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DiGi.COM BERHAD

(Company No.425190-X)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING
NATURE**

AND

EXTRACT OF THE NOTICE OF THE 12TH ANNUAL GENERAL MEETING

Notice of the 12th Annual General Meeting which will be held at Diamond Ballroom, Ground Floor, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Thursday, 7 May 2009 at 10.00 a.m., together with the Form of Proxy are enclosed together in the 2008 Annual Report. The Form of Proxy must be lodged at the Share Registrar's Office of the Company at least forty-eight (48) hours before the time fixed for the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting at the meeting if you subsequently wish to do so. The last day and time for you to lodge the Form of Proxy is on Tuesday, 5 May 2009 at 10.00 a.m.

This Circular is dated 15 April 2009

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:

- “Act” : Companies Act, 1965, as amended from time to time and any re-enactment thereof
- “AGM” : Annual General Meeting
- “Board” : Board of Directors of DiGi
- “Bursa Securities” : Bursa Malaysia Securities Berhad (635998-W)
- “DiGi” or “the Company” : DiGi.Com Berhad
- “DiGi Group” : DiGi and its subsidiary companies
- “Director” : Shall have the meaning given in Section 4 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of DiGi (or any other company which is its subsidiary or holding company) or a Chief Executive Officer of DiGi, its subsidiaries or holding company
- “DTSB” : DiGi Telecommunications Sdn Bhd
- “Listing Requirements” : The Listing Requirements of the Bursa Securities
- “Major Shareholder” : Means a person who has an interest or interests in one or more voting shares in the Company (or any other company which is its subsidiary or holding company) and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is :-
- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or
 - (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the company , where such person is the largest shareholder of the company.

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act. A major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other company which is its subsidiary or holding company.

DEFINITIONS (Cont'd)

“Person(s) Connected”	: In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories:- <ol style="list-style-type: none">a) a member of the Director’s or Major Shareholder’s family, which family shall have the meaning given in Section 122A of the Act;b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a member of the Director’s or Major Shareholder’s family is the sole beneficiary;c) a partner of the Director, Major Shareholder or a partner of a Person Connected with that Director or Major Shareholder;d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;g) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;h) a body corporate in which the Director, Major Shareholder and/or Persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; ori) a body corporate which is a related corporation.
“Proposed Shareholders’ Mandate”	: Proposed renewal of existing shareholders’ mandate for DiGi Group to enter into Recurrent Related Party Transactions
“Recurrent Related Party Transactions”	: Transactions with Related Parties involving recurrent transactions of a revenue or trading nature which are necessary for the DiGi Group’s day-to-day operations and are in the ordinary course of business of the DiGi Group
“Related Parties”	: A Director, Major Shareholder and/or Persons Connected with such Director or Major Shareholder
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“Telenor”	: Telenor ASA, a company incorporated in Norway
“Telenor Group”	: Telenor and its subsidiary and related companies (including the associated companies)

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DiGi.COM BERHAD

(Company No.425190-X)

(Incorporated in Malaysia)

Registered Office:

Lot 6.05, Level 6
KPMG Tower
8 First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
15 April 2009

Board of Directors:

Sigve Brekke (*Chairman/Non-Independent Non-Executive*)

YBhg Tan Sri Leo Moggie (*Senior Independent Non-Executive Director*)

YBhg Dato' Ab. Halim Bin Mohyiddin (*Independent Non-Executive Director*)

Christian Storm (*Non-Independent Non-Executive Director and also Alternate Director to Sigve Brekke*)

Ragnar Holmen Korsaeath (*Non-Independent Non-Executive Director*)

To: The Shareholders of DiGi.Com Berhad

Dear Sir/Madam

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1.0 INTRODUCTION

- 1.1** The Company had on 24 April 2008 obtained a shareholders' mandate for the DiGi Group to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for DiGi Group's day-to-day operations and are in ordinary course of business and on terms that are not more favourable to the Related Parties than those generally available to the public. The approval shall in accordance with the Listing Requirements lapse at the conclusion of the forthcoming AGM of the Company scheduled on 7 May 2009 unless approval for its renewal is obtained from the shareholders of the Company at the AGM.
- 1.2** The Board of Directors of DiGi Group had announced on 13 March 2009 of its intention to seek renewal of shareholders' mandate for Recurrent Related Party Transactions.
- 1.3** The purpose of the Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolutions to be tabled at the forthcoming AGM, the Notice of AGM is set out in the Annual Report 2008.

