the Investor Relations team believes it is a business imperative to address expectations from diverse stakeholder groups with varying views of value creation. They actively engage with Digi's shareholders, analysts, and investors through a wide range of communication channels. They have also developed a dedicated section on Digi's corporate website for Investor Relations: *https://digi.listedcompany.com/* which includes all material information for the investment community.

The Investor Relations team welcome all investors' questions/ queries which can be made via mail to the corporate office address as stated at the back cover of this report, or via electronic mail at *invesrel@digi.com.my*

Conduct of General Meetings

The AGMs serve as the principal avenue for shareholders to engage the Board and Management Team in a constructive two-way dialogue. Shareholders are encouraged to actively participate during the AGMs by raising questions and providing feedbacks to the Board and Management Team. Feedback gathered during the meeting are evaluated and considered for further action by the Board and Management Team.

The notice of the upcoming AGM, which is scheduled to be held on 18 May 2021, has been made available to shareholders for not less than twenty-eight (28) days prior to the meeting in order to accord shareholders with sufficient time to review the Company's financial and operational performance as well as the resolutions that are to be tabled during the 24th AGM.

The extended notice period is also intended to enable shareholders to make the necessary arrangements to attend the 24th AGM. Digi will leverage on digital and video conferencing tools to conduct the upcoming 24th AGM virtually. These technologies will also be critical to facilitate voting in absentia and remote shareholders' participation given the current circumstances of pandemic Covid-19 pandemic.

2020 Investor Calendar

Digi's engagements have become more significant than ever, amid the ongoing health crisis as Digi is dedicated to help manage the uncertainty and discuss the Company's developments in navigating through an unprecedented time. For the year under review, all Investor Relations activities were conducted virtually while enabling the investment community sufficient access to Digi Management Team through virtual events.

With the utilisation of digital and video conferencing tools, the Team successfully organised five (5) investor briefings, three (3) non-deal roadshows, and over forty (40) thematic meetings. Digi has also participated in three (3) regional investor conferences and nine (9) expert forums. The full investor calendar was illustrated below.

22 JAN 2020	4Q 2019 Earning Call
02 MAR 2020	Non-Deal Roadshow, Kuala Lumpur
23 APR 2020	1Q 2020 Earning Call
20-21 MAY 2020	Citi Virtual ASEAN Conference 2020
01 JUN 2020	23rd AGM

Corporate Governance Overview Statement

Date	Event
14 JUL 2020	2Q 2020 Earning Call
06 AUG 2020	Virtual Non-Deal Roadshow with JP Morgan
19 AUG 2020	Virtual Non-Deal Roadshow with Nomura
26 AUG 2020	Virtual Analyst Day - Update on Technology
16 OCT 2020	3Q 2020 Earning Call
18 NOV 2020	Global TMT Virtual Conference 2020 with JP Morgan

Summary of Investor Discussion

In the various engagement sessions with the investment community, key topics commonly raised were summarised as follows:

Key topics raised	Our responses
Impact of Covid-19	• Ensured business continuity through adherence to strict operational Standard of Procedures and facilitated work from home arrangements • Demonstrated Digi's ability to shift to online channels • Supported society recovery through a range of innovative products and services • Discussed Digi's recovery plans and impacts on revenue generation and profitability

Key topics raised	Our responses
Market competition	• Launched affordable hourly, daily, weekly and monthly internet passes, enriched with high-speed network connectivity • Continued Digi's focus to provide customers with compelling product propositions and differentiated customer experiences
Strategy to ensure sustained financial growth	• Strengthened sustainable revenue portfolio mix with increased internet and digital contribution to reduce reliance from traditional revenues • Delivered cost savings led by cost optimisation efforts and efficient bad debt risk management
Our foray into fibre-to-the-home (FTTH) and Business-to-Business (B2B) segments	• Expanded ultra-fast and unlimited FTTH as part of bundled product proposition for a seamless in and out of home service experience • Enlarged B2B customers and organic revenues driven by Digi's flexible and affordable digital bundle plans
Network quality	• Ensured high availability of reliable network services at critical and high demand locations • Implemented traffic management and dynamic network optimisation to cater for rising traffic demand • Rated as the fastest and most consistent network nationwide by Ookla as a testament of Digi's commitment to maximise best internet experience
Regulatory development with regards to Jendela and 5G	• Committed to deliver widespread high-speed 4G mobile services, improve in-door coverage for urban and suburban areas • Build 5G-ready network and grow 5G ecosystem via a collaborative approach with industry players and vertical partners

Corporate Governance Overview Statement

Integrity in Corporate Reporting

In Digi, we have established formal and rigorous processes to verify and protect the integrity of the corporate reporting. This includes the annual Directors' Report and other reports in the Company's corporate reports portfolio released to the public.

Key topics raised	Our responses
Financial reporting and disclosure	During the reporting period, the Company implemented additional internal controls to ensure the integrity of corporate reporting systems, which included the accuracy of financial reporting Prior to the release to public domain, Quarterly Bursa Securities' reports and Management Discussion and Analysis (MD&A) will be reviewed by the ARC and ultimately approved by the Board
Integrated Annual Report	Sections pertaining to Strategic Review, Financial Review and Governance Reports will go through meticulous process of reviewing and evaluating by our appointed Auditor, alongside the compulsory reviews by Management Team This will subsequently be approved by the Board prior to the publication to the market. The process is crucial in ensuring the highest standards of accuracy and compliant in our annual reporting, thus providing stakeholders with right set of information to make informed decisions

Statement by the Board

The Board has reviewed, deliberated and approved this Statement on 12 March 2021.

 # More information on Digi's principles and practices for corporate governance can be found at the Governance section at https://digi.listedcompany.com/corporate_governance.html

Statement on Risk Management and Internal Control

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Board of Directors of listed companies is required to include in their annual report, a statement about the state of risk management and internal control of the listed issuer as a group.

Digi Board of Directors (Board) is pleased to provide the following statement that has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities. The Statement outlines the nature and scope of risk management and internal control within Digi during the financial year under review.

RESPONSIBILITIES AND ACCOUNTABILITIES

The Board acknowledges its responsibility for the establishment as well as oversight of Digi's risk management framework and internal control systems. The risk management framework and internal control systems are designed to identify, assess and manage risks that may impede the achievement of business objectives and strategies. The Board also acknowledges that the internal control systems are designed to manage and minimise, rather than eliminate, occurrences of material misstatement, financial losses or fraud.

The Board, through the Audit and Risk Committee (ARC) periodically reviews the effectiveness and adequacy of the risk management framework and internal controls by identifying, assessing, monitoring and reporting key business risks with the objective to safeguard shareholders' investments and Digi's assets.

Management is responsible for implementing Board approved policies and procedures on risk management and internal controls by identifying and evaluating risks faced and monitoring the achievement of business goals and objectives within the risk appetite parameters.

RISK MANAGEMENT

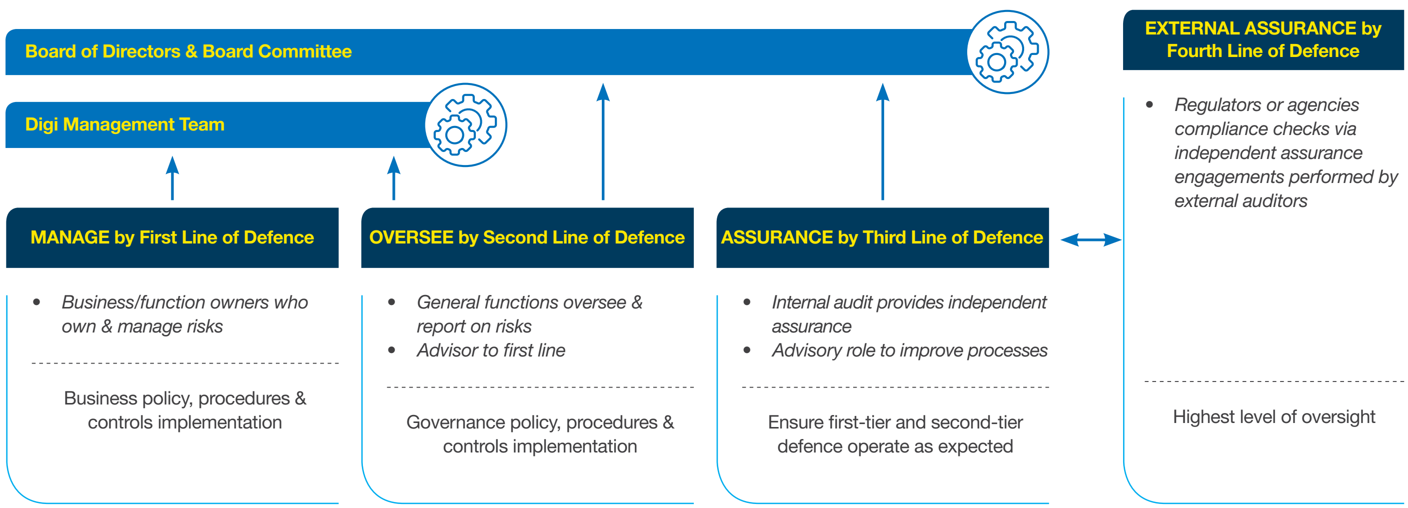
Digi's risk management framework provides the foundation and process on how risks are managed across Digi. Our process is broadly based on ISO 31000:2018.

Risk management responsibilities in Digi are defined in the framework where Risk Management function is responsible to implement the enterprise risk management process.

Digi's Management Team (Management)'s key role is to identify significant threats and opportunities, evaluate the risk profile and drive mitigation strategies on a regular basis. All line managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in the day-to-day business and decision-making processes.

The diagram below illustrates the roles and responsibilities of risk management practices across Digi.

Roles & Responsibilities of Managing Risks:



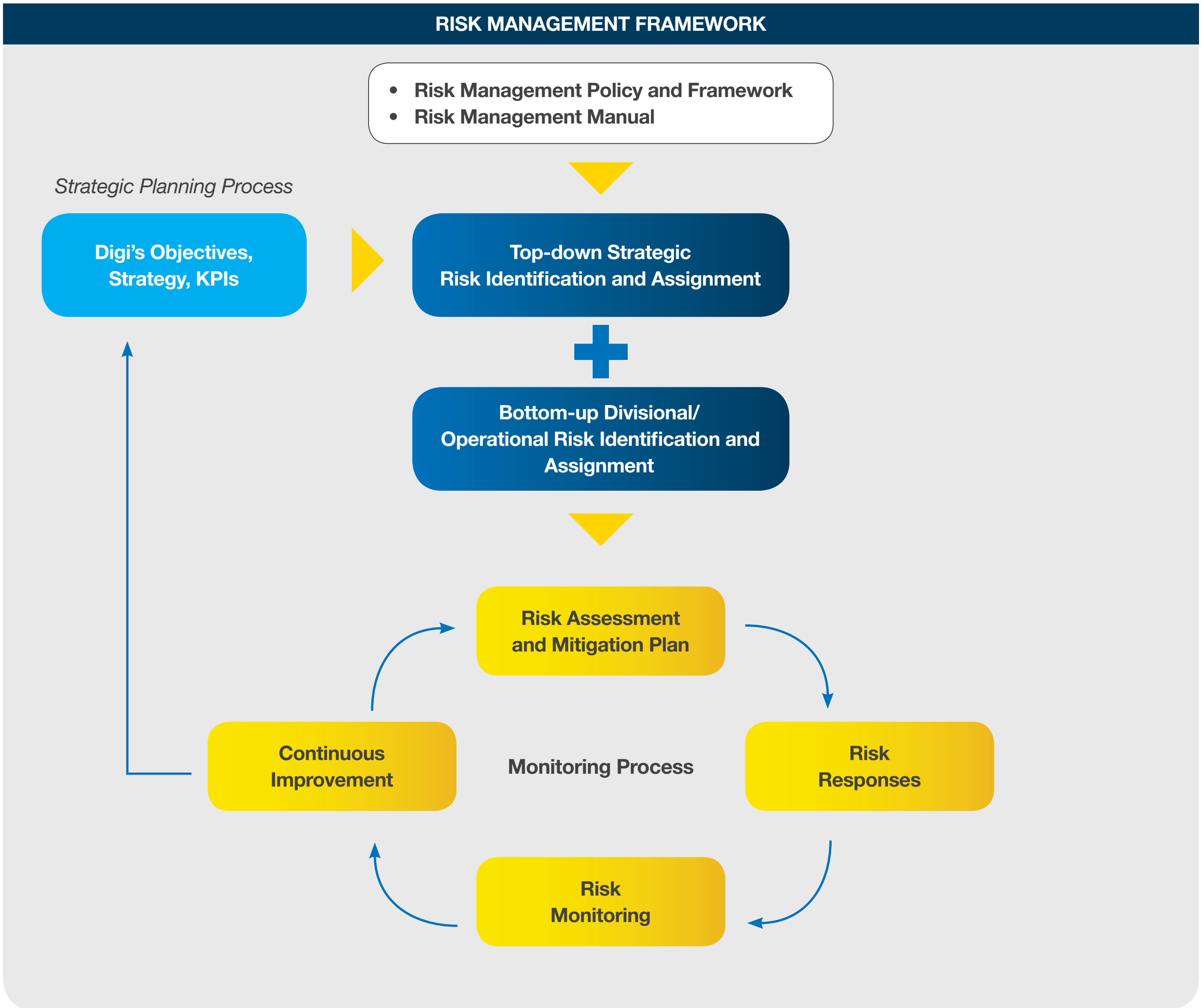
Statement on Risk Management and Internal Control

Digi's risks are identified based on risk assessments performed relative to the organisation's ambition and objectives from our strategic planning process. The identified risks are assessed and deliberated by Management and mitigated through strategies which are monitored for progress to maintain the risk exposure within acceptable level.

As part of risk governance, Management reports Digi's top enterprise risks to ARC in a risk heat map on a quarterly basis for oversight and mitigation status. Material risks identified are reported to the Board annually, via the ARC, to ensure the Board is updated on significant risks and progress of mitigation actions.

To strengthen our risk management framework, we have continuously improved to enhance our risk management practices and increase the scope across Digi.

Refer to the diagram below for an overview of the risk management framework and processes implemented in Digi:



Statement on Risk Management and Internal Control

Risks reported by Management and discussed with ARC and the Board during the financial year are summarised below. As these risks are still relevant, mitigation responses are in place and continuously monitored to mitigate risk exposures.

Market and Competition

Risk on heightened competition level coupled with effects of Covid-19 on the economy are challenging industry and revenue growth

Business Discontinuity

Risk of interruptions in Digi's critical service areas during the pandemic outbreak

Employee's Health and Safety

Covid related impact on employees health and safety, including wellbeing and engagement amidst change in way of work

Capital Allocation and Operational Efficiency Risk

Failure to optimise capital allocation and operational efficiencies on digitisation and network modernisation will impede our competitiveness

Regulatory, Legal and Compliance Risk

Risk of non-compliance by Digi and/or our business partners to applicable industry regulations or requirements on spectrum, access licenses, registration, or responsible business ethics

Data Protection and Risk Management

Vast amount of data is subject to numerous compliance, security, and privacy requirements. Effective data governance is critical to fulfil increased expectation in consumer data protection under the new remote way of work

Cyber Threats and Security Risk

Risk of cyber-attacks with presence of threat actors and exploitation activities due to increased digitisation, high internet usage from remote working during Covid

Responsible Business Commitment Risk

Risk of not fulfilling corporate social responsibility to support the community during Covid; and not gaining consumers' trust and expectations in carbon emission, e-waste and climate change threats on network infrastructure expansion and roll out

Talent and Succession Management Risk

Inability to manage sucession planning risk, attract new talents to promote diversity and inclusion, and retain top talents

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEMS

The key elements of the internal control systems established by the Board that provide effective governance and oversight of internal controls include:

Policies and Operating Procedures

Policies and operating procedures are in place to ensure compliance with internal controls and the prescribed laws and regulations. These policies and procedures provide guidance and direction for proper management and governance of operations and business activities. The documents are reviewed annually and published in the Compliance portal which is available to all employees.

Profitability Assurance

This function minimises revenue leakage by implementing adequate controls and processes through an optimal revenue management framework. It covers the cycle of identification, assessment, mitigation and monitoring. Digi has in place automated controls to ensure that usage and profile integrity between the network, mediation, rating and billing is assured and adequately controlled. Key issues and mitigation actions are reported to Management monthly. The effectiveness and efficiency of processes and controls within the revenue cycle are reviewed regularly. In addition to assuring minimal revenue leakage, the team also works on automation and dashboards for efficient business monitoring.

Security

Digi is committed to reduce the impact of service disruptions by ensuring infrastructure is protected and services are not interrupted, thereby enabling continuous services to its customers.

The Cyber Security and Physical Security functions are responsible for ensuring confidentiality, integrity and availability of information and information processing facilities, including telecommunication systems and infrastructure and to protect against cyber-attacks, fraudulent activities, information loss and other security risks and threats arising internally and externally.

The Fraud Management function manages and mitigates the risk of relevant fraud and related losses. Some of its key activities involve developing and designing internal fraud controls which are regularly reviewed to ensure relevance and effectiveness. Fraud awareness activities, measures and continuous actions are taken to ensure telecommunication fraud is minimised and the requirement for preventive controls are embedded into business processes.

Security Assurance activities performed to ensure network security protection include conducting security awareness sessions, running vulnerability management and security posture assessments, and continuous security monitoring and governance in security compliance audits and risk management. Digi complies with the ISO 27001:2013 – Information Security Management System, ISO 14001: 2015 – Environmental Management System, ISO 45001:2018 – Occupational Health and Safety Management System and Payment Card Industry/Data Security Standard (PCIDSS) standards.

Periodic meetings are held with the Chief Technology Officer to discuss, direct and approve security initiatives, activities, policies and projects driven by the Security department.