2.0 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Paragraph 10.09 of the Listing Requirements provides that a listed issuer may seek a shareholders' mandate in respect of recurrent transactions with related parties which are of a revenue or trading nature and are necessary for its day-to-day operations subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;
- (iii) the issuance of circular to shareholders for the shareholders' mandate shall include information set out in Part B of Appendix 10D and Appendix PN12/2001-A of Practice Note No. 12/2001 of the Listing Requirements; and
- (iv) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of a person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

2.2 Background information

The principal activity of DiGi is investment holding whilst its subsidiary companies are principally involved in the establishment, maintenance and provision of telecommunications and related services.

The subsidiary company of DiGi which is involved in the Recurrent Related Party Transactions is set out in the table below:

Name of Company	Equity interest held	Principal Activities
DTSB	100%	Establishment, maintenance and provision of telecommunications and related services.

The DiGi Group has in the past entered into Recurrent Related Party Transactions on terms not more favourable to the Related Party than those generally available to the public and which are not detrimental to the interests of the minority shareholders. Some of the transactions are bound by agreements and others could occur in accordance to periodic requirements and are not bound by any preceding agreements negotiated in advance.

The Proposed Shareholders' Mandate, if approved by the DiGi shareholders at the forthcoming AGM will take effect from the date of passing of the proposed ordinary resolution at the AGM and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the AGM at which the ordinary resolution for the Proposed Shareholders' Mandate will be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders at a general meeting;

whichever is the earlier.

Thereafter, the approval from shareholders will be sought for a renewal of the Proposed Shareholders' Mandate for Recurrent Related Party Transactions at each subsequent AGM of the Company.

Details of the Recurrent Related Party Transactions of the Company which are in accordance with Paragraph 10.09(1) of the Listing Requirements are set out in the ensuing paragraphs.

2.3 Class and Nature of the Recurrent Related Party Transactions

The class and nature of the Recurrent Related Party Transactions of the DiGi Group are tabulated 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	Interested Directors/ Major Shareholders and/or Persons Connected to them	Estimated value from 7.5.2009 (date of this AGM) to the date of next AGM (RM'000)
Telenor Group of Companies				
Telenor Group	DTSB	Business Service Costs which include consultancy, training programmes, professional fees	Telenor, Sigve Brekke, Christian Storm and Ragnar Holmen Korsaeath	15,000
Telenor Group	DTSB	Personnel services payable, professional fees	Telenor, Sigve Brekke, Christian Storm and Ragnar Holmen Korsaeath	18,000
Telenor Group	DTSB	International Accounting Settlement. This refers to an arrangement for interconnection services on international traffic between foreign carriers ie. Telenor Group and DTSB	Telenor, Sigve Brekke, Christian Storm and Ragnar Holmen Korsaeath	14,000
Telenor Group	DTSB	International Roaming	Telenor, Sigve Brekke, Christian Storm and Ragnar Holmen Korsaeath	8,000
Total				55,000

Notes :-

(1) The estimated values from 7 May 2009 (date of this AGM) to the date of the next AGM are based on historical records and projected business transactions volume of the respective Recurrent Related Party Transaction. The value of these transactions may be subject to change.

(2) Telenor is a Major Shareholder of DiGi by virtue of its 49% equity interest held by its wholly-owned subsidiary, Telenor Asia Pte Ltd in DiGi.