Business Continuity Management (BCM)

Digi recognises the importance of providing uninterrupted mission critical and time sensitive products and services to its customers. Hence, disruptive incidents are handled and responded to effectively to ensure a structural recovery that safeguards the interests of its stakeholders, as well as to protect the credibility and reputation of Digi.

The BCM practices adopted in Digi are aligned with ISO 22301: Business Continuity Management. The Management continuously leads the drive to enhance Digi's Business Continuity processes which encompass emergency response, crisis management, crisis communication, business continuity and Network and IT disaster recovery. In addition, Digi has an annual BCM programme which includes awareness, training, review and validation on the efficiencies and effectiveness of BCM.

Controls over Financial Reporting

The Controls over Financial Reporting (CFR) function plays an important role in evaluating and improving effectiveness of key controls surrounding Digi's financial reporting process. Its primary objective is to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements. Reviews on internal controls over financial reporting is performed in accordance with Digi's Internal Control over Financial Reporting Framework, which requires assessment based on materiality of significant accounts, and testing and evaluation of the design and operational effectiveness of key controls.

The function adopts a continuous monitoring routine to follow up on unaddressed risks and non-operating controls, including periodic reporting to Management and the ARC on the status of controls over the financial reporting processes.

Statement on Risk Management and Internal Control

Organisation Structure

Digi has established an organisational structure with clearly defined lines of responsibility and accountability, proper segregation of duties and assignment of authority to ensure effective and independent stewardship.

Board and Management Committees

The Board Committees, namely the Audit and Risk, Nomination and Remuneration Committees have been established to assist the Board in executing its governance responsibilities and oversight function. These Board Committees have been delegated specific responsibilities all of which are governed by clearly defined Terms of Reference. The Terms of Reference of these Committees are accessible in the Corporate Governance section of Digi's website at *https://digi.listedcompany.com/corporate_governance.html.*

Various committees comprising key Management members have been established to assist and support the Board Committees to oversee core areas of business operations under their respective documented mandates. These Management Committees are:

Vendor and Investment Committee (VIC)

- Governs the approval process regarding material capital investments, operating expenditure, vendor evaluation criteria and vendor selection, in accordance with Digi's Delegation Authority Matrix (DAM)
- Occurs bi-weekly or ad hoc sessions where necessary
- Chaired by the Investment Controller with the VIC members as assigned / depicted in the Investment approval manual, in accordance with Digi's DAM to ensure sufficient quorum for all investment approvals

Regulatory Steering Committee (RSC)

- Provides direction and makes decisions on regulatory matters and/or related topics that have a significant impact to Digi
- Meets monthly
- Chaired by the CEO with key Management as RSC members

Risk Management Forum

- Forum members consists of Management who meets quarterly
- Reviews and deliberates on significant risks (threats and opportunities) in Digi
- Makes decisions on the coordinated action plans to mitigate risks

Responsible Business Forum (RBF)

- Chaired by the CEO, the forum includes the Chief Human Resource Officer, Chief Technology Officer, Chief Corporate Affairs Officer, and other key Management members
- Formulates Responsible Business strategies, policies, and goals
- Monitors and facilitates adherence to the related Responsible Business policies and manuals
- Supports Departments to meet Responsible Business goals
- Conducts Responsible Business awareness and engagement activities
- Oversees Environmental, Social and Governance (ESG) and Non-Financial Reporting (NFR) performances
- Responsible Business is presented to the Board quarterly

Assignment of Authority

The DAM provides a framework of authority and accountability and outlines approval authority for strategic, capital, and operational expenditure. The DAM is reviewed and approved by the Board in line with changes in business needs.

Code of Conduct & Agreement of Responsible Business Conduct

The Code of Conduct (the Code) and Agreement of Responsible Business Conduct (ABC) are a vital and integral part of Digi's governance regime that defines the core principles and ethical standards in conducting business and engagements with all stakeholders, and compliance with relevant laws and regulations. The Code and ABC apply to members of the Board, employees and those acting on behalf of Digi. All employees and business partners are required to confirm that they have read, understood and will adhere to the Code and ABC, respectively. The Group has established communication channels that allow concerns of non-adherence to the Code and ABC to be anonymously reported.

Compliance

The Compliance Officer supports the CEO and the Board in ensuring that:

- The Code and ABC reflect good business practices and relevant laws, regulations and widely recognised treaties
- The Code and ABC are implemented consistently and effectively through sharing of knowledge and measures for quality assurance
- Compliance incidents are consistently and effectively managed
- Reports on material breaches of the Code and ABC are made to the Compliance Committee (comprising members of the Management), members of the Board and ARC on a quarterly basis
- Capacity building for Employees, Business Partners, Management and Members of the Board and ARC on the Compliance requirements of the Group on a regular basis
- The effectiveness of the Compliance programme is periodically reviewed and improved

Statement on Risk Management and Internal Control

- Compliance risk assessment is conducted annually with a view to preventing incidents from occurring through effective remediation and mitigation steps

Management and Board Meetings

Management meetings are held weekly to identify, discuss, approve and resolve strategic, operational, financial and key management issues pertaining to Digi's day-to-day business. Significant changes in the business and the external environment are reported by the Management to the Board on an on-going basis and/or during Board meetings.

Internal Audit

The Internal Audit function is established to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management, internal control and governance processes implemented by Management. To maintain its impartiality, proficiency and due professional care, the Internal Audit function reports functionally to the ARC and administratively to the CEO.

The annual audit plan, established using a risk-based approach, is reviewed and approved by the Board annually. Audit reports, including the audit recommendations, Management responses and action plans for improvement and/or rectification are presented and tabled to the ARC on a quarterly basis. The status of the implementation is monitored by the ARC to ensure that they are addressed timely. If deemed necessary, management representative will be required to attend ARC meeting(s) to provide explanation and propose action plans on the significant audit findings.

Further information on the Internal Audit department's activities is detailed in the Audit and Risk Committee Report of this Integrated Annual Report.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 (AAPG 3), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Annual Report of the Group for the financial year ended 31 December 2020, and reported to the Board that nothing has come to their attention that cause them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines, nor is the Statement factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from the external auditor was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Securities and for no other purposes. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

CONCLUSION

The Board has received assurance from the CEO and CFO that Digi's risk management and internal control framework is operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Taking into consideration the assurance from Management and relevant assurance providers, the Board is of the view that the risk management and internal control practices and processes are operating adequately and effectively to safeguard the stakeholders' interests, shareholders' investment, customer's interests, and Digi's assets.

Additional Compliance Information

OTHER DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Securities as set out in Appendix 9C thereto.

1. **Audit and Non-Audit Fees**
During the financial year, the amount incurred by Digi and the Group with respect to audit fees and non-audit related fees paid to external auditors for the financial year ended 31 December 2020 are as follows:-

	Company (RM)	Group (RM)
Audit Services	35,000	638,000
Non-Audit Services	62,000	464,090
Total Fees	97,000	1,102,090

The non-audit services comprised the following assignments: -
(a) Attestation of non-financial reporting
(b) Review of regulatory reporting
(c) Review of quarterly and year end reporting packages
(d) Review of the Statement on Risk Management and Internal Control
(e) Performance of agreed upon procedures
(f) Tax compliance services

2. **Material Contracts Involving Directors' and Major Shareholders' Interests**
There were no material contracts by Digi and/or its subsidiaries involving Directors' and major shareholders' interests either subsisting as at 31 December 2020 or entered into since the end of the previous financial year.

3. **Recurrent Related Party Transaction of a Revenue or Trading Nature**
At the AGM held on 1 June 2020, Digi obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2020 is set out in the Integrated Annual Report on page 187.

4. **Utilisation of Proceed from Corporate Proposals**
There were no proceeds raised from corporate proposals during the financial year ended 31 December 2020.

5. **Material Public Sanction or Penalty**
There were no material public sanctions and/or penalties imposed on the Company, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2020.

Statement of Responsibility by Directors

In respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group so as to give a true and fair view of the financial position of the Group as of 31 December 2020 and of their financial performance and cash flows for the year.

In reviewing the annual audited financial statements, the Directors have relied upon the Group's system of internal controls to provide reasonable grounds for the Directors to be certain of the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently conclude on the following:

a. Selected and applied the appropriate and relevant accounting policies on a consistent basis;
b. Made judgements and estimates that are reasonable and prudent; and
c. Prepared the annual audited financial statements on a going concern basis

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

SECTION 6: **AUDITED FINANCIAL STATEMENTS**

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information relating to subsidiaries are disclosed in Note 15 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, attributable to owners of the parent	1,220,969	1,275,791

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2019:	
Fourth interim single-tier dividend of 4.4 sen per ordinary share, declared on 22 January 2020 and paid on 27 March 2020	342,100
In respect of the financial year ended 31 December 2020:	
First interim single-tier dividend of 4.2 sen per ordinary share, declared on 23 April 2020 and paid on 26 June 2020	326,550
Second interim single-tier dividend of 3.7 sen per ordinary share, declared on 14 July 2020 and paid on 25 September 2020	287,675
Third interim single-tier dividend of 4.1 sen per ordinary share, declared on 16 October 2020 and paid on 17 December 2020	318,775

The board of directors had on 27 January 2021, declared a fourth interim single-tier dividend of 3.6 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM279.9 million. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Haakon Bruaset Kjoel	
Tan Sri Saw Choo Boon	
Yasmin Binti Aladad Khan	
Vimala A/P V.R. Menon	
Lars Erik Tellmann	
Randi Wiese Heirung	(Appointed on 15 October 2020)
Wenche Marie Agerup	(Appointed on 15 October 2020)
Torstein Pedersen	(Resigned on 15 October 2020)
Anne Karin Kvam	(Resigned on 15 October 2020)

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, not including those directors listed above are:

Albern A/L Murty	
Inger Gloeersen Folkeson	
Praveen Rajan A/L Nadarajan	
Kesavan A/L Sivabalan	(Appointed on 4 January 2021)
Eugene Teh Yee	(Resigned on 1 September 2020)
Loh Keh Jiat	(Resigned on 9 September 2020)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Non-executive:		
Fees	897	90
Benefits-in-kind	11	-
	908	90

Directors' Report

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group maintains a directors' and officers' liability insurance for any legal liability incurred by the directors and officers in discharging their duties while holding office for the Group and the Company. In respect of the above, the total amount of insurance premium paid for the financial year ended 31 December 2020 was RM11,372 (2019: RM10,312). The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

HOLDING COMPANIES

The immediate and ultimate holding companies are Telenor Asia Pte Ltd and Telenor ASA, incorporated in Singapore and Norway respectively. The ultimate holding company is listed on the Oslo Stock Exchange, Norway.

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in the shares of the Company or its related corporations during the financial year were as follows:

	Number of ordinary shares of NOK6 each			
	1 January 2020/date of appointment	**Acquired**	**Sold**	**31 December 2020**
Ultimate holding company				
Telenor ASA				
Direct interest:				
Haakon Bruaset Kjoel	17,022	1,662	-	18,684
Lars Erik Tellmann	24,992	8,777	-	33,769
Randi Wiese Heirung	1,448	-	-	1,448
Wenche Marie Agerup	18,156	-	-	18,156

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D.)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company, inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the statutory audit for the financial year ended 31 December 2020 for the Group and the Company are RM638,000 and RM35,000 respectively.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2020.

Signed on behalf of the board in accordance with a resolution of the directors dated 16 March 2021.

Tan Sri Saw Choo Boon
Director

Vimala A/P V.R. Menon
Director

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Saw Choo Boon and Vimala A/P V.R. Menon, being two of the directors of Digi.Com Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on 115 to 180 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the board in accordance with a resolution of the directors dated 16 March 2021.

Tan Sri Saw Choo Boon
Director

Vimala A/P V.R. Menon
Director

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ng Kim Chuan, being the officer primarily responsible for the financial management of Digi.Com Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on 115 to 180 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the above-named Ng Kim Chuan at
Kuala Lumpur in Wilayah Persekutuan
on 16 March 2021

Ng Kim Chuan
(MIA 23311)

Before me,

Independent Auditors' Report

to the members of Digi.Com Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Digi.Com Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on 115 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Accuracy of revenue recognition

Refer to Note 2.19.1(a) – Revenue Recognition (Telecommunication Revenue) and Note 5 – Revenue.

The Group relies on complex information technology system (including the rating module within the billing system) in accounting for its telecommunication revenue. Such information system processes large volumes of data with a combination of different products, which consist of individually low value transactions.

In addition, estimates and judgements were involved in allocating the transaction price between the multiple products and services sold in bundled transactions.

Independent Auditors' Report

to the members of Digi.Com Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

Accuracy of revenue recognition (cont'd.)

The above factors gave rise to higher risk of material misstatement in the timing and amount of telecommunication revenue recognised. Accordingly, we identified revenue recognition to be an area of focus.

Our audit sought to place a high level of reliance on the Group's information technology systems and key controls which management relies on in recording telecommunication revenue. Our audit procedures included involving our information technology specialists to test the operating effectiveness of automated controls over the billing system, including the rating module. We also tested the accuracy of the data interface between the billing system and the general ledger and tested the non-automated controls in place to ensure accuracy of revenue recognised, including timely updating of approved rate changes in the billing system.

We also performed substantive audit procedures which included amongst others, the testing of the reconciliation between the billing system and the general ledger, including validating material manual journals processed and testing the unbilled revenue by comparing such amount to the billings raised subsequent to the reporting period.

In respect of the allocation of transaction price between multiple products and services sold in bundled transactions, we obtained an understanding of management's basis of allocation in accordance with the identified performance obligations, evaluated management's estimate of standalone selling prices used in allocating the transaction price and tested the computation of revenue to be recognised in respect of each product and service sold in bundled transactions.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report and annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

to the members of Digi.Com Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditors' Report

to the members of Digi.Com Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditor's responsibilities for the audit of the financial statements (cont'd.)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Tseu Tet Khong @ Tsau Tet Khong
03374/06/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
16 March 2021

Statements of Comprehensive Income

For the financial year ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	5	6,152,747	6,297,358	1,275,000	1,446,000
Other income		19,048	16,304	907	1,235
Cost of materials and traffic expenses		(1,538,639)	(1,434,390)	-	-
Sales and marketing expenses		(404,581)	(453,961)	-	-
Operations and maintenance expenses		(169,645)	(112,623)	-	-
Rental expenses		(21,485)	(57,475)	-	-
Staff expenses	7(b)	(242,099)	(224,628)	-	-
Depreciation expenses		(1,154,114)	(1,124,874)	-	-
Amortisation expenses	12	(67,689)	(72,425)	-	-
Other expenses		(768,869)	(727,224)	(194)	(1,488)
Finance costs	6	(212,547)	(231,076)	-	-
Interest income		29,919	25,694	102	202
Operating model transition costs	7(d)	-	(8,359)	-	-
Profit before tax	7	1,622,046	1,892,321	1,275,815	1,445,949
Taxation	8	(401,077)	(459,372)	(24)	(48)
Profit for the financial year, representing total comprehensive income for the financial year		1,220,969	1,432,949	1,275,791	1,445,901
Attributable to:					
Owners of the parent		1,220,969	1,432,949	1,275,791	1,445,901

		Group	
		2020	2019
Earnings per share attributable to owners of the parent (sen per share)	9	15.7	18.4

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current assets					
Property, plant and equipment	11	2,883,143	2,852,110	-	-
Intangible assets	12	248,036	305,986	-	-
Right of use assets	13	3,031,878	2,595,088	-	-
Investments in subsidiaries	15	-	-	773,361	772,751
Other investment	16	78	78	-	-
Trade and other receivables	18	344,538	427,565	-	-
Contract costs	14	57,887	66,170	-	-
Contract assets	5	28,886	26,661	-	-
Derivative financial assets	19	61,728	18,605	-	-
		6,656,174	6,292,263	773,361	772,751
Current assets					
Inventories	17	137,207	90,501	-	-
Trade and other receivables	18	972,387	1,220,923	4	4
Contract assets	5	66,437	79,590	-	-
Income tax recoverable		51,676	8,448	-	-
Cash and short-term deposits	20	302,853	457,716	250	828
		1,530,560	1,857,178	254	832
Total assets		8,186,734	8,149,441	773,615	773,583
Non-current liabilities					
Loans and borrowings	21	4,677,523	4,461,043	-	-
Deferred tax liabilities	22	268,927	217,628	-	-
Other liabilities	23	120,255	53,295	-	-
		5,066,705	4,731,966	-	-
Current liabilities					
Trade and other payables	24	1,432,986	1,784,308	729	1,380
Contract liabilities	5	306,283	283,572	-	-
Derivative financial liabilities	19	394	419	-	-
Other liabilities	23	-	420	-	-
Loans and borrowings	21	774,510	688,756	-	-
Income tax payable		-	13	5	13
		2,514,173	2,757,488	734	1,393
Total liabilities		7,580,878	7,489,454	734	1,393
Equity					
Share capital	25	769,655	769,655	769,655	769,655
(Accumulated losses)/retained earnings	27	(163,799)	(109,668)	3,226	2,535
Total equity		605,856	659,987	772,881	772,190
Total equity and liabilities		8,186,734	8,149,441	773,615	773,583

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2020

	Note	← Attributable to owners of the parent		→
		Share capital RM'000	Accumulated losses/ distributable retained earnings RM'000 (Note 27)	Total RM'000
Group				
At 1 January 2019		769,655	(96,467)	673,188
Total comprehensive income		-	1,432,949	1,432,949
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,446,150)	(1,446,150)
At 31 December 2019		769,655	(109,668)[1]	659,987
Total comprehensive income		-	1,220,969	1,220,969
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,275,100)	(1,275,100)
At 31 December 2020		769,655	(163,799)[1]	605,856
Company				
At 1 January 2019		769,655	2,784	772,439
Total comprehensive income		-	1,445,901	1,445,901
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,446,150)	(1,446,150)
At 31 December 2019		769,655	2,535	772,190
Total comprehensive income		-	1,275,791	1,275,791
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,275,100)	(1,275,100)
At 31 December 2020		769,655	3,226	772,881

Note: [1] In the previous financial years, as part of the Group's capital management initiatives, the Company received dividends in specie from its subsidiary, Digi Telecommunications Sdn. Bhd. ("DTSB"), in the form of bonus issue of redeemable preference shares and capital repayment by DTSB amounting to RM509.0 million and RM495.0 million respectively. The Company has declared part of these as special dividend to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
Profit before tax		1,622,046	1,892,321	1,275,815	1,445,949
Adjustments for:					
Amortisation of intangible assets	12	67,689	72,425	-	-
Depreciation					
- property, plant and equipment	11	678,447	693,643	-	-
- right of use assets	13	475,667	431,231	-	-
Allowance for expected credit loss on trade receivables and contract assets	31.2	81,588	77,660	-	-
Amortisation of contract cost	14	87,199	103,020	-	-
Inventories written down		212	3,104	-	-
Dividend income		-	-	(1,275,000)	(1,446,000)
Finance costs	6	212,547	231,076	-	-
Loss on disposal of property, plant and equipment		2,604	15	-	-
Gain on termination of lease		(72)	(57)	-	-
Write-off of property, plant and equipment		50,708	625	-	-
Write-off of intangible assets		120	53	-	-
Interest income		(29,919)	(25,694)	(102)	(202)
Reversal of provision for employee leave entitlements	23.1	(161)	(4,953)	-	-
Waiver of debt		-	-	(907)	(1,235)
Employee benefits					
- share-based payment		1,871	367	-	-
- defined benefit plan	26	93	70	-	-
Fair value (gain)/loss on foreign currency forward contracts		(25)	118	-	-
Unrealised foreign exchange gain		(259)	(1,722)	-	-
Operating cash flows before changes in working capital		3,250,355	3,473,302	(194)	(1,488)
Changes in working capital:					
Inventories		(46,918)	(32,470)	-	-
Trade and other receivables		126,184	(358,565)	-	-
Contract asset		8,786	71,764	-	-
Contract costs		(78,916)	(98,060)	-	-
Trade and other payables		(353,193)	(373,903)	256	1,544
Contract liabilities		22,711	(31,814)	-	-
Cash flows from operations		2,929,009	2,650,254	62	56
Advance payment for bandwidth		(10,872)	(57,881)	-	-
Interest paid		(246,989)	(234,311)	-	-
Proceeds from government grants		154,263	278,572	-	-
Payments for provisions	23.1	(334)	(93)	-	-
Taxes paid		(393,019)	(574,899)	(32)	(56)
Net cash flows from operating activities		2,432,058	2,061,642	30	-

Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment		(617,980)	(696,708)	-	-
Purchase of intangible assets		(102,249)	(54,004)	-	-
Additional investment in a subsidiary		-	-	(610)	-
Dividends received from a subsidiary	5	-	-	1,275,000	1,446,000
Interest received		11,617	24,781	102	202
Proceeds from disposal of property, plant and equipment		110	612	-	-
Net cash flows (used in)/from investing activities		(708,502)	(725,319)	1,274,492	1,446,202
Cash flows from financing activities					
Repayment of loans and borrowings		(375,000)	(587,500)	-	-
Drawdown of loans and borrowings		150,000	-	-	-
Proceeds from issuance of Sukuk Programme		-	1,000,000	-	-
Payment of lease liabilities		(379,422)	(278,427)	-	-
Dividends paid	10	(1,275,100)	(1,446,150)	(1,275,100)	(1,446,150)
Net cash flows used in financing activities		(1,879,522)	(1,312,077)	(1,275,100)	(1,446,150)
Net (decrease)/increase in cash and cash equivalents		(155,966)	24,246	(578)	52
Effect of exchange rate changes on cash and cash equivalents		1,103	352	-	-
Cash and cash equivalents at beginning of financial year		457,716	433,118	828	776
Cash and cash equivalents at end of financial year	20	302,853	457,716	250	828

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the Financial Statements
- 31 December 2020

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The principal place of business is located at Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Subang Jaya, Selangor Darul Ehsan. The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.

The immediate and ultimate holding companies are Telenor Asia Pte Ltd and Telenor ASA, incorporated in Singapore and Norway respectively. The ultimate holding company is listed on the Oslo Stock Exchange, Norway.

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are stated in Note 15. There has been no significant change in the nature of the principal activities during the financial year.

Related companies refer to companies within the Telenor Asia Pte Ltd and Telenor ASA group of companies.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless indicated otherwise in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if, and only if, the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation (cont'd.)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2.3 Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.4 Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Notes to the Financial Statements
- 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Property, plant and equipment, and depreciation (cont'd.)

Subsequent to recognition, property, plant and equipment, except for freehold land and capital work-in-progress, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item includes expenditure that is attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of the replaced part is then derecognised. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Freehold land has an unlimited useful life and is therefore not depreciated. Capital work-in-progress representing assets under construction, is also not depreciated as these assets are not yet available for its intended use. Depreciation of other property, plant and equipment is computed on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life, at the following annual rates or periods:

Buildings	2.0%
Motor vehicles	20.0%
Computer systems	20.0% - 33.3%
Furniture and fittings	20.0%
Telecommunications network	3.3% - 33.3%

The residual values, useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate, to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit and loss in the financial year the asset is derecognised.

2.5 Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least during each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated prospectively as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit and loss.

Intangible assets not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit ("CGU") level. Such intangible assets are not amortised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Intangible assets (cont'd.)

Any gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit and loss when the asset is derecognised.

Computer software

Costs incurred to acquire computer software, that are not an integral part of the related hardware, are capitalised as intangible assets and amortised on a straight-line basis over the estimated useful life of 5 years.

2.6 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts.

For intangible assets not yet available for use, the recoverable amount is estimated at the end of each reporting period, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit ("CGU") level.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, namely a CGU.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units, if any and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount, and the impairment loss is recognised as an expense in profit and loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed if, and only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of trading merchandise comprises costs of purchases and other incidental costs incurred in bringing these merchandise to their present condition and location.

Notes to the Financial Statements
- 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Inventories (cont'd.)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.8 Financial assets

2.8.1 Initial recognition and measurement

Financial assets are classified, at initial recognition as, subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s and Company's business model for managing them. The Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs except for trade receivables that do not contain a significant financing component. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest ("SPPI")’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s and the Company's business model for managing financial assets refer to how the financial assets are managed in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.8.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Financial assets (cont'd.)

2.8.2 Subsequent measurement (cont'd.)

The Group and the Company do not have any debt instruments at fair value through OCI with recycling of cumulative gains and losses.

(a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and short-term deposits.

(b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Financial assets (cont'd.)

2.8.2 Subsequent measurement (cont'd.)

(c) Financial assets at fair value through profit or loss (cont'd.)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes derivative instruments such as foreign currency forward contracts and interest rate swaps. Derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.8.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s and Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, the Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2.9 Impairment of financial assets and contract assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Impairment of financial assets and contract assets (cont'd.)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are overdue for more than 60 days. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and deposits with licensed banks with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts, if any, that form an integral part of the Group's cash management.

Interest income is recognised in profit or loss by applying the effective interest rate to the gross carrying amount of the financial assets.

2.11 Provision for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability to the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(a) Employee leave entitlements

Employees' entitlement to annual leave are recognised when the associated services performed by employees increase their entitlements to annual leave. A provision is made for the estimated liability for the annual leave as a result of services rendered by employees up to the end of the reporting period netted off against annual leave utilised to date.

(b) Site decommissioning and restoration costs

Provision for site decommissioning and restoration costs is in respect of management's best estimate on the costs necessary to be incurred to decommission the Group's telecommunications network infrastructure and restore the previously occupied sites.

The estimated amount is determined after taking into consideration the time value of money, and the initial estimated sum is capitalised as part of the cost of property, plant and equipment. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Provision for liabilities (cont'd.)

(c) Defined benefit plan

Provision for defined benefit plan for eligible employees is as disclosed in Note 2.16(c).

2.12 Financial liabilities

2.12.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include derivative financial instruments and other financial liabilities.

2.12.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as financial liabilities at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. This category includes derivative instruments such as foreign currency forward contracts and interest rate swaps.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, and loans and borrowings.

After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings and trade and other payables. For more information, refer to Note 21 and Note 24.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Financial liabilities (cont'd.)

2.12.3 Derecogniton

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.12.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Borrowing costs

Borrowing costs are recognised in profit and loss as an expense in the period in which they are incurred.

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.14 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

The attributable incremental transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use ("ROU") assets representing the right to use the underlying assets.

(a) ROU assets

The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group elected to apply the practical expedient not to separate out non-lease components from lease components and instead account for the lease and non-lease component as a single component.

Notes to the Financial Statements
- 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Leases (cont'd.)

Group as a lessee (cont'd.)

(a) ROU assets (cont'd.)

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land and buildings	1% - 3%
Telecommunication network sites	10% - 33%
Transmission facilities	10% - 20%
Spectrum bandwidths	6.3% - 66.7%
Stores, office buildings and kiosks	33.3%

The ROU assets are also subject to impairment. Refer to Note 2.6 for accounting policy on impairment of non-financial assets.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate and are dependant on a future activity are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term.

The Group's lease liabilities are included in loans and borrowings. Please refer to Note 21.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of telecommunication network sites, equipment and billboard spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment and storage spaces that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short-term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences netted off against annual leave utilised to date, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state-defined contribution pension scheme known as the Employee Provident Fund, and will have no legal or constructive obligation to make further contributions in the future, over-and-above what is existingly legally required. The contributions are recognised as an expense in profit and loss in the period which the related services are rendered by employees.

(c) Defined benefit plan

The Group operates an unfunded defined benefit plan for its eligible employees. The benefits are calculated based on the length of service and the agreed percentages of eligible employees' salaries over the period of their employment and are payable upon resignation after completion of the minimum employment period of ten years or upon retirement age of sixty years. The Group's obligations under the retirement benefit scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to profit and loss in subsequent periods.

Past service costs are recognised in profit and loss on the earlier of:

- The date of the plan amendment or curtailment; or
- The date that the Group recognises restructuring related costs.

Net interest and other expenses relating to defined benefit plans are calculated by applying the discount rate to the net defined benefit liability or asset and recognised in profit and loss.

The Group amended the defined benefit plan effective 1 January 2006 to restrict new entrants into the plan, and the benefits payable to be calculated based on the employees' length of service up to 31 December 2005.

Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Services Tax ("SST")

SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Revenue recognition

2.19.1 Revenue from contracts with customers

The Group is in the business of providing telecommunication and related services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(a) Telecommunication revenue

Telecommunication revenue from postpaid and prepaid services provided by the Group are recognised over time, as the benefits of telecommunication services are simultaneously received and consumed by the customer.

Revenue from prepaid services (i.e. preloaded talk time, prepaid top-up vouchers, etc.) are recognised when services are rendered. Consideration from the sale of prepaid sim cards and reload vouchers to customers where services have not been rendered at the reporting date is deferred as contract liability until actual usage or when the cards, vouchers or reloaded amounts are expired or forfeited.

Postpaid services are provided in postpaid packages which consists of various services (i.e. call minutes, internet data, sms, etc.). These postpaid packages have been assessed to meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer and as such the Group treats these packages as a single performance obligation.

Postpaid packages are either sold separately or bundled together with the sale of a mobile device to a customer. Mobile devices can also be obtained separately from other mobile device retailers and can be used together with the postpaid packages provided by the Group. Postpaid packages and mobile devices are capable of being distinct and separately identifiable, therefore, there are two performance obligations within a bundled transaction. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the postpaid packages and device.

Stand-alone selling price are based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates will be made maximising the use of observable inputs.

(b) Sale of device

Revenue from sale of device is recognised at the point in time when control of the asset is transferred to the customer, usually on delivery and acceptance of the device.

Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Revenue recognition (cont'd.)

2.19.1 Revenue from contracts with customers (cont'd.)

(b) Sale of device (cont'd.)

Payment for the transaction price of the mobile device is typically collected at the point the customer signs up for the bundled contract, except for bundled packages that have a payment structure allowing customers to pay for the mobile device over a period of time. For these arrangements the Group discounts the transaction price using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Certain bundled contracts provide the customer with a right to return the mobile devices during a specified time frame. The Group uses the expected value method to estimate the mobile devices that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For mobile devices that are expected to be returned, the Group adjusts revenue and recognises a refund liability instead. Correspondingly, costs of sales is also adjusted and a right of return asset is recognised as the right to recover the mobile device from the customer.

(c) Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services (i.e. mobile devices or telecommunication services) transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are subject to impairment assessment based on the ECL model.

(ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.8.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

For prepaid services, a contract liability is recognised when consideration is received from a customer, but services are yet to be performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Revenue recognition (cont'd.)

2.19.1 Revenue from contracts with customers (cont'd.)

(d) Cost to obtain a contract

The Group pays sales commissions to external sales channels and employees as an incentive for each new customer registration to the Group's telecommunication services. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised on a straight-line basis over the expected customer life cycle, which is consistent with the pattern of the related revenue. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expendient to recognise as an expense when incurred.

Amortisation of contract costs are included as part of operating expenses in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of the contract costs recognised exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relate, less the remaining costs that relate directly to providing those goods or services (that have not been recognised as an expense).

When there are indications of impairment, relating to the CGU to which the contract costs belong, the Group will include the resulting carrying amount of contract costs after performing the impairment test above, in the carrying amount of the CGU for the purpose of applying MFRS 136.

When impairment conditions no longer exist or have improved, the Group will recognise a reversal of some or all of the impairment losses previously recognised on the contract costs. The increased carrying amount of the contract costs should not exceed the amount that would have been determined (net of amortisation) had no impairment loss been recognised previously.

2.19.2 Dividend income

Dividend income is recognised when the Company's right to receive payment is established, and is presented as revenue in profit or loss, aligned with the principal activity of the Company as an investment holding entity.

2.19.3 Lease income

Lease income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Government grants

As a universal service provider ("USP"), the Group is entitled to claim certain qualified expenses from the Malaysian Communications and Multimedia Commission ("MCMC") in relation to USP projects. These claims are treated as government grants and recognised at their fair values where there is reasonable assurance that the grants will be received and the Group complies with all the attached conditions.

A grant relating to the asset is recognised as income over the life of the depreciable asset by way of a reduced depreciation charge. Grant relating to income is recognised in profit and loss by crediting directly against the related expense.

2.21 Foreign currency transactions

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements of the Group are presented in RM, which is also the functional currency of all entities in the Group.

Transactions in foreign currencies are initially converted into RM at exchange rates prevailing at the date of transaction. At each reporting date, foreign currency monetary items are translated into RM at exchange rates prevailing at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition.

(b) Foreign currency transactions

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

2.22 Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed in Note 31.6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Fair value measurement (cont'd.)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.23 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Segment reporting

The Group provides telecommunication and related services to customers across the country and its services and products essentially have a similar risk profile. Business activities of the Group are not organised by product or geographical components and its operating result is reviewed as a whole by its management. Accordingly, there is no separate segment, as disclosed in Note 33.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of new and amended MFRSs and interpretation

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 16: Covid-19-related rent concessions	1 June 2020

The adoption of the above standards did not have any significant effect on the financial statements of the Group and the Company.

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3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 1, MFRS 9 and MFRS 141: Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards will not have a material impact on the financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

There were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

Management makes key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following represents a summary of the critical accounting estimates and the associated key sources of estimation uncertainty.

4.1 Useful lives of property, plant and equipment and intangible assets

Depreciation and amortisation are based on management's estimates of the future estimated useful lives and residual values of property, plant and equipment and intangible assets. Estimates may change due to technological developments, modernisation initiatives, expected level of usage, competition, market conditions and other factors, which could potentially impact the average useful lives and the residual values of these assets. This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses. A 5.0% difference in the expected useful lives of these assets from management's estimates would result in approximately 1.6% (2019: 2.7%) variance in the Group's profit for the year. The carrying amounts of property, plant and equipment and intangible assets at the reporting date are disclosed in Note 11 and Note 12, respectively.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.2 Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group then adjusts the historical credit loss experience taking into consideration the forward-looking information. For example, if the Group's view of the forecasted economic conditions (i.e. inflation rate, unemployment rate, interest rate and economic outlook for Malaysia) are expected to significantly deteriorate over the next financial year which may lead to an increase in the unrecoverable rate of the receivables and contract assets. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group estimates the relationship between historical observed default rates, forecast economic conditions and ECL which may not be representative of customer's actual default in the future. The information about the provision matrix on the Group's trade receivables and contract assets is disclosed in Note 31.2.

If the historical observed default rates varies by 5.0% from management's estimates, the Group's allowance for expected credit loss on trade receivables and contract assets will cause either a 0.2% (2019: 0.2%) increase or 0.2% (2019: 0.2%) decrease respectively in the Group's profit for the financial year.

4.3 Deferred tax

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in profit and loss in the period in which actual realisation and settlement occurs. The carrying amount of deferred tax liabilities is disclosed in Note 22.

4.4 Income taxes

Significant estimation is involved in determining the Group's provision for income taxes as there are certain transactions and computations for which the final tax treatment is uncertain at the reporting date.

Where the final tax treatment of these matters are different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which determination of final tax treatment is made.

4.5 Provisions for liabilities

Provision for site decommissioning and restoration costs are provided based on the present value of the estimated future expenditure to be incurred for dismantling the inactive sites. Significant management assumption and estimation are required in determining the discount rate and the expenditure to be incurred for dismantling each network infrastructure site. Where expectations differ from the original estimates, the differences will impact the carrying amount of provision for site decommissioning and restoration costs. The carrying amount of provision for site decommissioning and restoration costs at the reporting date is disclosed in Note 23.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.6 Revenue recognition - determining stand-alone selling price ("SSP")

The Group has assessed that there are two performance obligations for bundled contracts where the Group needs to allocate the transaction price between the postpaid service and mobile device based on their relative SSP.