2.4 Method or Procedures on Which Transaction Prices are Determined/Review Procedures for Recurrent Related Party Transactions

The DiGi Group has established various methods and procedures to ensure that the Recurrent Related Party Transactions are entered into on an arm's length basis and on normal commercial terms which are consistent with the DiGi Group's normal business practices and policies and are on terms not more favourable to the Related Parties than those extended to third parties and are not detrimental to the minority shareholders:-

- (i) The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;
- (ii) The Related Parties and interested Directors will be notified of the method and/or procedures of the DiGi Group;
- (iii) Records of Recurrent Related Party Transactions will be retained and compiled by the Head of Finance for submission to the auditors and Audit Committee for review;
- (iv) Auditors shall review Recurrent Related Party Transactions as part of their audit programme and report findings to the Audit Committee;
- (v) The Audit Committee is to provide a statement that it has reviewed the terms of the Recurrent Related Party Transactions to ensure that such transactions are undertaken based on terms not more favourable to the Related Parties than those generally available to the public, are not detrimental to the minority shareholders and is in the best interest of the DiGi Group;
- (vi) Directors who have any interests in any Recurrent Related Party Transactions shall abstain from Board deliberations and voting and will ensure that they and any Persons Connected with them will also abstain from voting on the resolution at the AGM to be convened for the purpose; and
- (vii) Disclosures will be made in the annual report of the breakdown of the aggregate value of Recurrent Related Party Transactions during the financial year, amongst others, based on the following information:-
 - (a) the type of the Recurrent Related Party Transactions made; and
 - (b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the listed issuer.

2.5 Statement by the Audit Committee

The Audit Committee of DiGi has seen and reviewed the procedures mentioned in 2.4 above and are of the opinion that the abovementioned procedures, as well as the periodic reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that the Recurrent Related Party Transactions are carried out on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of the minority shareholders.

3.0 RATIONALE FOR, AND THE BENEFIT TO THE DiGi GROUP FROM TRANSACTING WITH ALL CLASSES OF RELATED PARTIES

3.1 The Recurrent Related Party Transactions to be entered into by the DiGi Group are all in the ordinary course of business and intended to meet the business needs of the Group at the best possible terms so as to achieve the synergistic benefits within the entire DiGi Group as a whole. As such, it is anticipated that the Recurrent Related Party Transactions would occur on a frequent and recurrent basis.

3.2 The Proposed Shareholders' Mandate will eliminate the need to make announcements to the Bursa Securities and/or to convene separate general meetings from time to time to seek shareholders' prior approvals for the entry by the DiGi Group into such Recurrent Related Party Transactions. This will also reduce substantial administrative time and expenses in convening such general meetings without compromising the corporate objectives of the DiGi Group or affecting the business opportunities available to the DiGi Group.

3.3 The Recurrent Related Party Transactions provide the DiGi Group the support for its operational and business needs and further enhance its ability to explore beneficial business opportunities.

4.0 CONDITIONS FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is conditional upon approval being obtained from shareholders at the forthcoming AGM. The Proposed Shareholders' Mandate being procured from shareholders of DiGi at the forthcoming AGM is subject to annual renewal.

5.0 FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any effect on the issued and paid-up share capital, earnings and net assets of the DiGi Group.

6.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

6.1 The direct and indirect interests of the interested Major Shareholders and the interested Directors of DiGi and Persons Connected with them as at 16 March 2009 are summarised below:

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Interested Major Shareholder Telenor	-	-	380,975,030 (a)	49.00
Directors Sigve Brekke	-	-	-	-
Christian Storm	-	-	-	-
Ragnar Holmen Korsæth	-	-	-	-

Note:

(a) Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd

6.2 Telenor being a substantial shareholder, will abstain from voting in respect of their direct and/or indirect shareholdings on the ordinary resolution approving the Proposed Shareholders' Mandate at the forthcoming AGM.

6.3 Telenor has undertaken to ensure that Persons Connected with them will abstain from voting on the ordinary resolution approving the Proposed Shareholders' Mandate at the forthcoming AGM.