SSP for postpaid packages and mobile devices are based on observable sales prices; however, where certain SSP are not directly observable, estimates will be made maximising the use of observable inputs.

The estimation of SSP is a significant estimate as it will directly determine the amount of revenue to be recognised upfront (sale of device) and amount of revenue to be recognised over time (telecommunication revenue). For example, a lower SSP for mobile device will result in a lower amount of revenue recognised upfront and higher amount of revenue recognised over the contract period.

The revenue recognised in the current financial year in relation to sale of device and telecommunication revenue is detailed in Note 5.

4.7 Estimating the lease term – Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise the option, or any periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option, within the period for which the contract is enforceable.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. For example, for leases of certain telecommunication network sites, if the Group expects to use significant non-removable leasehold improvements beyond the date on which the lease can be terminated, the existence of those leasehold improvements may indicate that the Group might incur a more than insignificant penalty if it terminates the lease.

For leases of telecommunication network sites, other factors to consider in assessing the lease term include the technology development and potential changes in business models.

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

Based on the assessment of these factors, the lease term for the Group's leases relating to telecommunication network sites will normally be within a range of 3 to 10 years.

4.8 Estimating the incremental borrowing rate for leases

In measuring its lease liabilities, the Group has used its incremental borrowing rate ("IBR") to present value the future lease payments, as the interest rate implicit in the lease cannot be readily determined.

The IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

To determine the incremental borrowing rate for its leases, the Group makes adjustments to the existing rates received from financial institutions, taking into consideration the lease term and leased assets. The Group also considers changes in the financing condition since the last offered rates from the financing institutions.

The carrying amount of lease liabilities is disclosed in Note 13.

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5. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers (Note 5.1)	6,068,991	6,210,845	-	-
Lease income (Note 5.4)	83,756	86,513	-	-
Dividend income from a subsidiary	-	-	1,275,000	1,446,000
	6,152,747	6,297,358	1,275,000	1,446,000

5.1 Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products or service lines (which also represents the Group's defined performance obligations).

Group	Note	2020 RM'000	2019 RM'000
Major products/service lines			
Telecommunication revenue	(a)	5,427,787	5,644,111
Sales of devices	(b)	641,204	566,734
Total revenue from contracts with customers		6,068,991	6,210,845

The timing of revenue recognition for respective major products or service lines are as follows:

(a) Services transferred over time
(b) Products transferred at a point in time

5.2 Contract balances

		Group	
	Note	2020 RM'000	2019 RM'000
Non-current assets			
Trade receivables	18	129,767	101,098
Contract assets		28,886	26,661
Current assets/(liabilities)			
Trade receivables	18	389,000	440,797
Contract assets		66,437	79,590
Contract liabilities		(306,283)	(283,572)

5. REVENUE (CONT'D.)

5.2 Contract balances (cont'd.)

Contract assets primarily relate to rights to consideration for mobile devices transferred to subscribers but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. As at 31 December 2020, the Group has contract assets of RM95.3 million (2019: RM106.3 million) which is net of an allowance for expected credit losses of RM4.5 million (2019: RM2.4 million).

Contract liabilities mainly relate to advance consideration received from subscribers at inception of contracts, for which revenue is only recognised upon rendering of telecommunication service.

All contract liabilities at the beginning of the financial year have been recognised as revenue in the current financial year.

5.3 Right of return asset and refund liabilities

	Group	
	2020 RM'000	2019 RM'000
Right of return assets	36,740	22,189
Refund liabilities	(36,740)	(22,189)

5.4 Group as a lessor

The Group has entered into operating leases on certain network telecommunication sites. These leases have lease terms between one to six years. Lease income recognised by the Group during the financial year is RM83.8 million (2019: RM86.5 million).

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	2020 RM'000	2019 RM'000
Within one financial year	79,962	76,547
After one financial year but not more than five financial years	224,029	153,819
More than five financial years	21,439	2,534
	325,430	232,900

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6. FINANCE COSTS

	Note	Group 2020 RM'000	Group 2019 RM'000
Interest expense on:			
- Loans and borrowings		104,200	129,647
- Others		7,820	3,406
Unwinding of discount:			
- Lease liabilities	13	126,796	110,506
- Site decommissioning and restoration costs	23.1	14,410	2,195
Net change in fair value of derivative financial instruments:			
- Interest rate swaps		(40,679)	(14,678)
		212,547	231,076

7. PROFIT BEFORE TAX

Profit before tax is derived after deducting/(crediting):

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Allowance for expected credit losses on trade receivables and contract assets	31.2	81,588	77,660	-	-
Depreciation					
- property, plant and equipment	11	678,447	693,643	-	-
- ROU asset	13	475,667	431,231	-	-
Amortisation of contract cost	14	87,199	103,020	-	-
Auditors' remuneration:					
- statutory audit		638	503	35	35
- other services	7(a)	464	464	9	9
Staff expenses	7(b)	242,099	224,628	-	-
Non-executive directors' remuneration excluding benefits-in-kind	7(c)	897	882	90	88

7. PROFIT BEFORE TAX (CONT'D.)

Profit before tax is derived after deducting/(crediting): (cont'd.)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Transmission facilities services		165,974	140,439	-	-
Inventories written down		212	3,104	-	-
Rental of land and buildings		2,883	43,504	-	-
Rental of equipment and others		22,579	21,373	-	-
Realised foreign exchange gain		(2,083)	(843)	-	-
Unrealised foreign exchange gain		(259)	(1,722)	-	-
Fair value (gain)/loss on foreign currency forward contracts		(25)	118	-	-
Loss on disposal of property, plant and equipment		2,604	15	-	-
Gain on termination of lease		(72)	(57)	-	-
Write-off of property, plant and equipment		50,708	625	-	-
Write-off of intangible asset		120	53	-	-
Bad debts recovered		(16,149)	(15,708)	-	-
Waiver of debt		-	-	(907)	(1,235)
Interest income from deposits with licensed banks		(11,291)	(18,320)	(102)	(202)
Unwinding of significant financing component of revenue contracts with deferred payment scheme		(18,628)	(7,374)	-	-

(a) Fees for other services were incurred in connection with performance of agreed upon procedures and regulatory compliance reporting.

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7. PROFIT BEFORE TAX (CONT'D.)

(b) Staff expenses incurred by the Group net of capitalisation of employee benefits expense in property, plant and equipment during the financial year comprise:

	Note	Group 2020 RM'000	Group 2019 RM'000
Salaries and bonuses		195,223	178,360
Defined contribution plan		25,056	23,418
Defined benefit plan	26	93	70
Share-based payment		1,871	367
Reversal of provision for employee leave entitlements	23.1	(161)	(4,953)
Other staff related expenses		20,017	27,366
		242,099	224,628

(c) Non-executive directors' remuneration during the financial year comprises:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-executive:				
Fees	897	882	90	88
Benefits-in-kind	11	6	-	-
Total	908	888	90	88

The number of non-executive directors of the Company whose total remuneration during the financial year falls within the following band is analysed below:

	Number of directors	
Non-executive directors:	2020	2019
Nil	6	5
RM200,001 - RM300,000	3	3

7. PROFIT BEFORE TAX (CONT'D.)

(d) In 2019, the Group collaborated with a managed services provider in establishing a Common Delivery Centre that takes over certain parts of the Group's Information Technology operations, and the Group incurred operating model transition costs of RM8.4 million for this exercise.

8. TAXATION

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2020 and 2019 are:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	355,202	522,096	24	48
- Over provision in prior financial years	(5,424)	(4,289)	-	-
Total income tax	349,778	517,807	24	48
Deferred taxation (Note 22):				
- Relating to origination and reversal of temporary differences	44,959	(46,891)	-	-
- Under/(over) provision in prior financial years	6,340	(11,544)	-	-
Total deferred tax	51,299	(58,435)	-	-
Income tax expense recognised in profit or loss	401,077	459,372	24	48

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8. TAXATION (CONT'D.)

Reconciliations of income tax expense/rate applicable to profit before tax at the statutory income tax rate to income tax expense/rate at the effective income tax rate of the Group and of the Company are as follows:

	2020		2019	
	%	RM'000	%	RM'000
Group				
Profit before tax		1,622,046		1,892,321
Taxation at Malaysian statutory tax rate	24.0	389,291	24.0	454,157
Effect of expenses not deductible for tax purposes	1.3	20,639	1.3	24,571
Effect of income not subject to tax	(0.6)	(9,769)	(0.2)	(3,523)
Over provision of income tax expense in prior financial years	(0.3)	(5,424)	(0.2)	(4,289)
Under/(over) provision of deferred tax expense in prior financial years	0.4	6,340	(0.6)	(11,544)
Effective tax rate/income tax expense recognised in profit or loss	24.8	401,077	24.3	459,372
Company				
Profit before tax		1,275,815		1,445,949
Taxation at Malaysian statutory tax rate	24.0	306,196	24.0	347,028
Income not subject to tax	(24.0)	(306,172)	(24.0)	(346,980)
Effective tax rate/income tax expense recognised in profit or loss	0.0	24	0.0	48

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the financial year.

9. EARNINGS PER ORDINARY SHARE

Earnings per ordinary share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020	2019
Profit attributable to owners of the parent (RM'000)	1,220,969	1,432,949
Weighted average number of ordinary shares in issue ('000)	7,775,000	7,775,000
Basic earnings per share (sen)	15.7	18.4

No diluted earnings per ordinary share was presented as the Group does not have any convertible instrument, options, warrants and their equivalents.

10. DIVIDENDS

	Group/Company	
	2020 RM'000	2019 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
Fourth interim single-tier dividend (2019: 4.4 sen; 2018: 4.8 sen)	342,100	373,200
First interim single-tier dividend (2020: 4.2 sen; 2019: 4.3 sen)	326,550	334,325
Second interim single-tier dividend (2020: 3.7 sen; 2019: 5.0 sen)	287,675	388,750
Third interim single-tier dividend (2020: 4.1 sen; 2019: 4.5 sen)	318,775	349,875
	1,275,100	1,446,150
Interim dividend declared subsequent to the reporting date (not recognised as a liability as at 31 December):		
Dividends on ordinary shares:		
Fourth interim single-tier dividend (2020: 3.6 sen; 2019: 4.4 sen)	279,900	342,100

The board of directors had on 27 January 2021, declared a fourth interim single-tier dividend of 3.6 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM279.9 million. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

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11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
Cost								
At 1 January 2020	29,638	143,332	23,982	232,079	263,839	6,530,499	230,820	7,454,189
Additions	-	-	52	(56)	(1,735)	79,048	593,203	670,512
Disposals	-	-	-	(9,124)	(44,623)	(68,845)	(2,479)	(125,071)
Write offs	-	-	-	(76)	(224)	(675,319)	(2)	(675,621)
Transfers	-	-	-	38,943	4,211	608,498	(651,652)	-
Reclassifications (Note 11(c))	(571)	571	(27)	(33,435)	(26,583)	97,910	377	38,242
Reclassification from intangible assets (Note 12)	-	-	-	-	-	92,390	-	92,390
At 31 December 2020	29,067	143,903	24,007	228,331	194,885	6,664,181	170,267	7,454,641
Accumulated depreciation								
At 1 January 2020	-	29,845	20,764	187,170	209,849	4,154,451	-	4,602,079
Depreciation expenses for the financial year	-	2,821	1,351	6,717	27,051	640,507	-	678,447
Disposals	-	-	-	(9,121)	(44,568)	(68,668)	-	(122,357)
Write offs	-	-	-	(76)	(183)	(624,654)	-	(624,913)
Reclassifications (Note 11(c))	-	184	61	(8,960)	(35,096)	82,053	-	38,242
At 31 December 2020	-	32,850	22,176	175,730	157,053	4,183,689	-	4,571,498
Net carrying amount								
At 31 December 2020	29,067	111,053	1,831	52,601	37,832	2,480,492	170,267	2,883,143

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Long-term leasehold land RM'000	Short-term leasehold land RM'000	Freehold buildings RM'000	Long-term leasehold buildings RM'000	Short-term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Group (cont'd.)												
Cost												
At 1 January 2019	29,638	7,312	7,565	143,295	7,146	6,866	23,216	319,549	254,432	6,220,762	103,512	7,123,293
Reclassification to right of use assets (Note 13)	-	(7,312)	(7,565)	-	(7,146)	(6,866)	-	-	-	(80,188)	-	(109,077)
At 1 January 2019 (restated)	29,638	-	-	143,295	-	-	23,216	319,549	254,432	6,140,574	103,512	7,014,216
Additions	-	-	-	-	-	-	-	-	-	21,542	677,325	698,867
Disposals	-	-	-	-	-	-	(790)	(1,477)	(1,192)	(3,372)	-	(6,831)
Write offs	-	-	-	-	-	-	-	(100,093)	(1,351)	(150,183)	(436)	(252,063)
Transfers	-	-	-	37	-	-	1,556	14,100	11,950	521,938	(549,581)	-
At 31 December 2019	29,638	-	-	143,332	-	-	23,982	232,079	263,839	6,530,499	230,820	7,454,189
Accumulated depreciation												
At 1 January 2019	-	1,561	3,211	27,024	814	3,266	19,087	271,883	185,792	3,729,483	-	4,242,121
Reclassification to right of use assets (Note 13)	-	(1,561)	(3,211)	-	(814)	(3,266)	-	-	-	(67,191)	-	(76,043)
At 1 January 2019 (restated)	-	-	-	27,024	-	-	19,087	271,883	185,792	3,662,292	-	4,166,078
Depreciation expenses for the financial year	-	-	-	2,821	-	-	2,451	16,831	26,368	645,172	-	693,643
Disposals	-	-	-	-	-	-	(774)	(1,477)	(960)	(2,993)	-	(6,204)
Write offs	-	-	-	-	-	-	-	(100,067)	(1,351)	(150,020)	-	(251,438)
At 31 December 2019	-	-	-	29,845	-	-	20,764	187,170	209,849	4,154,451	-	4,602,079
Net carrying amount												
At 31 December 2019	29,638	-	-	113,487	-	-	3,218	44,909	53,990	2,376,048	230,820	2,852,110

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) The Group acquired property, plant and equipment with an aggregate cost of RM670.5 million (2019: RM698.9 million) of which RM52.5 million (2019: RM2.2 million) relates to the provision for site decommissioning and restoration costs, as disclosed in Note 23.1.

(b) Government grants of RM34.6 million (2019: RM147.4 million) relating to additions of qualifying property, plant and equipment, were deducted before arriving at the cost of property, plant and equipment during the financial year ended 31 December 2020.

(c) The cost and accumulated depreciation for certain categories of property, plant and equipment were adjusted during the financial year to be consistent with the category in the asset register.

12. INTANGIBLE ASSETS

	Computer software RM'000
Group	
Cost	
At 1 January 2020	736,969
Additions	102,249
Write offs	(577)
Reclassification to property, plant and equipment (Note 11)	(92,390)
At 31 December 2020	746,251
Accumulated amortisation	
At 1 January 2020	430,983
Amortisation expenses for the financial year	67,689
Write offs	(457)
At 31 December 2020	498,215
Net carrying amount	
At 31 December 2020	248,036

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12. INTANGIBLE ASSETS (CONT'D.)

	Spectrum bandwidths RM'000	Computer software RM'000	Licenses RM'000	Total RM'000
Group				
Cost				
At 1 January 2019	1,430,011	683,075	1,300	2,114,386
Reclassification to right of use assets (Note 13)	(1,430,011)	-	-	(1,430,011)
At 1 January 2019 (restated)	-	683,075	1,300	684,375
Additions	-	54,004	-	54,004
Write offs	-	(110)	(1,300)	(1,410)
At 31 December 2019	-	736,969	-	736,969
Accumulated amortisation				
At 1 January 2019	772,788	358,615	1,300	1,132,703
Reclassification to right of use assets (Note 13)	(772,788)	-	-	(772,788)
At 1 January 2019 (restated)	-	358,615	1,300	359,915
Amortisation expenses for the financial year	-	72,425	-	72,425
Write offs	-	(57)	(1,300)	(1,357)
At 31 December 2019	-	430,983	-	430,983
Net carrying amount				
At 31 December 2019	-	305,986	-	305,986

Included in the cost of computer software are computer software not yet available for use of RM73.2 million as at 31 December 2020 (2019: RM58.6 million).

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13. RIGHT OF USE ASSETS

Group as a lessee

	Leasehold land and buildings RM'000	Tele-communi-cations network sites RM'000	Trans-mission facilities RM'000	Spectrum band-widths RM'000	Stores, office buildings and kiosks RM'000	Total RM'000
Carrying amount						
At 1 January 2020	19,636	1,042,737	3,857	1,516,891	11,967	2,595,088
Additions	-	561,118	5,303	14,250	10,489	591,160
Revision of lease term	-	324,412	-	-	-	324,412
Depreciation expense for the financial year	(361)	(336,794)	(2,703)	(124,111)	(11,698)	(475,667)
Termination	-	(3,047)	(68)	-	-	(3,115)
At 31 December 2020	19,275	1,588,426	6,389	1,407,030	10,758	3,031,878
At 1 January 2019	-	-	-	-	-	-
Adjustments upon adoption of MFRS 16:						
MFRS 16 adjustments	-	1,156,270	6,735	987,848	16,210	2,167,063
Reclassification from property, plant and equipment (Note 11)	20,037	12,997	-	-	-	33,034
Reclassification from intangible asset (Note 12)	-	-	-	657,223	-	657,223
At 1 January 2019 (restated)	20,037	1,169,267	6,735	1,645,071	16,210	2,857,320
Additions	-	165,993	108	-	8,011	174,112
Depreciation expense for the financial year	(401)	(287,882)	(2,633)	(128,180)	(12,135)	(431,231)
Termination	-	(4,641)	(353)	-	(119)	(5,113)
At 31 December 2019	19,636	1,042,737	3,857	1,516,891	11,967	2,595,088

The Group's lease arrangements are mainly in relation to telecommunication network sites, transmission facilities and spectrum bandwidths which are used to support the Group's telecommunication operations. The lease arrangements generally do not allow for subleasing of the leased asset, unless there is a contractual right for the Group to sublet the lease asset to another party.

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

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13. RIGHT OF USE ASSETS (CONT'D.)

Group as a lessee (cont'd.)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the financial year:

		Group	
		2020	**2019**
	Note	**RM'000**	**RM'000**
At 1 January		2,047,932	8,452
Adjustments upon adoption of MFRS 16		-	2,205,960
At 1 January (restated)		2,047,932	2,214,412
Additions		591,160	174,112
Revision of lease term		324,412	-
Unwinding of discount	6	126,796	110,506
Payments		(506,218)	(445,928)
Termination		(3,187)	(5,170)
At 31 December		2,580,895	2,047,932
Analysed as:			
Current	21	399,510	313,756
Non-current	21	2,181,385	1,734,176
		2,580,895	2,047,932

The maturity analysis of lease liabilities are disclosed in Note 31.4

The following are amounts recognised in profit or loss:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Depreciation expense of right of use assets	475,667	431,231
Interest expense on lease liabilties	126,796	110,506
Expenses included in sales and marketing expenses:		
- short-term leases	3,977	7,402
Rental expenses presented separately on statement of comprehensive income:		
- short-term leases	21,337	55,849
- leases of low value assets	148	1,626
	627,925	606,614

The Group has total cash outflow for leases amounting to RM473.6 million (2019: RM453.7 million).

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14. CONTRACT COSTS

	Group 2020 RM'000	Group 2019 RM'000
Capitalised sales commissions, net of amortisation	57,887	66,170

During the financial year, amortisation amounting to RM87.2 million (2019: RM103.0 million) was recognised as an expense in operating expenses of the Group.

15. INVESTMENTS IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares at cost	773,361	772,751

During the financial year, the Company has injected RM0.6 million into InfraNation Sdn. Bhd. (formerly known as Y3llownation Sdn. Bhd.) for working capital purposes.

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of company	Percentage of ownership interest held by the Group 2020 (%)	Percentage of ownership interest held by the Group 2019 (%)	Principal activities
Digi Telecommunications Sdn Bhd ("DTSB")	100	100	Establishment, maintenance and provision of telecommunications and related services
InfraNation Sdn. Bhd. (formerly known as Y3llownation Sdn. Bhd.)	100	100	Provision of telecommunication infrastructure services
Subsidiaries held through DTSB			
Digi Services Sdn. Bhd.	100	100	Dormant
Y3llowLabs Sdn. Bhd.	100	100	Provision of e-commerce, digital services and solutions

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16. OTHER INVESTMENT

	Group 2020 RM'000	Group 2019 RM'000
Non-current		
Financial asset at fair value through OCI		
Unquoted shares	78	78

The investment was previously made in relation to a programme initiated by the Group to fund new digital start-ups in Malaysia.

17. INVENTORIES

	Group 2020 RM'000	Group 2019 RM'000
Merchandise:		
At cost	111,196	69,234
At net realisable value	26,011	21,267
	137,207	90,501

During the financial year, the amount of inventories recognised as an expense in cost of materials of the Group was RM708.7 million (2019: RM679.2 million).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Trade receivables (Note 18.1)	129,767	101,098	-	-
Other receivables	-	77,900	-	-
Deposits and prepayments (Note 18.2)	214,771	248,567	-	-
	344,538	427,565	-	-
Current				
Trade receivables (Note 18.1)	427,293	471,813	-	-
Other receivables	361,503	529,534	-	-
Deposits and prepayments (Note 18.2)	221,884	250,592	4	4
	1,010,680	1,251,939	4	4
Allowance for expected credit loss on trade receivables (Note 31.2)	(38,293)	(31,016)	-	-
	972,387	1,220,923	4	4
Total trade and other receivables	1,316,925	1,648,488	4	4

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18. TRADE AND OTHER RECEIVABLES (CONT'D.)

18.1 Trade receivables

The Group's trade receivables include receivables on deferred payment schemes amounting to RM222.2 million (2019: RM171.2 million), which allows eligible customers on bundled packages to make payment for mobile devices over a 24 month period.

Apart from the deferred payment scheme receivables, the Group's trade receivables are non-interest bearing, and are subject to normal trade credit terms ranging from 30 to 45 days (2019: 30 to 45 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

18.2 Deposits and prepayments

Included in deposits and prepayments are non-current and current prepayments which are advances to a network facility provider ("NFP") of RM147.5 million (2019: RM167.9 million) for provision of connectivity services for a period of 10 years and non-current and current deposits given to local city councils of RM97.4 million (2019: RM124.3 million) for public infrastructure works which are refundable upon completion.

18.3 Foreign currency exposures

As at 31 December 2020, the Group's trade receivables balances included exposure to foreign currency denominated in United States Dollar ("USD") and Special Drawing Rights ("SDR") amounting to RM6.9 million (2019: RM12.5 million) and RM16.5 million (2019: RM25.6 million) respectively.

19. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

		Group	
		2020 RM'000	2019 RM'000
Non-hedging derivative financial assets/(liabilities)			
Non-current			
- Interest rate swaps	19.1	61,728	18,605
Current			
- Foreign currency forward contracts	19.2	(394)	(419)

19. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D.)

19.1 Interest rate swaps

	Notional value RM'000	Fair value RM'000	Assets RM'000
Interest rate swaps:			
- 2020	1,075,000	1,136,728	61,728
- 2019	1,075,000	1,093,605	18,605

Interest rate swaps are used to manage appropriate fair value change exposure within the Group. The Group entered into interest rate swaps to hedge the fair value risk in relation to the fixed interest rates of the Islamic Medium Term Note ("IMTN"), as disclosed in Note 21 with notional principal amounts of RM1,075.0 million (2019: RM750.0 million).

The interest rate swaps entitle the Group to receive interest semi-annually at fixed rates ranging from 4% to 5% per annum, and in return, pays interest quarterly at Kuala Lumpur Interbank Offer Rate ("KLIBOR") plus a spread with a weighted average rate of 3% (2019: 4%). The swaps mature at varying dates based on the maturity of different tranches of the IMTN.

19.2 Foreign currency forward contracts

	Contract value in foreign currency USD'000	Notional value RM'000	Fair value RM'000	Liabilities RM'000
Foreign currency forward contracts:				
- 2020	9,500	38,639	38,245	(394)
- 2019	7,600	31,578	31,159	(419)

The Group uses foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. Foreign currency forward contracts are used to hedge certain payables denominated in USD for which firm commitments existed at the reporting date, extending to January, February and March 2021.

The foreign currency forward contracts and interest rate swap are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure and fair value changes exposure. Any gains or losses arising from changes in the fair value of derivatives are recognised directly in profit or loss.

The method and assumptions applied in determining the fair values of the derivatives above are disclosed in Note 31.6(b).

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20. CASH AND SHORT-TERM DEPOSITS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and bank balances	87,253	72,816	250	828
Deposits with licensed banks	215,600	384,900	-	-
Cash and cash equivalents	302,853	457,716	250	828

Cash and cash equivalents include cash on hand and at banks and deposits with financial institutions. For the purpose of the statements of cash flows, cash and cash equivalents are net of outstanding bank overdrafts, if any.

The Group's cash and cash equivalents included amounts of foreign currency denominated in USD totalling RM4.3 million (2019: RM8.5 million) at the reporting date.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates of deposits at the reporting date are as follows:

	Group 2020 %	Group 2019 %
Deposits with licensed banks	2	3

The deposits with licensed banks of the Group will mature within one month (2019: one month) from the end of the reporting date.

21. LOANS AND BORROWINGS

	Note	Group 2020 RM'000	Group 2019 RM'000
Non-current (unsecured)			
Floating-rate term loans		329,859	555,162
Floating-rate term financing-i		367,776	373,486
Islamic medium term notes	21.1	1,798,503	1,798,219
Lease liabilities	13	2,181,385	1,734,176
		4,677,523	4,461,043
Current (unsecured)			
Floating-rate term loans		225,000	225,000
Floating-rate term financing-i		150,000	150,000
Lease liabilities	13	399,510	313,756
		774,510	688,756
Total loans and borrowings		5,452,033	5,149,799

21. LOANS AND BORROWINGS (CONT'D.)

The weighted average effective interest/profit rates at the reporting date for borrowings and debt securities are as follows:

	Group	
	2020 %	2019 %
Floating-rate term loans and term financing-i	3	4
Islamic medium term notes	4	4
Lease liabilities	5	5

The above borrowings and debt securities are denominated in RM.

21.1 Islamic medium term notes

The Group through its wholly-owned subsidiary, DTSB, has established an Islamic medium term note programme of up to RM5.0 billion in nominal value ("IMTN Programme"); and an Islamic commercial papers programme of up to RM1.0 billion in nominal value ("ICP Programme"), which have a combined limit of up to RM5.0 billion in nominal value (collectively referred to as "Sukuk Programme") based on the Islamic principle of Murabahah (via a Tawarruq arrangement).

The tenures of the IMTN and ICP Programme are for 15 and 7 years, respectively from the date of the first issuance.

As at 31 December 2020, the series of IMTN that the Group has in issue consists of:

Tranche	Tenure	Rate %	Maturity date	Nominal value RM'000
001	5 years	4	14 April 2022	300,000
002	7 years	5	12 April 2024	300,000
003	10 years	5	14 April 2027	300,000
004	7 years	4	18 September 2026	450,000
005	10 years	4	20 September 2029	450,000
Total				1,800,000

The proceeds from IMTN have been partially hedged against interest rate risk using interest rate swaps as disclosed in Note 19.

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21. LOANS AND BORROWINGS (CONT'D.)

The maturities of the Group's loans and borrowings at the reporting date are as follows:

	Group	
	2020 RM'000	2019 RM'000
Less than one financial year	774,510	688,756
Between one and two financial years	1,022,236	693,237
Between two and five financial years	1,420,845	1,825,655
More than five financial years	2,234,442	1,942,151
	5,452,033	5,149,799

Reconciliation of liabilities arising from financing activities

	Interest bearing loans and borrowings RM'000	Lease liabilities RM'000	Total RM'000
Group			
At 1 January 2020	3,101,867	2,047,932	5,149,799
Drawdown of floating-rate term financing-i	150,000	-	150,000
Payment	(375,000)	(379,422)	(754,422)
Non-cash changes:			
Other changes	(5,729)	912,385	906,656
At 31 December 2020	2,871,138	2,580,895	5,452,033
At 1 January 2019	2,694,054	-	2,694,054
Adjustments upon adoption of MFRS 16	(8,452)	2,214,412	2,205,960
At 1 January 2019 (restated)	2,685,602	2,214,412	4,900,014
Issuance of Sukuk Programme	1,000,000	-	1,000,000
Payment	(587,500)	(278,427)	(865,927)
Non-cash changes:			
Other changes	3,765	111,947	115,712
At 31 December 2019	3,101,867	2,047,932	5,149,799

Included in the other changes are transaction costs deducted against carrying amount of loans and borrowings amortised under effective interest rate method, and accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

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22. DEFERRED TAX LIABILITIES

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	217,628	276,063
Recognised in profit and loss (Note 8)	51,299	(58,435)
At 31 December	268,927	217,628

The components and movements of recognised deferred tax liabilities and assets of the Group during the financial year prior to offsetting are as follows:

Deferred tax liabilities:

	Contract costs RM'000	Contract assets RM'000	Property, plant and equipment and intangible assets RM'000	Right of use assets RM'000	Total RM'000
At 1 January 2020	15,881	29,342	462,964	470,843	979,030
Recognised in profit and loss	(1,988)	(6,464)	23,780	117,332	132,660
At 31 December 2020	13,893	22,878	486,744	588,175	1,111,690
At 1 January 2019	17,071	42,168	509,641	-	568,880
Impact arising from adoption of MFRS 16	-	-	-	517,537	517,537
At 1 January 2019 (restated)	17,071	42,168	509,641	517,537	1,086,417
Recognised in profit and loss	(1,190)	(12,826)	(46,677)	(46,694)	(107,387)
At 31 December 2019	15,881	29,342	462,964	470,843	979,030

Deferred tax assets:

	Contract liabilities RM'000	Lease liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2020	(77,243)	(489,506)	(194,653)	(761,402)
Recognised in profit and loss	3,746	(129,744)	44,637	(81,361)
At 31 December 2020	(73,497)	(619,250)	(150,016)	(842,763)
At 1 January 2019	(75,693)	-	(217,124)	(292,817)
Impact arising from adoption of MFRS 16	-	(517,537)	-	(517,537)
At 1 January 2019 (restated)	(75,693)	(517,537)	(217,124)	(810,354)
Recognised in profit and loss	(1,550)	28,031	22,471	48,952
At 31 December 2019	(77,243)	(489,506)	(194,653)	(761,402)

Others relate to deferred tax assets mainly arising from deductible temporary differences on provisions.

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23. OTHER LIABILITIES

	Group 2020 RM'000	Group 2019 RM'000
Non-current		
Provisions (Note 23.1)	120,255	53,295
Current		
Provisions (Note 23.1)	-	420
Total other liabilities	120,255	53,715

23.1 Provisions

	Note	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000 (Note 26)	Total RM'000
Group				
Non-current				
At 1 January 2020		53,284	11	53,295
Capitalised as property, plant and equipment	11(a)	52,532	-	52,532
Unwinding of discount	6	14,410	-	14,410
Additional provision	7	-	93	93
Paid during the financial year		-	(75)	(75)
At 31 December 2020		120,226	29	120,255
Non-current				
At 1 January 2019		48,930	34	48,964
Capitalised as property, plant and equipment	11(a)	2,159	-	2,159
Unwinding of discount	6	2,195	-	2,195
Additional provision	7	-	70	70
Paid during the financial year		-	(93)	(93)
At 31 December 2019		53,284	11	53,295

23. OTHER LIABILITIES (CONT'D.)

23.1 Provisions (cont'd.)

	Note	Employee leave entitlements RM'000
Group		
Current		
At 1 January 2020		420
Reversal of provision during the financial year	7(b)	(161)
Paid during the financial year		(259)
At 31 December 2020		-
At 1 January 2019		5,373
Reversal of provision during the financial year	7(b)	(4,953)
At 31 December 2019		420

Further details on the provisions are disclosed in Note 2.16(c).

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables	194,071	247,686	-	-
Other payables	357,072	778,114	-	-
Accruals and provisions	866,809	742,658	729	1,380
Customer deposits	15,034	15,850	-	-
	1,432,986	1,784,308	729	1,380

The Group's trade and other payables are non-interest bearing, and are subject to normal credit terms ranging from 30 to 60 days (2019: 30 to 60 days).

At 31 December 2020, the Group's trade and other payables balances included exposure to foreign currency denominated in USD, SDR and Norwegian Krone ("NOK") amounting to RM22.0 million (2019: RM51.1 million), RM14.6 million (2019: RM32.0 million) and RM26.5 million (2019: RM22.3 million) respectively.

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25. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2020	2019	2020	2019
	Units ('000)	Units ('000)	RM'000	RM'000
Issued and fully paid				
As at 1 January and 31 December	7,775,000	7,775,000	769,655	769,655

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

26. DEFINED BENEFIT PLAN

The Group operates an unfunded defined benefit plan for its eligible employees. The estimated obligations under the retirement benefit scheme are determined based on actuarial valuation by a qualified independent actuary.

The amount recognised in the consolidated statement of financial position is determined as follows:

		Group	
		2020	2019
	Note	RM'000	RM'000
Present value of unfunded obligations	23.1	29	11

The amount recognised in profit and loss, included under staff expenses, is as follows:

		Group	
		2020	2019
	Note	RM'000	RM'000
Interest on obligations, representing increase in provision for defined benefit plan	7(b)	93	70

The principal actuarial assumption used in determining the retirement benefit obligation for the defined benefit plan, is as follows:

	Group	
	2020	2019
	%	%
Rate per annum:		
- Discount rate	5	5

Assumption regarding future mortality are based on published statistics and mortality table.

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27. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2020 and 2019 respectively, under the single-tier system.

28. COMMITMENTS

Capital commitments

	Group	
	2020 RM'000	**2019 RM'000**
Capital expenditure in respect of property, plant and equipment and intangible assets:		
Approved and contracted for	461,000	227,000
Approved but not contracted for	466,000	530,000

29. PERFORMANCE GUARANTEES

	Group	
	2020 RM'000	**2019 RM'000**
Unsecured		
Guarantees given to city councils for public infrastructure works	19,811	39,819
Guarantee given to MCMC on project tender	10,556	10,556
	30,367	50,375

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30. SIGNIFICANT RELATED PARTY DISCLOSURES

30.1 Sales and purchases of services

Related party relationships are as follows:

(i) The immediate and ultimate holding company are as disclosed in Note 1; and
(ii) The Company's subsidiaries are as disclosed in Note 15.