6.4 Sigve Brekke, Christian Storm and Ragnar Holmen Korsæth are deemed interested in the Proposed Shareholders' Mandate in respect of Recurrent Related Party Transactions to be entered with Telenor and Persons Connected with Telenor as these Directors are acting as nominees/representatives of Telenor which is the Major Shareholder of DiGi. These Directors have abstained and will continue to abstain from all deliberations on the Proposed Shareholders' Mandate in respect of Recurrent Related Party Transactions to be entered with Telenor and Persons Connected with Telenor at all Board meetings.

6.5 These Directors have undertaken to ensure that Persons Connected with them will abstain from voting on the ordinary resolution approving the Proposed Shareholders' Mandate at the forthcoming AGM.

6.6 Save as disclosed, none of the other Directors and Major Shareholders of DiGi and/or Persons Connected with them, has any interest, direct or indirect in the Proposed Shareholders' Mandate.

7.0 DIRECTORS' RECOMMENDATION

The Board of Directors (with the exception of Sigve Brekke, Christian Storm and Ragnar Holmen Korsæth) having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that it is in the best interest of the DiGi Group and accordingly the Board (with the exception of Sigve Brekke, Christian Storm and Ragnar Holmen Korsæth who have abstained from making a recommendation and giving an opinion on the Proposed Shareholders' Mandate in respect of Recurrent Related Party Transactions to be entered with Telenor and Persons Connected with Telenor) recommends that you vote in favour of the ordinary resolutions on the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

8.0 AGM

- 8.1** An AGM, the notice of which is set out in the 2008 Annual Report of DiGi and an extract of which is enclosed in this circular, will be held at Diamond Ballroom, Ground Floor, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Thursday, 7 May 2009 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate.
- 8.2** If you are unable to attend and vote in person at the AGM, please complete the Form of Proxy enclosed in the 2008 Annual Report of DiGi and forward it to the Company's Share Registrar at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, so as to arrive at least forty-eight (48) hours before the time fixed for the holding of the AGM or any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9.0 FURTHER INFORMATION

Shareholders are requested to refer to the attached appendix for further information.

Yours faithfully
For and on behalf of the Board of Directors
DiGi.COM BERHAD

Dato' Ab. Halim Bin Mohyiddin
Independent Non-Executive Director

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

2. MATERIAL LITIGATIONS

Neither DiGi nor any of its subsidiaries is engaged in any material claims, litigation and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of DiGi Group and our Directors are not aware of any proceedings pending or threatened, against DiGi Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of DiGi Group immediately preceding the date of this Circular.

3. MATERIAL CONTRACTS

Other than the Definitive Agreement dated 25 January 2008 entered into between DiGi, DiGi Telecommunications Sdn Bhd, a wholly-owned subsidiary of DiGi, TIME dotcom Berhad (“TdC”) and TT dotcom Sdn Bhd, a wholly-owned subsidiary of TdC (“Definitive Agreement”), there are no material contracts (not being contracts entered into in the ordinary course of business of our Group) which have been entered by DiGi Group within the 2 years immediately preceding the date of this Circular.

4. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection at the Registered Office of DiGi at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, during the normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the time set for convening the AGM:-

- (a) Memorandum and Articles of Association of DiGi;
- (b) Audited consolidated accounts of DiGi for the past 2 financial years ended 31 December 2007 and 2008; and
- (c) Definitive Agreement.

EXTRACT OF THE NOTICE OF THE 12TH ANNUAL GENERAL MEETING

ORDINARY 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

“That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with Telenor and persons connected with Telenor as specified in Section 2.3 of the Circular to Shareholders dated 15 April 2009, which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is earlier;

and that in making the disclosure of the aggregate value of the recurrent related party transactions conducted pursuant to the proposed shareholders' approval in the Company's annual reports, the Company shall provide a breakdown of the aggregate value of recurrent related party transactions made during the financial year, amongst others, based on:

- (i) the type of the recurrent related party transactions made; and
- (ii) the name of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company

and further that authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions as authorised by this Ordinary Resolution.”