Significant transactions and balances with related parties of the Group during the financial year are as follows:

	Transactions		**Balance due (to)/from at**	
Group	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
With the ultimate holding company and fellow subsidiaries				
- *Telenor ASA*			(8,027)	(3,697)
Consultancy services received	35,186	47,166		
Fees payable for licenses and trademarks	9,294	9,491		
- *Telenor GO Pte Ltd*			(367)	(824)
Personnel services received	3,468	5,289		
- *Telenor Global Services AS*			(1,773)	(3,067)
Sales of interconnection services on international traffic	(11,338)	(9,982)		
Purchases of inter-connection services on international traffic	8,670	8,254		
Purchases of global connectivity	3,449	2,678		
Clearing house services received for international roaming arrangements	389	507		
- *Total Access Communication Public Company Limited*			(116)	(433)
Sales of international roaming services	(151)	(680)		
Purchases of international roaming services	-	119		
- *dtac TriNet Co. Ltd*			626	(2,099)
Sales of international roaming services	(23)	(1,824)		
Purchases of international roaming services	255	957		
Sales of interconnection services on international traffic	(1,466)	(245)		
Purchases of inter-connection services on international traffic	648	2,086		

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30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

30.1 Sales and purchases of services (cont'd.)

	Transactions		Balance due (to)/from at	
Group	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
With the ultimate holding company and fellow subsidiaries (cont'd.)				
- *Telenor Norge AS*			(4,398)	(2,249)
Sales of international roaming services	(82)	(70)		
Purchases of international roaming services	33	22		
Business security strategy execution received	10,411	7,154		
- *Telenor Digital Services AS*			(1,506)	(543)
Consultancy fees rendered	(87)	(955)		
Services received on digital marketing and distribution platform	6,147	156		
Purchases of cloud based software infrastructure services	-	6,112		
Technical services received	-	4,637		
- *Telenor Global Shared Services AS*			(7,338)	(7,742)
Services received on application operations and basic operation for data centre	10,897	7,504		
- *Telenor IT Asia Sdn Bhd*			-	(63)
- *Telenor Myanmar Ltd*			(443)	117
Sales of international roaming services	(10)	(149)		
Purchases of international roaming services	16	85		
Purchases of interconnection services on international traffic	-	49		
Consultancy fees rendered	(384)	(236)		
- *Telenor Procurement Company*			(5,732)	(8,018)
Managed services received	21,780	19,383		
- *Telenor Global Services Singapore Pte Ltd*			(547)	391
Lease income from bandwidth leasing	(6,935)	(5,569)		
Lease expenses of bandwidth leasing	3,054	3,977		
Purchases of IP transit	402	388		
- *Tapad Inc. US*			-	(1,403)
Services received on digital marketing and distribution platform	755	2,066		

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30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

30.1 Sales and purchases of services (cont'd.)

Amounts due (to)/from related companies which are trade in nature are unsecured, non-interest bearing and are subject to the normal credit terms for trade receivables and trade payables, respectively.

The directors are of the opinion that the above transactions are entered into in the normal course of business and at standard commercial terms mutually agreed between both parties.

30.2 Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly and indirectly, including directors of the Group and of the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Short-term employee benefits	12,650	16,421	90	88
Post-employment benefits	1,335	1,580	-	-
Other employment benefits	1,587	1,267	-	-
	15,572	19,268	90	88

Included in remuneration of key management personnel above are non-executive directors' remuneration as disclosed in Note 7(c).

31. FINANCIAL INSTRUMENTS

31.1 Financial risk management objectives and policies

In the normal course of conducting its business activities, the Group is exposed to a variety of financial risks, which include credit, foreign currency, liquidity and interest rate risks. The Group's overall risk management programme seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

31.2 Credit risk

Credit risk is the risk of loss that may arise if a counterparty default on its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk arises in the normal course of operations (primarily from trade and other receivables, and contract assets) and from its financing activities, including deposits with approved financial institutions. The maximum credit risk exposure is limited to the carrying amount of each financial asset and contract assets less allowance for impairment.

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31. FINANCIAL INSTRUMENTS (CONT'D.)

31.2 Credit risk (cont'd.)

Trade receivables and contract assets

The credit risk is managed through formalised policies on credit assessment and approvals, credit limits and monitoring procedures. Credit quality of each new customer is assessed based on an internally developed credit scoring model using information such as external ratings and credit agency information. Individual risk limits are set in accordance to the risk profile established for each customer, and are reviewed periodically.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers base is large and diverse.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, and are not subject to enforcement activity. They are not secured by any collateral or credit enhancements.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

As at 31 December 2020	Gross carrying amount RM'000	Expected credit losses RM'000	Net carrying amount RM'000
Trade receivables			
- Not past due	513,021	(21,960)	491,061
- 1 to 30 days past due	11,558	(2,733)	8,825
- 31 to 60 days past due	2,164	(1,230)	934
- 61 to 90 days past due	5,688	(1,464)	4,224
- 91 to 180 days past due	9,955	(2,996)	6,959
- More than 181 days past due	14,674	(7,910)	6,764
Total trade receivables	557,060	(38,293)	518,767
Contract assets	99,851	(4,528)	95,323
Total trade receivables and contract assets	656,911	(42,821)	614,090

Notes to the Financial Statements
- 31 December 2020

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.2 Credit risk (cont'd.)

Trade receivables and contract assets (cont'd.)

As at 31 December 2019	Gross carrying amount RM'000	Expected credit losses RM'000	Net carrying amount RM'000
Trade receivables			
- Not past due	440,461	(6,936)	433,525
- 1 to 30 days past due	22,361	(4,256)	18,105
- 31 to 60 days past due	13,981	(3,379)	10,602
- 61 to 90 days past due	12,949	(2,542)	10,407
- 91 to 180 days past due	25,105	(3,750)	21,355
- More than 181 days past due	58,054	(10,153)	47,901
Total trade receivables	572,911	(31,016)	541,895
Contract assets	108,637	(2,386)	106,251
Total trade receivables and contract assets	681,548	(33,402)	648,146

Set out below is the movement in allowance for expected credit losses for trade receivables and contract assets:

	Note	Trade receivables RM'000	Contract assets RM'000	Total RM'000
At 1 January 2020		31,016	2,386	33,402
Charge for the financial year	7	79,446	2,142	81,588
Write offs		(72,169)	-	(72,169)
At 31 December 2020		38,293	4,528	42,821
At 1 January 2019		11,574	3,659	15,233
Charge/(reversal) for the financial year	7	78,933	(1,273)	77,660
Write offs		(59,491)	-	(59,491)
At 31 December 2019		31,016	2,386	33,402

Other receivables and cash and short-term deposits

The Group's credit risk also arises from cash and short-term deposits and other receivables. The credit risk is managed through monitoring procedures.

Cash and short-term deposits are placed only with reputable licensed banks and other receivables mainly consists of amounts due from a governement regulatory body and various city councils. The Group has assessed that the credit risk from these financial instruments are low.

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.2 Credit risk (cont'd.)

Other receivables and cash and short-term deposits (cont'd.)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets (net of impairment) disclosed in Note 31.7.

31.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. The currencies giving rise to this risk are primarily the USD, SDR and NOK. Although approximately 4% (2019: 9%) of the Group's total expenses are denominated in the above-mentioned foreign currencies, the settlements of these payables are on a net basis through clearing house services, together with revenues earned from the same operators and partners. The Group also holds cash and cash equivalents denominated in USD for working capital purposes. The Group's foreign-denominated cash and cash equivalents at the reporting date is disclosed in Note 20.

Exposure to foreign currency risk is monitored on an on-going basis and when considered necessary, the Group will consider using effective financial instruments to hedge its foreign currency risk in accordance with its foreign currency hedging policy. In line with the Group's foreign currency hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. These derivatives and their underlying exposures will be monitored on an on-going basis. However, these contracts are not designated as cash flow or fair value hedge.

The Group's foreign currency forward contracts are executed only with creditworthy financial institutions in Malaysia which are governed by appropriate policies and procedures.

Details of the Group's outstanding foreign currency forward contracts for the purpose of hedging certain payables denominated in USD for which firm commitments existed at the reporting date, extends to January, February and March 2021, are disclosed in Note 19. The effects of changes in the fair values of these derivative financial instruments have already been included in the financial statements during the financial year.

Management believes that there is no reasonably possible fluctuation in the foreign exchange rate which would cause any material effect to the Group's profit for the financial year.

Notes to the Financial Statements
- 31 December 2020

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management, for working capital purposes and to mitigate the effects of fluctuations in cash flows. The Group invests only in highly liquid cash management funds, if any.

The Group's and the Company's trade and other payables and non-hedging derivative liabilities at the reporting date, are short-term in nature, and are payable either on-demand or within one financial year. Details of maturities for the Group's loans and borrowings are as disclosed in Note 21.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Group					
2020					
Financial liabilities					
Trade and other payables	1,106,057	-	-	-	1,106,057
Loans and borrowings	394,962	706,539	628,433	1,598,072	3,328,006
Lease liabilities	573,622	520,530	1,191,928	1,170,257	3,456,337
Derivative financial liabilities:					
- Foreign currency forward contracts	394	-	-	-	394
Total undiscounted financial liabilities	2,075,035	1,227,069	1,820,361	2,768,329	7,890,794

Notes to the Financial Statements
- 31 December 2020

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.4 Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
2019					
Financial liabilities					
Trade and other payables	1,456,976	-	-	-	1,456,976
Loans and borrowings	501,993	483,759	1,364,796	1,347,356	3,697,904
Lease liabilities	411,557	758,225	711,989	1,280,158	3,161,929
Derivative financial liabilities:					
- Foreign currency forward contracts	419	-	-	-	419
Total undiscounted financial liabilities	2,370,945	1,241,984	2,076,785	2,627,514	8,317,228

31.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk primarily from floating rate financial liabilities.

The Group manages its interest rate risk by having a mixed portfolio of fixed and floating rate financial liabilities that is consistent with the interest rates profiles acceptable to the Group. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, a fixed interest rate for floating rates.

The notional principal amounts of the outstanding interest rate swaps and its fair value are disclosed in Note 19.1.

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available. A difference of 20 (2019: 20) basis points in interest rates applicable for the Group's entire loans and borrowings (excluding lease liabilities) would result in approximately 0.34% (2019: 0.25%) variance in the Group's profit for the financial year.

Notes to the Financial Statements
- 31 December 2020

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.6 Fair values

The management assessed that the fair values of cash and short-term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and the insignificant impact of discounting.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of floating-rate term loan and term financing-i are reasonable approximations of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of non-current portion of borrowings and debt securities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing, debt instruments or leasing arrangements at the reporting date.

(b) Derivative financial instruments

The fair value of foreign currency forward contracts is determined using quoted forward exchange rates at the balance sheet date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

(c) Other investment

Investment in equity instrument represents ordinary shares not quoted on any market and does not have any comparable industry peers that is listed. The investment in unquoted equity instrument is not held for trading.

The initial acquisition cost of the unquoted equity investment is an approximate estimate of its fair value as the investee's entity is in the start-up stage.

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.7 Classification

The carrying amounts of financial instruments under each category, are as follows:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Financial assets					
Financial assets at fair value through OCI:					
- Other investments	16	78	78	-	-
Financial assets at amortised cost:					
- Trade receivables	18	518,767	541,895	-	-
- Other receivables	18	361,503	607,434	-	-
- Deposits and prepayments	18	436,655	499,159	4	4
- Cash and short-term deposits	20	302,853	457,716	250	828
		1,619,778	2,106,204	254	832
Less: Prepayments		(252,657)	(283,403)	-	-
		1,367,121	1,822,801	254	832
Financial assets at fair value through profit or loss:					
Derivative financial assets					
- Interest rate swaps	19	61,728	18,605	-	-

Notes to the Financial Statements
- 31 December 2020

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.7 Classification (cont'd.)

The carrying amounts of financial instruments under each category, are as follows: (cont'd.)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial liabilities					
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities					
- Foreign currency forward contracts	19	394	419	-	-
Other financial liabilities:					
- Floating-rate term loans	21	554,859	780,162	-	-
- Islamic medium term notes	21	1,798,503	1,798,219	-	-
- Floating-rate term financing-i	21	517,776	523,486	-	-
- Lease liabilities	21	2,580,895	2,047,932	-	-
- Trade payables	24	194,071	247,686	-	-
- Other payables	24	357,072	778,114	-	-
- Accruals		539,880	415,326	644	1,355
- Customer deposits	24	15,034	15,850	-	-
		6,558,090	6,606,775	644	1,355

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.8 Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2020:

				Fair value measurement using		
	Note	Date of valuation	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Financial assets/(liabilities) measured at fair value:						
Unquoted equity investments:						
- Other investment	16	31 December 2020	78	-	-	78
Derivative financial assets:						
- Interest rate swaps	19	31 December 2020	61,728	-	61,728	-
Derivative financial liabilities:						
- Foreign currency forward contracts	19	31 December 2020	(394)	-	(394)	-

Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2019:

				Fair value measurement using		
	Note	Date of valuation	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Financial assets/(liabilities) measured at fair value:						
Unquoted equity investments:						
- Other investment	16	31 December 2019	78	-	-	78
Derivative financial assets:						
- Interest rate swaps	19	31 December 2019	18,605	-	18,605	-
Derivative financial liabilities:						
- Foreign currency forward contracts	19	31 December 2019	(419)	-	(419)	-

Notes to the Financial Statements
- 31 December 2020

31. FINANCIAL INSTRUMENTS (CONT'D.)

31.8 Fair value measurement (cont'd.)

There have been no transfers between Level 2 and Level 3 in the current financial year and prior financial year.

The fair value of unquoted equity investment is categorised as Level 3 as cost was estimated to be an appropriate measure of fair value. There was no indicators that cost might not be representative of fair value.

32. CAPITAL MANAGEMENT

The essence of the Group's capital management strategy is to support its long-term strategic ambitions including:

(i) its commitment to long-term sustainable dividend policy;
(ii) its financial obligations while maintaining its financial flexibility; and
(iii) its ability to support its business requirements and enable future growth.

Going-forward, the Group will continue to actively manage its capital structure to enhance shareholders' value and make adjustments to address changes in the economic environment and its business risk characteristics. The Group had during the financial year ended 31 December 2009, revised its minimum dividend pay-out policy to at least 80% of the Company's profit for the financial year, and dividend payment frequency. The dividend policy will be maintained subject to on-going assessment, and based on the availability of distributable reserves as well as the Group's future cash flow requirements and market conditions. These revisions and any other revision to its allocation of capital resources are subject to the approval of the board of directors. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2020.

33. SEGMENTAL INFORMATION

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

34. SIGNIFICANT EVENT

Outbreak of Coronavirus ("Covid-19")

On 11 March 2020, the World Health Organisation assessed the COVID-19 outbreak as a pandemic due to rapid escalation of COVID-19 cases across the globe. The COVID-19 pandemic also resulted in travel restriction and other precautionary measures implemented by the Government of Malaysia.

The directors have assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cash flows and concluded there is no material adverse effect on the Group's and the Company's financial statements for the financial year ended 31 December 2020.

Nevertheless, the directors will closely monitor the current developments of COVID-19 pandemic and at the present the facilities and site works activities of the Group and the Company are in normal and stable operation.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 16 March 2021.

Independent Assurance Report

pwc

We have been engaged by Digi Telecommunications Sdn Bhd ("Digi") to perform an independent limited assurance engagement on selected Sustainability Information (hereon after referred to as "Selected Information" comprising the information set out in the Subject Matter) as reported by Digi in its Integrated Annual Report for the financial year ended 31 December 2020 ("Digi Integrated Annual Report 2020").

MANAGEMENT'S RESPONSIBILITY

Management of Digi is responsible for the preparation of the Selected Information included in the Digi Integrated Annual Report 2020 in accordance with Digi's internal sustainability reporting guidelines and procedures.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information reported in the Digi Integrated Annual Report 2020 as well as the design, implementation and maintenance of processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Digi which are reasonable in the circumstances.

OUR RESPONSIBILITY

Our responsibility is to provide a conclusion on the Subject Matter based on our limited assurance engagement performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements ("ISAE") 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our limited assurance report should therefore be read in connection with Digi's sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

SUBJECT MATTER

The following information collectively known as Selected Information on which we provide limited assurance consists of the management and reporting processes with respect to the preparation of the following Selected Information reported and marked with asterisks (*) in the Digi Integrated Annual Report 2020:

1. Lost Time Injury Frequency Rate ("LTIFR") for Digi's permanent and contract employees for the financial year ended 31 December 2020;
2. Percentage of customer satisfaction scores for the financial year ended 31 December 2020;
3. Employee online learning rate for the financial year ended 31 December 2020;
4. Number of suppliers signing Agreement of Business Conduct ("ABC") for the financial year ended 31 December 2020;
5. Number of enrolments into Future Skills Programme for the financial year ended 31 December 2020.

CRITERIA

The selected subject matter needs to be read and understood together with the reporting criteria, which Digi is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

The reporting criteria used for the reporting of the Selected Information is Digi's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally.

MAIN ASSURANCE PROCEDURES

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the Selected Information reported in Digi Integrated Annual Report 2020 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for data collection at the corporate, division and operation unit level for the Selected Information;

Independent Assurance Report

- Inspection on a sample basis of internal documents, contracts, reports, data capture forms and invoices to support the Selected Information for accuracy including observation of management's controls over the processes;
- Inquiries of personnel on the collation and reporting of the Selected Information at the corporate and operation unit level; and
- Checking the formulas, proxies and default values used in the Selected Information against Digi's sustainability reporting guidelines and procedures.

INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

CONCLUSION

Based on our limited assurance engagement, in all material aspects, nothing has come to our attention that causes us to believe that the Selected Information in the Subject Matter has not been fairly stated in accordance with Digi's internal sustainability reporting guidelines.

RESTRICTION ON USE

This report, including our conclusions, has been prepared solely for the Board of Directors of Digi in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Selected Information in the Subject Matter as reported by Digi in its Integrated Annual Report 2020. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Digi Integrated Annual Report 2020 and to be disclosed online at www.digi.com.my, in respect of the financial year ended 31 December 2020, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants
Kuala Lumpur
24 March 2021

Corporate Information

BOARD OF DIRECTORS

HAAKON BRUASET KJOEL
Chair, Non-Independent Non-Executive Director

TAN SRI SAW CHOO BOON
Senior Independent Non-Executive Director

YASMIN BINTI ALADAD KHAN
Independent Non-Executive Director

VIMALA V.R. MENON
Independent Non-Executive Director

LARS ERIK TELLMANN
Non-Independent Non-Executive Director

RANDI WIESE HEIRUNG
Non-Independent Non-Executive Director
(Appointed on 15 October 2020)

WENCHE MARIE AGERUP
Non-Independent Non-Executive Director
(Appointed on 15 October 2020)

AUDIT AND RISK COMMITTEE

Vimala V.R. Menon
Chair, Independent Non-Executive Director

Tan Sri Saw Choo Boon
Senior Independent Non-Executive Director

Yasmin Binti Aladad Khan
Independent Non-Executive Director

Randi Wiese Heirung
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Tan Sri Saw Choo Boon
Chair, Senior Independent Non-Executive Director

Yasmin Binti Aladad Khan
Independent Non-Executive Director

Haakon Bruaset Kjoel
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Haakon Bruaset Kjoel
Chair, Non-Independent Non-Executive Director

Yasmin Binti Aladad Khan
Independent Non-Executive Director

Wenche Marie Agerup
Non-Independent Non-Executive Director

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Saw Choo Boon
Email: cbsaw@digi.com.my

SECRETARIES

Choo Mun Lai (MAICSA No. 7039980)
(SSM PC No. 201908001003)

Tai Yit Chan (MAICSA No. 7009143)
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DOMICILE AND COUNTRY OF INCORPORATION

Malaysia

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Chartered Accountants
Level 23A, Menara Milenium
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50490 Kuala Lumpur
Malaysia
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Fax : 03-2095 5332

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Listed on : 18 December 1997
Stock Name : DIGI
Stock Code : 6947

PRINCIPAL BANKERS

CIMB Islamic Bank Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad
MUFG Bank (Malaysia) Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad

Corporate Directory

PRINCIPAL PLACE OF BUSINESS

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40000 Subang Jaya, Selangor
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Fax: 03-5721 1857

CENTRAL OPERATING OFFICE
Lot 43, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Subang Jaya, Selangor
Tel : 03-5721 1800
Fax: 03-5721 1857

REGIONAL OPERATING OFFICES
Northern Region
1-03-18, E-Gate Commercial Centre,
Lebuh Tunku Kudin 2,
11700 Gelugor, Penang

Ipoh Sales Office
C-G-02, Persiaran Greentown 3,
Greentown Business Centre,
30450 Ipoh, Perak

Southern Region
6 & 8, Jalan Molek 1/12,
Taman Molek,
81100 Johor Bahru, Johor

Melaka Sales Office
No 2-1 Jalan Plaza Merdeka,
Plaza Merdeka, Bandar Hilir Melaka,
75000 Melaka

Eastern Region
Lot 112 & 113,
Lorong Industri Semambu 7,
Semambu Industrial Estate,
25350 Kuantan, Pahang
Fax: 09-508 0016

Sabah Region
Digi Telecommunications Sdn Bhd
Lot 36, Sedco Light Industrial Estate,
Jln Kilang Kolombong,
88450 Kota Kinabalu, Sabah
Tel : 088-438 800
Fax: 088-436 633

Sarawak Region
No. 9, Level 21, Gateway Kuching,
Jalan Bukit Mata,
93100 Kuching, Sarawak
Tel : 082-421 800
Fax: 082-427 597

DIGI STORES

Kuala Lumpur

Bukit Bintang
Lot 106 & 108,
Jalan Bukit Bintang,
55100 Kuala Lumpur

Bangsar
Lot F122, 1st Floor,
Bangsar Shopping Centre,
285, Jalan Maarof,
Bukit Bandaraya,
59000 Kuala Lumpur

Gardens
S-233, 2nd Floor, Gardens Mall,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur

Setapak Central Mall
G49, 67, Jalan Taman Ibu Kota,
Taman Danau Kota, Setapak,
53300 Kuala Lumpur

Selangor

Alamanda
Lot LG-70, 71 & 72, Ground Floor,
Alamanda Putrajaya Shopping Centre,
Jalan Alamanda, Precinct 1,
62000 Putrajaya

Ampang
86G, Lorong Mamanda 1,
Ampang Point,
68000 Selangor

Cheras
3-G, Jalan C180/1,
Dataran C180,
43200 Cheras, Selangor

D'House
Lot 10, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor

Klang
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Lebuh Batu Nilam 2,
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41200 Klang, Selangor

SS2
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47300 Petaling Jaya, Selangor

Sunway Pyramid
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Sunway Pyramid Shopping Mall,
3, Jalan PJS 11/15,
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Melaka

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Negeri Sembilan

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Johor

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83000 Batu Pahat, Johor

Danga Bay
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80200 Johor Bahru, Johor

Taman Molek
6 & 8, Jalan Molek 1/12,
Taman Molek,
81100 Johor Bahru, Johor

Penang

Bayan Baru
1B-G-08 & 1B-G-09, Ground Floor,
One Precinct, Lengkok Mayang Pasir,
11950 Bayan Baru, Penang

Pulau Tikus
368-1-05 & 06, Bellisa Row,
Jalan Burmah,
10350 Pulau Tikus, Penang

Seberang Jaya
8, Ground Floor, Jalan Todak Dua,
Pusat Bandar, Seberang Jaya,
13700 Prai, Penang

Kedah

Alor Setar
2 & 3, Kompleks Perniagaan Pintu 10,
Jalan Pintu Sepuluh,
05100 Alor Setar, Kedah

Perak

De Gardens
DGR-1A, Ground Floor,
3, Persiaran Medan Ipoh,
Medan Ipoh,
31400 Ipoh, Perak

Ipoh
C-G-02, Persiaran Greentown 3,
Greentown Business Centre,
30450 Ipoh, Perak

Pahang

Kuantan
91, Jalan Tun Ismail,
25000 Kuantan, Pahang

Kelantan

Kota Bharu
S/16, PT 232,
Lot 1A, Jalan Hamzah,
15050 Kota Bharu, Kelantan

Terengganu

Kuala Terenganu
Lot PT 3937, Jalan Sultan Sulaiman,
20000 Kuala Terengganu,
Terengganu

Sabah

1-Borneo
Lot G612, Ground Floor 1 Borneo Hypermall,
Jalan Sulaman,
88450 Kota Kinabalu, Sabah

Api-Api
Lot 5/G3, Ground & 1st Floor,
Api-Api Centre,
88000 Kota Kinabalu, Sabah

Sarawak

Kuching
Lot 506-507, Section 6 KTLD,
Jalan Kulas Tengah,
93400 Kuching, Sarawak

Miri
Lot 2037, Jalan Datuk Temenggong Oyong Lawai,
Marina Square Phase 1,
98000 Miri, Sarawak

Sibu
17 & 19, Ground Floor,
Jalan Tong Sang,
Off Jalan Wong King Huo,
96000 Sibu

List of Properties

As at 31 December 2020

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2020 RM'000
1	H.S. (D) No 92086 & 92087 P.T. No 9 & No.10 Pekan Seremban Jaya Daerah Seremban, Negeri Sembilan	Freehold	Land with a building / Telecommunications Centre	29.12.1997	22,529 sq ft	21	521
2	Unit No 202-4-11 Sri Bandar Besi Jalan Sungai Besi Sungai Besi, Kuala Lumpur	Freehold	Apartment / Housing base transceiver equipment	26.01.1995	802 sq ft	23	66
3	Unit No C16-2 Indera Subang UEP Jalan UEP 6/2L UEP Subang Jaya, Petaling Jaya Selangor	Freehold	Apartment / Housing base transceiver equipment	04.02.1995	2,249 sq ft	25	350
4	No 1-16.2, 16th Floor Union Height, Taman Yan Jalan Klang Lama, Kuala Lumpur	Freehold	Apartment / Housing base transceiver equipment	25.01.1995	1,249 sq ft	24	131
5	3rd Floor Unit Pt 4888/4786 C Block TC-14 Taman Sri Gombak Jalan Batu Caves, Selangor	Freehold	Apartment / Housing base transceiver equipment	29.03.1995	1,319 sq ft	23	50
6	4572, 7th Floor Sri Jelatek Condominiums Section 10, Wangsa Maju Kuala Lumpur	Freehold	Apartment / Housing base transceiver equipment	07.02.1995	1,115 sq ft	23	102
7	32, PLO 151 Jln Angkasa Mas Utama Kawasan Perindustrian Tebrau II 81100 Johor Bahru, Johor	Leasehold 30 years lease (expiring in 2023)	Land with a building / Telecommunications Centre	12.05.1995	1.58 acres	24	1,029
8	HS (D) 77, No. P.T. PTBM/A/081 Mukim 1, Kawasan Perusahaan Perai, District Seberang Perai Tengah, Pulau Pinang	Leasehold 60 years (expiring in 2033)	Land with a building / Telecommunications Centre	23.03.1995	1 acre	44	1,244
9	Lot 36, Sedco Light Industrial Estate, Jalan Kelombong Kota Kinabalu, Sabah	Leasehold 60 years (expiring in 2034)	Land with a building / Telecommunications Centre	12.06.1995	0.938 acre	38	1,402
10	Lot 1220, Section 66 Kuching Town Land District, Sarawak	Leasehold 60 years (expiring in 2036)	Land with a building / Telecommunications Centre	15.08.1995	4,124 sq ft	23	1,202
11	No 112, Semambu Industrial Estate Kuantan, Pahang	Leasehold 66 years (expiring in 2041)	Land with a building / Telecommunications Centre	07.07.1995	4 acres	36	1,364
12	Unit No M803 8th Floor, Sunrise Park Ampang, Kuala Lumpur	Leasehold 99 years (expiring in 2088)	Apartment / Housing base transceiver equipment	22.03.1995	1,100 sq ft	27	81
13	H.S.(D) 12776, P.T. No. 15866 Mukim Bentong District of Bentong, Pahang	Leasehold 99 years (expiring in 2091)	Land with a building / Earth Station Complex	07.08.1996	7.5 acres	25	4,898
14	Plot D-38 Taman Industri Prima Kota Fasa 1 Sector 3, Bandar Indera Mahkota Kuantan, Pahang	Leasehold 99 years (expiring in 2097)	Land with Fixed Line switch and base transceiver station	14.11.1997	25,521 sq ft	21	331

List of Properties

As at 31 December 2020

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2020 RM'000
15	Ptd 1490, Mukim Of Jemaluang District Of Mersing Johor	Leasehold 99 years (expiring in 2098)	Land with trunk station	17.08.1999	40,000 sq ft	19	97
16	PN 89926, Lot 191363 Mukim Hulu Kinta Daerah Kinta, Perak	Leasehold 90 years (expiring in 2081)	Land with a building / Telecommunications Centre	15.07.1999	5,942 sq ft	19	179
17	Lot No 54, Jalan 6/2 Kawasan Perindustrian Seri Kembangan 43000 Seri Kembangan, Selangor	Leasehold 99 years (expiring in 2091)	Land with a building / Telecommunications Centre	23.05.2000	18,050 sq ft	29	1,571
18	Lot 2728 Miri Concession Land District Lopeng, Miri, Sarawak	Leasehold 60 years (expiring in 2027)	Land with cabin container / Telecommunications Centre	29.09.2000	4,937 sq m	N/A	718
19	Lot 10, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Land with a building	19.07.2001	284,485 sq ft	13	65,860
20	No. 24, Jalan KIP 7 Taman Perindustrian KIP 52200 Kuala Lumpur	Freehold	Land with a building / Telecommunications Centre	21.08.2002	17,847 sq ft	22	2,779
21	Lot 42, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Parking Lot	28.04.2008 (Title transferred date)	91,676 sq ft	N/A	8,234
22	Lot 43, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Land with a building / Telecommunications Centre	06.04.2008 (Title transferred date)	92,142 sq ft	9	61,803
23	13-1st Floor Gemilang Indah Condominium Geran Mukim 2227/M1/2/7 Lot 295, Sek 98, Bandar KL Wilayah Persekutuan	Freehold	Apartment unit	26.10.2009	935 sq ft	28	108
24	H.S.(M) 26928 PT 180 Pekan Serdang Tempat Seri Kembangan Daerah Petaling, Selangor	Leasehold 90 years (expiring in 2099)	Land with a building / Telecommunications Centre	03.03.2009	1803 sq m	23	3,801
25	Title No. PN 89925, Lot 191362 No.4, Hala Perusahaan Kledang U5 Kawasan Perusahaan Menglembu Daerah Kinta, Perak	Leasehold 90 years (expiring in 2099)	Land with a building / Telecommunications Centre	21.09.2009	358 sq m	18	636
							158,555

Notes:

The Group does not adapt a revaluation policy on landed properties.

N/A denotes "Not Applicable"

<u>Telecommunications Centre Under Rented Properties</u>

1 Site No. 10341 - MSH Lot 30 SHT
Landlord : Ng Lee Lin

2 Site No. 40521 - MMG Menglembu
Landlord : Jubli Raya Sdn Bhd

3 Site No. 10251 - MKL KL Plaza
Landlord : Sinar Merdu Sdn Bhd

4 Site No. 90142 - MSB Sibu
Landlord : Lee Yau Poh

Disclosure of Recurrent Related Party Transactions

At the AGM held on 1 June 2020, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature.

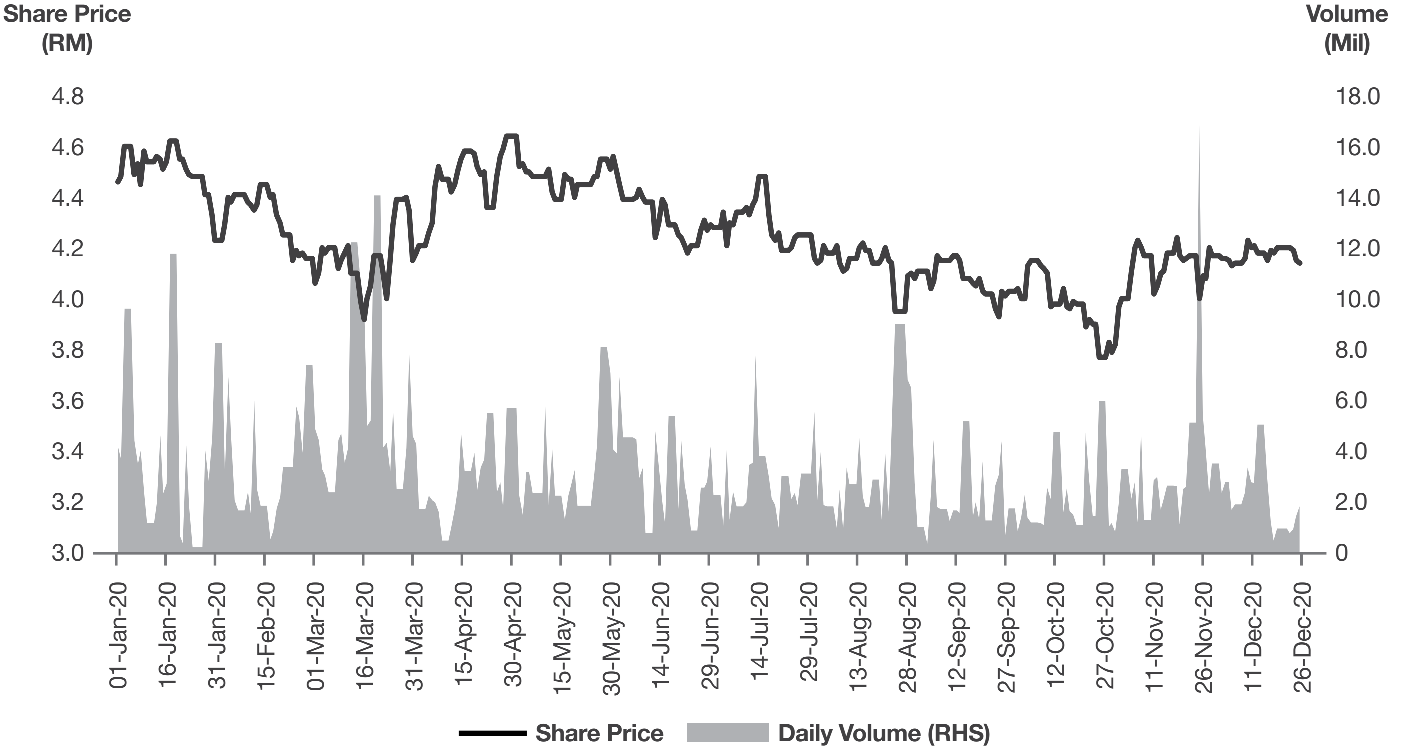
In accordance with Practice Note 12 of MMLR of Bursa Securities, the details of recurrent related party transactions conducted during the financial year ended 31 December 2020 pursuant to the shareholders' mandate are disclosed as follows:-

Digi Group with the following related parties	Digi and/or its subsidiary companies	Nature of transaction undertaken by/ provided to Digi and/or its subsidiaries	Sales of goods and services during the financial year RM'000	Purchase of goods and services during the financial year RM'000
Telenor Group of Companies				
Telenor Group	DTSB	Business service costs, which include consultancy, training programmes and advisory fees ("Business Service Costs")		36,094
Telenor Group	DTSB	Personnel services payable and professional fees ("Professional Service")	2,466	3,917
Telenor Group	DTSB	International Accounting Settlement. This refers to an arrangement for interconnection services on international traffic between foreign carriers	12,804	9,319
Telenor Group	DTSB	International Roaming	224	(428)
Telenor Group	DTSB	IP Transit (Internet Upstream)		402
Telenor Group	DTSB	Global connectivity services Telenor Business Units (BUs) in Asia and to data centers for common services		3,449
Telenor Group	DTSB	Services rendered on Enterprise Resource Planning ("ERP") and enterprise applications		10,926
Telenor Group	DTSB	License and trademarks		9,294
Telenor Group	DTSB	Managed Services		21,250
Telenor Group	DTSB	Cloud based software infrastructure services		6,147
Telenor Group	DTSB	Digital marketing and distribution platform		755
Telenor Group	DTSB	Business Security cost		10,411
Telenor Group	DTSB	Bandwidth leasing	7,760	3,054
TOTAL			**23,254**	**114,590**

Notes:
1. Telenor Group refers to Telenor ASA and its subsidiary and related companies (including the associated companies). Telenor ASA is the ultimate holding company of Digi.Com Berhad (Digi).
2. Digi Telecommunications Sdn Bhd ("DTSB") is a wholly-owned subsidiary of Digi.

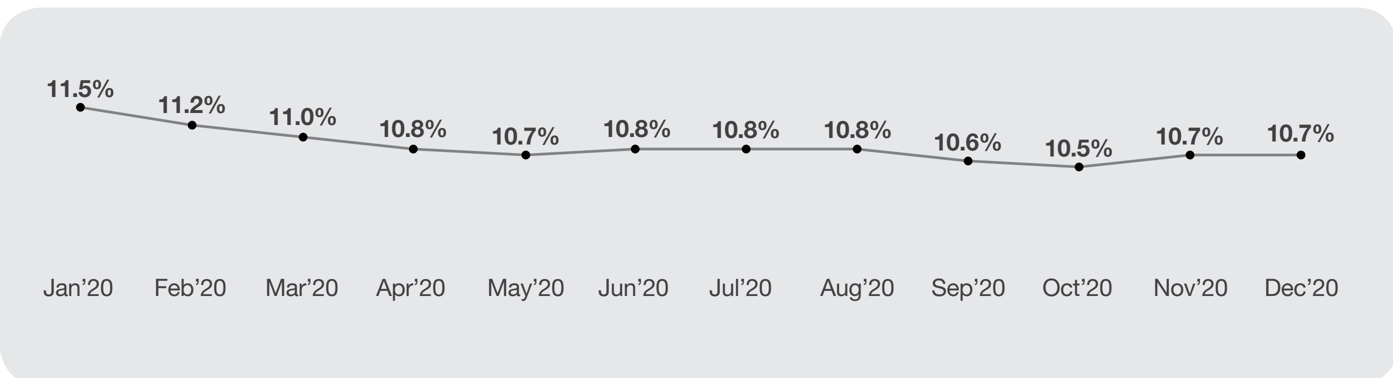
Share Price Development

1Q		2Q		3Q		4Q	
High	RM4.49	**High**	RM4.61	**High**	RM4.30	**High**	RM4.21
Low	RM4.10	**Low**	RM4.24	**Low**	RM4.02	**Low**	RM3.87
Average	RM4.33	**Average**	RM4.42	**Average**	RM4.18	**Average**	RM4.08
Volume (mil)	426.5	**Volume (mil)**	290.3	**Volume (mil)**	270.0	**Volume (mil)**	240.9



Historical Monthly Foreign Shareholdings

Our declining foreign shareholdings in 2020 was in line with Bursa Malaysia's Kuala Lumpur Composite Index (KLCI) as foreign investors re-balanced their country portfolios amid Covid-19 outbreak, slower-than-expected macroeconomic recovery and prevailing political risks in Malaysia.



Statistics on Shareholdings

As at 16 March 2021

Total number of Issued Shares : 7,775,000,000
Class of Shares : Ordinary shares
Voting Rights : One vote per share

ANALYSIS BY SIZE OF HOLDINGS AS AT 16 MARCH 2021

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	1,080	3.365	11,681	0.000
100-1,000	13,851	43.157	8,207817	0.105
1,001-10,000	13,884	43.260	54,884,145	0.705
10,001-100,000	2,558	7.970	71,372,276	0.917
100,001-388,749,999 (*)	718	2.237	2,116,128,081	27.217
388,750,000 AND ABOVE (**)	3	0.009	5,524,396,000	71.053
Total	32,094	100.000	7,775,000,000	100.000

Remark:

* Less than 5% of issued shares
** 5% And above of issued shares

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2021

	Number of Shares			
Name	Direct Interest	%	Deemed Interest	%
1. Telenor Asia Pte Ltd	3,809,750,300	49.00	-	-
2. Telenor Mobile Communications AS	-	-	3,809,750,300 [a]	49.00
3. Telenor Mobile Holding AS	-	-	3,809,750,300 [b]	49.00
4. Telenor ASA	-	-	3,809,750,300 [c]	49.00
5. Employees Provident Fund Board	1,113,848,100	14.33	-	-
6. AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	600,797,600	7.73	-	-

Notes:

[a] Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd.
[b] Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.
[c] Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.

Statement of Directors' Shareholdings

As at 16 March 2021

The Company Digi.Com Berhad	Number of Ordinary Shares Direct Interest	%	Deemed Interest	%
Haakon Bruaset Kjoel	-	-	-	-
Tan Sri Saw Choo Boon	-	-	-	-
Yasmin Binti Aladad Khan	-	-	-	-
Vimala V.R.Menon	-	-	-	-
Wenche Marie Agerup	-	-	-	-
Lars Erik Tellmann	-	-	-	-
Randi Wiese Heirung	-	-	-	-

Ultimate Holding Company Telenor ASA	Number of Ordinary Shares of NOK6 each Direct Interest	%	Deemed Interest	%
Haakon Bruaset Kjoel	18,684	0.0013	-	-
Wenche Marie Agerup	18,156	0.0013	-	-
Lars Erik Tellmann	34,982	0.0025	-	-
Randi Wiese Heirung	1,448	0	-	-

Ultimate Holding Company Telenor ASA	Number of Options over Ordinary Shares of NOK6 each Direct Interest	%	Deemed Interest	%
Haakon Bruaset Kjoel	-	-	-	-
Wenche Marie Agerup	-	-	-	-
Lars Erik Tellmann	-	-	-	-
Randi Wiese Heirung	-	-	-	-

List of Thirty (30) Largest Shareholders

As at 16 March 2021

	Name of Shareholders	No. of Shares	%
1	CITIGROUP NOMINEES (ASING) SDN BHD TELENOR ASIA PTE LTD (DIGI)	3,809,750,300	49.000
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,113,848,100	14.326
3	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	600,797,600	7.727
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	285,260,700	3.669
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	97,071,700	1.249
6	LEMBAGA TABUNG HAJI	71,413,050	0.918
7	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	68,340,500	0.879
8	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	63,974,300	0.823
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	63,679,300	0.819
10	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	62,600,000	0.805
11	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	56,765,800	0.730
12	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	51,323,533	0.660
13	AHMAD SEBI BIN BAKAR	50,923,830	0.655
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	48,500,000	0.624
15	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	47,466,380	0.611
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	43,653,700	0.561

List of Thirty (30) Largest Shareholders

As at 16 March 2021

	Name of Shareholders	No. of Shares	%
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	34,912,062	0.449
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	31,655,000	0.407
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	23,182,900	0.298
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	23,161,600	0.298
21	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 - DIDIK	21,664,200	0.279
22	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	20,553,100	0.264
23	PERMODALAN NASIONAL BERHAD	18,561,900	0.239
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	17,009,700	0.219
25	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	15,149,600	0.195
26	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS	14,561,700	0.187
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	13,624,675	0.175
28	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	13,429,899	0.173
29	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	13,127,900	0.169
30	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	12,637,000	0.163
	TOTAL	6,808,600,029	87.570

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting ("24th AGM") of Digi.Com Berhad ("the Company") will be conducted on a fully virtual basis through live streaming and online voting via the Remote Participation and Electronic Voting ("RPEV") Facilities, for the purpose of considering and if thought fit, passing the following resolutions set out in this notice:

Meeting Platform	: https://web.lumiagm.com
Day and Date	: Tuesday, 18 May 2021 or any adjournment thereof
Time	: 10.00 a.m.
Broadcast Venue	: Studio, Digi Telecommunications Sdn Bhd Lot 10, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Subang Jaya Selangor Darul Ehsan, Malaysia
Mode of Communication	: 1) Typed text in the Meeting Platform during the 24th AGM. The messaging window facility will be opened concurrently with the Meeting Platform, i.e. one (1) hour before the AGM, which is from 9.00 a.m. on Tuesday, 18 May 2021. 2) E-mail questions to invesrel@digi.com.my or via Boardroom's website at https://boardroomlimited.my prior to the 24th AGM.

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon. (Please refer to Note 1 of the Explanatory Notes)

2. To re-elect Ms Yasmin Binti Aladad Khan who retires by rotation pursuant to Article 98(A) of the Company's Articles of Association and being eligible, has offered herself for re-election. **Resolution 1** (Please refer to Note 2 of the Explanatory Notes)

   Tan Sri Saw Choo Boon who also retires by rotation in accordance with Article 98(A) of the Company's Articles of Association, has expressed his intention not to seek for re-election. Hence, he will retain his office as Director until the conclusion of the 24th AGM.

   Consequently, Tan Sri Saw Choo Boon who has served the Board as a Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 9 December 2010 has also expressed his intention not to seek for re-election. Hence, he will retain his office as a Senior Independent Non-Executive Director of the Company until the conclusion of the 24th AGM.

3. To re-elect the following Directors who are to retire pursuant to Article 98(E) of the Company's Articles of Association and being eligible, have offered themselves for re-election:

   i. Ms Randi Wiese Heirung **Resolution 2**

   ii. Ms Wenche Marie Agerup **Resolution 3**

4. To approve the payment of Directors' fees of up to RM900,000.00 for the Independent Non-Executive Directors and benefits payable to the Directors up to an aggregate amount of RM16,000.00 from the date of the forthcoming 24th AGM until the next AGM of the Company. **Resolution 4**

5. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

Notice of Annual General Meeting

As Special Business
To consider and, if deemed fit, to pass the following resolutions:-

6. **Ordinary Resolution** **Resolution 6**
   - **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, to be entered with Telenor ASA ("Telenor") and Persons Connected with Telenor ("Proposed Shareholders' Mandate")**

(Please refer to Note 3 of the Explanatory Notes)

That, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Telenor and persons connected with Telenor as specified in Section 2.3 of the Circular to Shareholders dated 15 April 2021, which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is earlier.

And that the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

7. **Special Resolution** **Special Resolution**
   - **Proposed Amendments to the Articles of Association of the Company**

(Please refer to Note 4 of the Explanatory Notes)

THAT the Proposed Amendments to the existing Articles of Association of the Company, as annexed as Appendix III in the Circular to Shareholders dated 15 April 2021, be and are hereby approved and adopted, with immediate effect.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments to the existing Articles of Association of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities."

As Other Business

8. To transact any other business of which due notice has been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

By Order of the Board

Choo Mun Lai (MAICSA No. 7039980)
(SSM PC No. 201908001003)
Tai Yit Chan (MAICSA No. 7009143)
(SSM PC No. 202008001023)
Company Secretaries

Selangor Darul Ehsan
15 April 2021

(A) NOTES

(i) Due to the on-going Movement Control Order and as part of the continuing measures to stem the spread of the Coronavirus Disease (COVID-19), the 24th AGM of the Company will be conducted on a fully virtual basis through live streaming and online voting using RPEV facilities at https://web.lumiagm.com The procedures for members to register, participate and vote remotely via the RPEV facilities are provided in the Administrative Guide for the 24th AGM.

(ii) Please follow the procedures set out in the Administrative Guide for the 24th AGM which is available on the Company's website at www.digi.com.my/annualreport to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely via the RPEV facilities.

(iii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chair of the 24th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 24th AGM in person at the Broadcast Venue on the day of the meeting. Any Shareholders or Proxies or Corporate Representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.

(iv) In respect of deposited securities, only Shareholders whose names appear on the Record of Depositors on 4 May 2021 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and/or vote at the meeting.

(v) A shareholder entitled to participate at the 24th AGM is entitled to appoint not more than two (2) proxies to participate on his/her behalf. Where a Shareholder appoints more than one (1) proxy, the appointment shall not be valid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

(vi) A proxy or attorney need not be a Shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate at the meeting shall have the same rights as the Shareholder to speak at the Meeting.

(vii) Where a Shareholder of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(viii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(ix) The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Poll Administrator's Office, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony

Notice of Annual General Meeting

No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting , otherwise the instrument of proxy should not be treated as valid. Alternatively, the Form of Proxy can be submitted electronically via https://boardroomlimited.my before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of Form of Proxy, kindly refer to the annexure of the Administrative Details.

(x) Any Notice of Termination of Authority to act as Proxy must be received by the Company at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-

a. the constitution of the quorum at such meeting;
b. the validity of anything he/she did as Chair of such meeting;
c. the validity of a poll demanded by him/her at such meeting; or
d. the validity of the vote exercised by him/her at such meeting.

(xi) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

(B) EXPLANATORY NOTES

1. **Audited Financial Statements for the financial year ended 31 December 2020**

The Audited Financial Statements under Item 1 of the Agenda are laid in accordance with Section 340(1)(a) the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, this agenda item will not be put forward for voting.

2. **Tan Sri Saw Choo Boon does not seek for re-election as a Director and Senior Independent Non-Executive Director**

Tan Sri Saw Choo Boon had on 10 February 2021 informed of his intention not to seek for re-election as Director and Senior Independent Non-Executive Director, after having served on the Board for a cumulative term of more than nine (9) years since his appointment as Director of the Company on 9 December 2010.

Hence, he will retain his office as Director and Senior Independent Non-Executive Director until the conclusion of the 24th AGM, and will retire in accordance with Article 98(A) of the Company's Articles of Association.

3. **Ordinary Resolution 6 - Proposed Shareholders' Mandate**

Ordinary Resolution 6 proposed under item 6 of the Agenda, if passed, will allow the Company and its subsidiaries ("Group") to enter into recurrent related party transactions, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

4. **Special Resolution - Proposed Amendments to the Articles of Association of the Company**

This Special Resolution proposed under item 7 of the Agenda, if passed, will allow the Company to enhance administrative efficiency and will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets, gearing or earnings of the Company.

Notice of Annual General Meeting

The Proposed Amendments to the Articles of Association of the Company shall take effect once it has been passed by a majority of not less than seventy-five percent (75%) of such members of the Company who are entitled to participate in person or by proxy at the 24th AGM.

Please refer to the Circular to Shareholders dated 15 April 2021 for further information.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

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FORM OF PROXY

DIGI.COM BERHAD
Registration No. 199701009694 (425190-X)
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	

I/We ______________________________ NRIC / Passport / Registration No.* ____________________
(Name in full)
of ____
(Address)
with email address ______________________________ mobile phone no. ____________________

being a shareholder/shareholders of **DIGI.COM BERHAD** ("the Company"), hereby appoint:

Full Name:	**NRIC/Passport No.:**	**Proportion of shareholding to be represented by the proxy/proxies:**	
		No. of Shares	**%**
Address:			
Tel. No.:	Email Address:		
*And/or			

Full Name:	**NRIC/Passport No.:**	**Proportion of shareholding to be represented by the proxy/proxies:**	
		No. of Shares	**%**
Address:			
Tel. No.:	Email Address:		
*And/or			

or failing him/her, the **Chair of the Meeting* as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting ("24th AGM") of the Company will be conducted on a fully virtual basis through live streaming and online voting via the Remote Participation and Electronic Voting ("RPEV") Facilities at the Broadcast Venue Studio, Digi Telecommunications Sdn Bhd, Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Subang Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 18 May 2021 at 10.00 a.m. or any adjournment thereof.

*Please delete as appropriate.

This proxy is to vote on the resolutions set out in the Notice of the Meeting, as indicated with an 'X' in the appropriate spaces below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Item No.	**Agenda**			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.			
		Resolution	**For**	**Against**
2.	To re-elect Puan Yasmin Binti Aladad Khan as Director who is to retire pursuant to Article 98(A) of the Company's Articles of Association.	1		
3.	i. To re-elect Ms Randi Wiese Heirung as a Director who is to retire pursuant to Article 98(E) of the Company's Articles of Association.	2		
	ii. To re-elect Ms Wenche Marie Agerup as a Director who is to retire pursuant to Article 98(E) of the Company's Articles of Association.	3		
4.	To approve the payment of Directors' fees and benefits payable to the Independent Non-Executive Directors.	4		
5.	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	5		
Special Business				
6.	Ordinary Resolution: Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, to be entered with Telenor ASA and Persons Connected with Telenor.	6		
7.	Special Resolution: The Proposed Amendments to the Articles of Association is administrative in nature and will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets, gearing or earnings of the Company.	Special Resolution		

Signed this ____________ day of ______________ , 2021.

____
Signature of Shareholder(s) or Common Seal

Tel. No. ____________________

Notes:

(i) Due to the on-going Movement Control Order and as part of the continuing measures to stem the spread of the Coronavirus Disease (COVID-19), the 24th AGM of the Company will be conducted on a fully virtual basis through live streaming and online voting using RPEV facilities at *https://web.lumiagm.com*. The procedures for members to register, participate and vote remotely via the RPEV facilities are provided in the Administrative Guide for the 24th AGM. This is set out in the Administrative Guide for the 24th AGM which is available on the Company's website at *www.digi.com.my/annualreport* to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, participate) remotely via the RPEV facilities.

(ii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chair of the 24th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 24th AGM in person at the Broadcast Venue on the day of the meeting. Any Shareholders or Proxies or Corporate Representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.

(iii) In respect of deposited securities, only Shareholders whose names appear on the Record of Depositors on 4 May 2021 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and/or vote at the meeting.

(iv) A shareholder entitled participate at the 24th AGM is entitled to appoint not more than two (2) proxies to participate on his/her behalf. Where a Shareholder appoints more than one (1) proxy, the appointment shall not be valid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

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Fold along this line (1)

Affix
Stamp
Here

Poll Administrator office,

Boardroom Share Registrars Sdn. Bhd.

Ground Floor or 11th Floor,
Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.

Fold along this line (2)

(vii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(viii) The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Poll Administrator's Office, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting , otherwise the instrument of proxy should not be treated as valid. Alternatively, the Form of Proxy can be submitted electronically via *https://boardroomlimited.my* before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of Form of Proxy, kindly refer to the annexure of the Administrative Details.

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Personal Data Privacy

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part of telenor group

Digi.Com Berhad
Reg. No. 199701009694 (425190-X)

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